



Student Achievement è Well-Being è Partnerships

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2010



395 South Pratt Parkway • Longmont CO • 80501-6499



St. Vrain Valley School District RE-1J
Longmont, Colorado

City and County of Broomfield,
Boulder, Larimer, and Weld Counties

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

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Superintendent of Schools

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St. Vrain Valley School District RE-1J

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INTRODUCTORY SECTION

St. Vrain Valley School District RE-1J

OUR VISION

**To be an exemplary school district
which inspires and promotes
high standards of learning
and student well being
in partnership with parents, guardians
and the community**

OUR MISSION

**To educate each student
in a safe learning environment
so that they may develop
to their highest potential
and become contributing citizens**

St. Vrain Valley School District RE-1J

**BOARD OF EDUCATION
2009-2010**



Pictured from left to right:

(Row 1) President John Creighton , Vice President Rick Hammans,
Secretary Debbie Lammers, Treasurer Dori Van Lone,

(Row 2) Assistant Secretary Bob Smith , and
Members Mr. Mike Schiers and Mr. Rod Schmidt

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October 30, 2010

Board of Education
St. Vrain Valley School District RE-1J
395 South Pratt Parkway
Longmont, CO 80501

We are pleased to submit to the Board of Education, parents, taxpayers, and members the Comprehensive Annual Financial Report (CAFR) of the St. Vrain Valley School District RE-1J (the District) for the year ended June 30, 2010. State law requires that the District publish within six months of the close of each fiscal year a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (US GAAS), by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the accuracy, completeness and fairness of presentation, including all disclosures, presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the District's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the District as measured by the financial activity of its various funds, and contains all disclosures necessary to enable the reader to gain an understanding of the District's financial activities for the year ended June 30, 2010.

The District's financial statements have been audited by Bondi & Co., LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the

administration of federal awards. This is in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the Independent Auditors' Reports related thereto, and a schedule of findings and questioned costs are included in this document.

The Comprehensive Annual Financial Report is presented in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. Statement No. 34 also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found in the Financial Section immediately following the Independent Auditors' Report.

PROFILE OF THE GOVERNMENT – The District and Its Services

The St. Vrain Valley School District RE-1J is a body corporate and a political subdivision of the State, governed by an elected seven-member board, and was organized in 1961 for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District was formed as a result of the consolidation of a number of smaller school districts within its boundaries. The District's boundaries have been substantially stable since the consolidation.

The District provides a full range of educational programs and services authorized by Colorado Statutes. These include pre-K through 12 education in elementary, middle, and high schools, special education for students with disabilities, vocational education, multicultural education, and numerous other programs.

The District is about thirty miles north of Denver. Geographically diverse, the 411 square miles served by the District extends from the Continental Divide out into the agriculture plains. Parts of four counties (Boulder, Broomfield, Larimer and Weld) fall within the District's boundaries. The District also serves thirteen different communities: eastern Boulder, Broomfield, Dacono, Erie, Firestone, Frederick, Hygiene, Longmont, Lyons, Mead, Niwot, Peaceful Valley and Raymond. The District includes approximately 151,000 residents. Serving approximately 26,000 students, it is the ninth largest of the 178 school districts in the state. The District's Board of Education is empowered to levy a property tax on both real and personal properties located within its boundaries.

The District is the reporting entity for financial reporting purposes and is not included in any other governmental reporting entity. The financial statements of the District include all funds that are controlled by the publicly elected Board of Education. The Board of Education adopts the budget, authorizes expenditures, selects management, significantly influences operations, and is primarily accountable for fiscal matters.

The annual budget serves as the foundation of the District's financial planning and control. The District maintains extensive budgetary controls to ensure compliance with legal requirements, Board of Education policies and District administration guidelines. The legal level of budgetary control is the fund level. The District's budget must be adopted by June 30 prior to the budget year, but may be revised for any reason prior to January 31st of the budget year. Budgets are developed and monitored for compensation costs, utilities and other fixed costs at the District level, and for discretionary (site based) spending at the department or school level.

Staffing levels are authorized for each site and are tracked monthly to ensure usage within budgeted limits. On-line budget inquiry access is provided to each site's administrative staff, to allow monitoring of their discretionary budgets.

Budgetary control is also maintained through the use of an encumbrance accounting system. Encumbrances outstanding at year-end are not reported as expenditures in the financial statements for US GAAP purposes, but are reported as reservations of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over. This system fosters responsible spending and allows site management to develop longer range spending plans. Schools' discretionary budgets also include a share of revenues generated from building rentals, and budgets contingent upon site management's compliance with District accountability policies. Under state law, each school is required to involve each employee group, the Board of Education, and the District Accountability Committee in the budget development process.

As required by accounting principles generally accepted in the United States of America, these financial statements present St. Vrain Valley School District RE-1J (the primary government) and its component units. As of June 30, 2010 there were five component units (Charter Schools). The inclusion or exclusion of component units is based on a determination of the elected official's accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

As of June 30, 2010, the District's Board of Education has approved five charter schools: Carbon Valley Academy; Flagstaff Academy; Imagine Charter School at Firestone; St. Vrain Community Montessori School; and Twin Peaks Charter Academy, all operational during the year ended June 30, 2010. A sixth charter school, Aspen Ridge Preparatory School was conditionally approved by the District's Board of Education; the school is scheduled to open in the fall of 2011. The respective members of the Charter Schools' Governing Boards are appointed separately from the District's Board of Education. The Charter Schools are deemed to be fiscally dependent upon the District since the District provides the majority of support to the Charter Schools in the form of per pupil revenue (PPR); therefore, the Charter Schools' financial information has been presented as discretely presented component units.

The information included in the financial statements is perhaps best understood when it is considered from a broader perspective of the national, state and local environment within which the District operates.

ECONOMIC CONDITION AND OUTLOOK

National Economy

This summary of the national economic conditions is derived from information posted on the Congressional Budget Office (CBO) website at www.cbo.gov. Specific documents cited are the *August 2010 The Budget and Economic Outlook: An Update*; and the *October 2010 Monthly Budget Review*.

According to the Congressional Budget Office, although there are suggestions that the recession may have ended or is likely to end within the next few months, CBO's economic forecast anticipates a relatively slow and tentative recovery. A number of forces, including global economic weakness, continued strains in financial markets, and households' desire to rebuild their savings, are expected to restrain economic growth for the next few years.

CBO estimates that the federal budget deficit was slightly less than \$1.3 trillion in fiscal year 2010, \$125 billion less than the shortfall recorded in 2009. Outlays declined by \$67 billion, and revenues increased by \$57 billion. The estimated deficit is about \$51 billion lower than CBO projected in August. Outlays were lower and revenues were higher. Relative to the size of the economy, this year's deficit is expected to be the second largest shortfall in the past 65 years: At 8.9 percent of gross domestic product (GDP), it is exceeded only by last year's deficit of 9.9 percent of GDP. As was the case last year, this year's deficit is attributable in large part to a combination of weak revenues and elevated spending associated with the economic downturn and the policies implemented in response to it.

According to CBO's projections, the recovery from the economic downturn will continue at a modest pace during the next few years. Growth in the nation's output since the middle of calendar year 2009 has been anemic in comparison with that of previous recoveries following deep recessions, and the unemployment rate has remained quite high, averaging 9.7 percent in the first half of this year. Such weak growth tends to occur in recoveries from recessions spurred by financial crises. The considerable number of vacant houses and underused factories and offices will be a continuing drag on residential construction and business investment, and slow income growth as well as lost wealth will weigh on consumer spending.

All of those forces, along with the waning of federal fiscal support, will tend to restrain spending by individuals and businesses—and, therefore, economic growth—during the recovery. CBO projects that the economy will grow by only 2.0 percent from the fourth quarter of 2010 to the fourth quarter of 2011; even with faster growth in subsequent years, the unemployment rate will not fall to around 5 percent until the end of 2014.

Payments for unemployment benefits rose by 34 percent in 2010 because of high unemployment and increased benefits provided by various laws, including the American Recovery and Reinvestment Act (ARRA). Other ARRA provisions led to double-digit growth in spending for programs in the "Other Activities" category—particularly the State Fiscal Stabilization Fund, refundable tax credits, and certain education programs. Apart from deposit insurance, outlays for that broad category were 13 percent higher than in 2009.

In contrast, defense spending grew more slowly than in recent years, increasing by about 5 percent in 2010 after rising by an average of 8 percent annually from 2005 through 2009. Medicare and Social Security outlays rose by about 5 percent this year, somewhat less than in most recent years. The 9 percent increase in Medicaid outlays partly reflects a temporary increase in the federal share of Medicaid assistance authorized in ARRA; excluding ARRA-related expenditures, Medicaid outlays rose by about 6 percent.

CBO estimates that total receipts rose by 3 percent in 2010, following declines in each of the prior two years. Growth in receipts of corporate income taxes and remittances from the Federal Reserve more than offset reduced collections of individual income and payroll taxes in 2010. Corporate income tax receipts rose by \$53 billion (or 39 percent) in 2010; improved economic conditions and the expiration of legislation that allowed taxpayers to take higher depreciation charges in 2009 has resulted in higher taxable profits in 2010.

Beyond the 10-year budget window, the nation will face daunting long-term fiscal challenges posed by the aging of the population and rising costs for health care. Continued large deficits and the resulting increases in federal debt over time would reduce long-term economic growth. Putting the nation on a sustainable fiscal course will require policymakers to restrain the growth of spending substantially, raise revenues significantly above their average percentage of GDP of the past 40 years, or adopt some combination of those approaches.

It is clear that this November's mid-term elections will have a significant impact on both the short-term and long-term budget projections for the country. Key issues such as healthcare reform and the potential extension of tax credits set to expire will have a significant effect on these assumptions.

State Economy

The September 20, 2010 Office of State Planning and Budgeting (OSPB) report, the *Colorado Economic Forecast – State Revenue and Economic Quarterly Forecasts*, presents the OSPB forecast for Colorado economic and demographic indicators, including: employment and unemployment, inflation, wages and income, population and migration. A summary of this information is presented here. The full report can be found at www.colorado.gov.

The national downturn continues to influence the Colorado economy. The unemployment rate in Colorado is forecast at 7.9 percent for 2010. That is up from 7.3 percent in 2009; however, it is nearly two percentage points below the 9.7 percent national rate. Colorado nonagricultural employment decreased by 4.5 percent in 2009 and is expected to contract again at an annual rate of 1.7 percent for 2010. Education, health care, financial, and government sectors have been experiencing job gains through the second quarter of 2010, but it will take job gains across all of Colorado's diverse economy to erase the losses experienced during the recession. Employment growth of 1.7 percent is expected on average from 2011 through 2013.

The first quarter of 2010 was the third consecutive quarterly increase in Colorado personal income since early 2008. Although Colorado is seeing growth in personal income, the driver of that growth has not been wage growth. Rather, transfer receipts have been the supporting factor for most of the increases experienced as thousands of displaced workers continue to receive social benefits from the State. As such, despite growth in total, personal income growth attributable to economic stability has not yet materialized. Personal income is closely linked to employment growth in Colorado. As the employment situation improves and Colorado begins to experience consistent job growth, personal income should benefit. Colorado personal income is forecast to increase by 1.7 percent in 2010.

Colorado nonresidential construction activity has continued to deteriorate since 2008. Colorado experienced back to back contractions in nonresidential construction of 12.5 percent and 22.4 percent during 2008 and 2009. Calendar year 2010 is forecast to decrease another 21.0 percent. The historically low interest rate environment present in the U.S. capital markets has yet to spur a return to nonresidential construction spending. This could be in part due to businesses' uncertain outlook towards the economy. Residential housing permits in Colorado ended down 50.8 percent in 2009. The OSPB forecast for 2010 is an increase of 19.0 percent in permits. The removal of the federal home-buyer tax credit in late spring has brought new housing construction to a standstill. Weakness in both existing and new home sales has continued through the summer, and it is uncertain as to when the Colorado housing market will return to robust growth.

Retail sales remain weak both nationwide and in Colorado. As evidenced by diminished demand for both durable and non-durable goods, consumer activity has been highly responsive to the severity of the recession. High unemployment and decreased consumer spending have interacted to reduce Colorado retail trade sales, which decreased 10.5 percent in 2009. Projected retail growth of 5.3 percent is forecast for 2010.

As is the case at the national level, inflation expectations in Colorado are quite moderate in the near term. Calendar year 2009 realized an annual deflation rate of 0.7 percent in Colorado. Sluggish employment growth and weak personal consumption should hold inflation below historical averages in 2010. This OSPB forecast is unchanged from June and projects 1.5 percent annual inflation in Colorado during 2010 with only modest increases throughout the forecast horizon.

Population in Colorado is forecast to grow by 1.7 percent in 2010. The population growth rate has remained relatively steady over the past five years and is forecast to remain near 1.7 percent through 2013. The 2010 forecast shows migration of 43,659. Colorado benefits from a broad economic base and unique tourist attractions, which make the state appealing to both businesses and people. The state's population growth, as it manifests in increased public school enrollment, creates additional pressure on the state's budget.

The summer of 2010 has brought forth new uncertainties as to the strength of the recovery at the national level. Colorado has yet to experience significant job growth which leaves households in a weaker financial state and the consumer reluctant to spend. Businesses are still weary as to the path of the recovery. That uncertainty coupled with tight credit-market conditions has left businesses unwilling to spend and take on new investments. Until employment conditions across all sectors and personal income growth steadily improve, a normal recovery cycle will not be realized.

The November 2010 state ballot has three major constitutional tax cutting measures before the voters. The passage of any of these proposals, Amendment 60, 61 and Proposition 101 will cut state revenues over the next four years. Even without the passage of any of these measures, General Fund available to support FY 2010-11 appropriations is not projected to be sufficient for maintaining a 4.0 percent General Fund Reserve, as required under current law. Even after adjusting for August 23 budget balancing actions taken by the Governor, as a result of the June 2010 revenue forecast shortfall, a revised current year shortfall is projected at \$256.9 million.

Fiscal year 2011-12 General Fund appropriations subject to limitation are anticipated to only increase by 4.1 percent based on revenue projections for next fiscal year, assuming the projected current year's budget shortfall is addressed through budget reductions. It is not overly dramatic to predict the state's economic health is more dependent on Colorado voters' choices in November than on the national economic trends.

Local Economy

The largest community within the District is Longmont (the City). According to the City website, with a population of 86,303, the City has reached approximately 77% of residential build out, and 46% of its job capacity build out in commercial and industrial development.

The *2010 Financial Assessment Report*, published in September 2010, provides evidence that the local economy is mirroring the negative indicators on the state and national level. The Boulder/Longmont Metropolitan Statistical Area had an average annual unemployment rate of 3.5 % in 2001, 5.7% in 2002, 5.8% in 2003, 4.9% in 2004, 4.5% in 2005, 3.7% in 2006, 3.3% in 2007, 4.2% in 2008 and 6.4% in 2009. Current unemployment is at 6.4% in July of 2010.

After posting job losses from 2007 through 2009, mid-year 2010 is showing a net increase of 172 local jobs. Total revenues for 2009 were \$183.2 million, a decrease of 2.75% from 2008 levels. Charges for services represented 55% of the City-wide resources and that revenue decreased 1.25% from 2008. Actual revenue from sales and use tax in 2009 was 7.43% below 2008 levels. Sales and use tax collections in 2010 are up through July and property tax collections are up slightly. During 2009, the City issued 63 residential permits, a decrease of 60% from 2008 levels of 158. Nonresidential permit activity based on square footage was also down from the 2008 square footage, as well as valuation per square foot. Based on actual activity through July 2010 permit revenue is up from 2009 levels due to the construction of a new Super Wal-Mart.

The foreclosure rate in Longmont has been increasing since 1998. Since 2004, greater than 50% of the foreclosed properties resulted in a sale of the property, but percentages sold in 2008 are down from 2007, and the value of those sold has decreased as well. As of July 31, 2009, 41% of the number of foreclosures filed has ended in a sale of the property.

Local unemployment rates increased from 4.2% to 6.4%. In 2009, the unemployment rate in the Boulder-Longmont Metropolitan Statistical Area (MSA) continued to remain lower than the national average. As of July 31, 2010 the Boulder-Longmont MSA unemployment rate is 6.4%.

Through July 2010, combined sales and use tax collections are up 2.9% from 2009 levels. The number of building permits for new dwelling units is significantly up through July 2010 compared to 2009, however, there still have only been 70 issued. There is only one commercial permit through July 2010, and since it is for a second Super Wal-Mart, the valuation of this permit is significant. Foreclosure rates in Longmont continue to be a concern. The number of housing units on the market as of July 2010 was 645 compared to 504 as of December 2009.

A larger issue of concern locally is the November election if Colorado passes the three statewide ballot initiatives. Collectively, Proposition 101, Amendment 60 and Amendment 61 could have up to a \$9 million impact on City of Longmont's budget in 2011.

The Weld County portion of the District includes the towns of Erie with a population of about 18,500, Firestone with 9,500, Frederick with about 8,300, Dacono with approximately 4,200, and Mead with 3,000. Other District communities include Niwot and Lyons, both located in Boulder County.

Continued Enrollment Growth

The District continues to grow in enrollment. Initial counts for the fall of 2010 show an increase of more than 4 percent. Over the last 10 years, the enrollment growth has averaged approximately 719 students per year as shown in the chart on page 120. Maintaining and improving the quality of the educational services for our students is a continuing challenge as the District continues to grow. To meet this challenge the Board of Education adopted a five-year strategic plan in the fall of 2004, to serve as a guide for planning, decision-making, and resource allocation. This plan was revised in 2009 to include seven Strategic Priority Initiatives designed to strengthen finances and increase student achievement.

School Financial Issues

The primary revenue sources for the District are based on the current provisions of the Colorado Public School Finance Act of 1994, as amended yearly. Funding provided under this Act, which is from local property taxes, specific ownership taxes from vehicle registration, and state equalization, was approximately 95% of the District's General Fund revenues for fiscal year 2009-2010.

The Colorado State Constitutional Amendment 23, passed by the voters in November 2000, requires an increase in per pupil funding of at least inflation, based upon the Denver-Boulder Consumer Price Index rate, plus 1% through the year 2010. For calendar year 2009, the inflation rate was 3.9% which, together with adjustments in at-risk funding, as well as increased funding for all-day kindergarten, should have resulted in an increase of 4.9% for the 2010-2011 fiscal year over 2009-2010. The state rescinded 1.9% of this increase in January 2010. This rescission equated to \$3.4 million for the District. Current per pupil revenue for 2010-2011 is \$251 less per student than 2009-2010 for a total of \$6,694 PPR. State officials are warning of additional pre-K to 12 cuts in 2010-2011 of \$250 million or more statewide.

In addition to the general economic conditions discussed earlier, the financial outlook is also affected by mandates which are outside the control of the District. These include two state constitutional amendments: the Gallagher Amendment and the Taxpayer's Bill of Rights (TABOR). The TABOR amendment limits the growth in both revenues and expenditures for the state, local government, and school districts. Although St. Vrain Valley School District RE-1J passed a ballot question in 1998 to remove the TABOR restrictions from the District, we are still impacted as a result of limited funding available at the state level as a result of TABOR.

The assessed property value revisions required by the 1982 Gallagher Amendment have continued to limit increases in the residential assessed values used to levy taxes for the District, even though actual property values for most residential properties are higher. This amendment requires that the residential property share of the total assessed value in the state be stabilized at approximately 45% of the total. However, by fixing the residential percentage share of property tax collections, an increasing portion of the taxes levied continues to be shifted to the commercial and nonresidential property owners.

In addition, there are three constitutional measures on the November ballot that would greatly impact the Colorado state budget. If pass, Amendment 60, 61, and Proposition 1010 are estimated to decrease the District's revenues by \$42 million in four years.

MAJOR INITIATIVES

Navigating Our Course

As mentioned earlier, on September 8, 2004, the Board of Education adopted a five year strategic plan. The plan has identified the focus areas of student achievement, well-being, and partnerships as follows:

Focus Area 1 – Student Achievement

- Literacy & Numeracy – To ensure that all students make continuous improvements toward meeting standards for literacy and numeracy.
- Fully-implemented pre-K to 12 Standards-based Instructional Model – To put in place a fully-articulated and well understood standards-based instructional system that includes up-to-date standards, student assessments, data-driven decision-making about instructional planning, and a useful reporting system.
- Preparation for Next Level – To guarantee that all high school feeder systems identify a comprehensive plan to guide transitions for students at critical times in their schooling from pre-kindergarten through post-secondary.

Focus Area 2 – Well-Being

- Organization – To upgrade organizational performance in the areas of leadership and organizational responsiveness.
- Working Environment – To ensure that staff contributes to a safe and productive work environment that embraces diversity.
- Learning Environment – To ensure that students contribute to and thrive in safe, civil and productive learning environments that embrace diversity.

Focus Area 3 – Partnerships

- Organization – To foster a culture of openness, honesty, and celebration through effective, two-way communications.
- Parents & Guardians – To give parents and guardians timely information about student achievement gains and challenges, as well as how they can help students succeed.
- Community – To rebuild community trust in and support of the District, using multiple strategies for open and honest communication.

In addition, the following seven Strategic Priority Initiatives have been identified:

1. Finances
2. Focus Schools
3. Curriculum Alignment
4. Success for All Schools
5. Technology
6. Communication
7. Board of Education Outreach

These Initiatives are being implemented strategically in an effort to increase student achievement and satisfaction among all stakeholders.

Colorado Student Assessment Program Tests (CSAP)

The District's schools are accountable for many standards and practices, including achievement for special student subgroups. Most of these achievement indicators focus on student reading, writing, mathematics, and science standards as measured by the mandated CSAP tests at grades 3-10. On CSAP tests, students perform within one of four performance levels: *Advanced* (superior; substantially above grade level expectations), *Proficient* (competent; at, or somewhat above, grade level expectations), *Partially Proficient* (low; below grade level expectations), or *Unsatisfactory* (substantially below grade level expectations).

The District's Student Achievement Goals in part focus on performance and growth on the CSAP tests. Proficient or higher is the target performance range for all students.

American College Test (ACT)

Additionally, the ACT (American College Test) is administered to all 11th grade students. These coupled with 1st grade readiness, 5th grade reading levels, successful participation in 8th grade algebra, enrollment in Advanced Level courses, and the overall graduation rate represent the District's student achievement goals.

Federal "No Child Left Behind" Act

The Elementary and Secondary Education Act (ESEA) was reauthorized in 2001 as the *No Child Left Behind Act* (NCLB). The primary focus in NCLB is on closing the pervasive difference in average performance – the “achievement gap” – between specific groups of students. Students who are Native American/Alaskan Native, Asian/Pacific Islander, Black, Hispanic, and White, limited English proficient, economically disadvantaged, and students with handicapping conditions define these eight student groups. Statewide *Adequate Yearly Progress* (AYP) targets were established for all students, and yearly determinations are made regarding whether each student group achieved the targeted goals. AYP is determined by student performance on the CSAP, along with other indicators, and is calculated separately for reading and math. To meet AYP, all schools and districts in Colorado must meet all target levels in reading and math for the overall group as well as for all eight subgroups (if the school or district has 30 students or more in that group). Target levels increase through 2014, when 100% of all students are to perform at the state-defined proficient level. Specific sanctions take effect for districts and schools that continue to fail to meet AYP.

The District met 86% (or 127/147) of the targets for fiscal year 2010 and is committed to continue to increase student achievement with an emphasis on closing the achievement gap.

School Bonds and School Facilities

The continuing growth in student enrollment in the District requires ongoing construction to provide adequate District school facilities. As noted in the chart on page 120, enrollment has grown by about 38% over the last ten years, which is approximately 7,190 students. Over the same ten year period, projections prepared by the District Planning Department have fallen within an average 0.33% variance. The Department projects that enrollment will continue to increase by an average of approximately 800 students per year over the next three years, to nearly 30,000 by 2014.

Three new elementary schools opened in August 2008, each with strong enrollment. Black Rock Elementary opened over capacity. Four additional classrooms were added during summer 2009 to help ease the strong enrollment growth in the Erie community. Mead High School opened in the fall of 2009. Current construction projects include a new elementary school which is scheduled to open in the fall of 2011 and a new high school which is scheduled to open in the fall of 2012.

FINANCIAL INFORMATION

As of June 30, 2010, the District had a fund balance of \$42.3 million in the General Fund (including its sub-funds). The increase of \$6.6 million is primarily the result of \$5.0 million in expenditures below budget in purchased services. As a result of the required reserves of fund balance, the ending unreserved General Fund balance is \$28.3 million, of which \$4.3 million is designated for contingencies and \$15.8 million for unexpended mill levy dollars, and \$6.7 million for subsequent year expenditures including the District's instructional supplies and materials carry forward. The District has \$1.4 million unreserved and undesignated ending fund balance as of June 30, 2010.

The Board placed two issues on the election ballot for November 2008 and both won voter approval. The successful 7.32 mill levy override generated nearly \$16.5 million for seven designated purposes. These purposes were 1) recruitment and retention of staff, 2) focus school implementation, 3) expand instructional programming, 4) increased safety and security on school campuses, 5) enhance operations and maintenance services, 6) technology upgrades, and 7) additional funding support for existing charter

schools. District voters also authorized bonds in the amount of \$189 million to cover capital construction needs, including a new elementary and high school to meet enrollment growth demands.

Accounting Policies: Detailed descriptions of the District's accounting policies are contained in the Notes to Financial Statements on pages 33-40, and they are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments, and other significant accounting information.

Due to a change in state statute, the District's budget adoption policy was modified to incorporate the legislative change. Instead of amending the adopted budget for any reason prior to October 31, statute now allows districts to amend at any time prior to January 31. After January 31, the Board may amend the budget only as authorized by state law.

AWARDS and ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the fifth consecutive year that the District has achieved these prestigious awards. In order to be awarded a Certificate of Achievement and a Certificate of Excellence, the District published an easily readable and efficiently organized comprehensive annual financial report. This report also satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement and Certificate of Excellence are valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement and Certificate of Excellence programs' requirements and we are submitting it to GFOA and ASBO, respectively, to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not be accomplished without the efficient and dedicated services of the team of professionals in the Financial Services Department, as well as the independent auditors, and other administrative staff called upon to provide information and assistance. We would like to express our appreciation to all staff members who assisted and contributed to its preparation, with special thanks to District Accountant, Jane Schein, CPA, without whom we could not have met our very aggressive timeline.

We would also like to thank the members of the Finance & Audit Committee and the Board of Education of the St. Vrain Valley School District RE-1J for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Don Haddad
Superintendent of Schools



Therese M. Schueler
Chief Financial Officer

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ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

ST VRAIN VALLEY SCHOOL DISTRICT RE-1J

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Erin Green

President

John D. Russo

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Vrain Valley School
District RE-1J, Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



A stylized, handwritten signature in black ink.

President

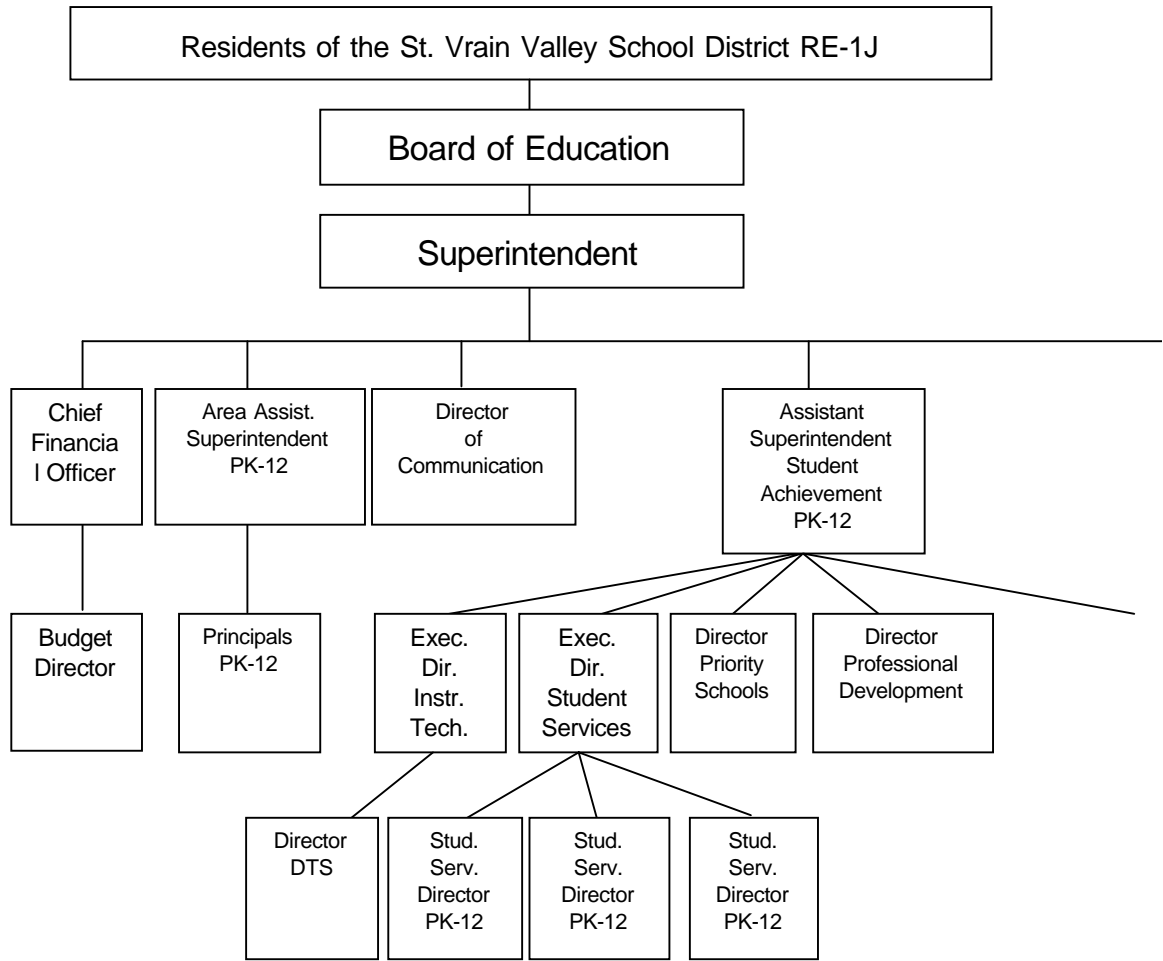
A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

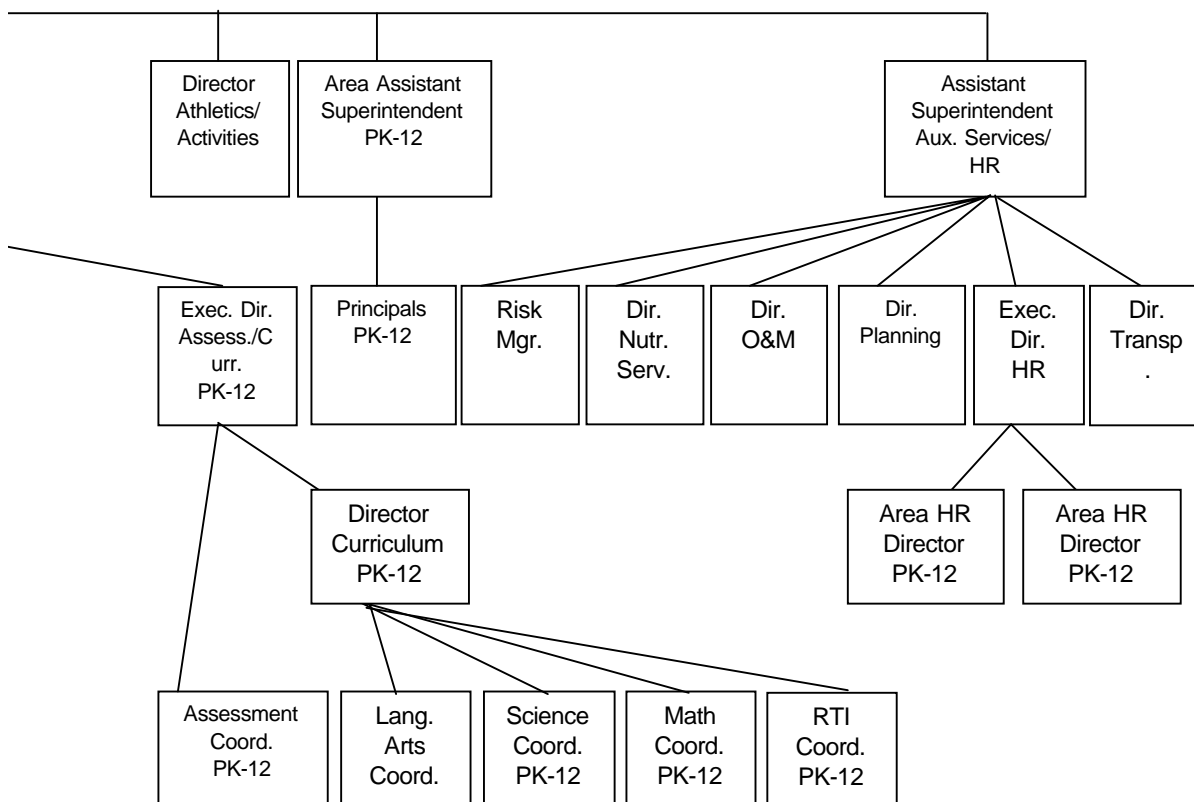
St. Vrain Valley School District RE-1J

ORGANIZATIONAL CHART

June 2010



Revised: October 14, 2009



Statement of Purpose

The leadership structure of the St. Vrain Valley School District represents a systems approach to student achievement. This structure is designed to maximize organizational performance and optimize resources dedicated to the alignment of standards, curriculum, instruction and assessment, as well as technology, professional development, communications, and partnerships with business and industry, post-

St. Vrain Valley School District RE-1J

Elected Officials

Board of Education as of June 2010

<u>Board Member</u>	<u>Term of Office</u>
Director District A Rick Hammans, Vice President	11/07 - 11/11
Director District B Debbie Lammers, Secretary	11/09 - 11/13
Director District C Bob Smith, Assistant Secretary	11/09 - 11/13
Director District D Dori Van Lone, Treasurer	11/05 - 11/13
Director District E John Creighton, President	11/07 - 11/11
Director District F Rod Schmidt, Member	11/05 - 11/13
Director District G Mike Schiers, Member	11/07 - 11/11

Appointed Officials

District Leadership Team

Don Haddad	Superintendent
Terry Schueler	Chief Financial Officer
Rick Ring	Assistant Superintendent of Auxiliary Services and Human Resources
David Burnison	Executive Director of Human Resources
Connie Syferd	Assistant Superintendent for Student Achievement
Amy Weed	Area One Assistant Superintendent Pre-K to 12
Mark Mills	Area Two Assistant Superintendent Pre-K to 12
Tori Teague	Executive Director of Assessment and Curriculum
Joe McBreen	Executive Director of Instructional Technology
Jackie Whittington	Executive Director of Student Services

FINANCIAL SECTION



BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

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ENGLEWOOD, COLORADO 80112
www.bondico.com

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(800) 230-9083 TOLL-FREE
(303) 799-6926 FAX

Board of Education
St. Vrain Valley School District RE-1J
Longmont, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the St. Vrain Valley School District RE-1J (District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Twin Peaks Charter Academy, Flagstaff Academy, Carbon Valley Academy, Imagine Charter School at Firestone, and St. Vrain Community Montessori School discretely presented component units, which represent 100% percent of the assets, net assets, and revenues of the District's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the five separately authorized charter schools (the District's discretely presented component units) is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Twin Peaks Charter Academy, Flagstaff Academy, Carbon Valley Academy, Imagine Charter School at Firestone, and St. Vrain Community Montessori School were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2010, and the respective changes in financial

Board of Education
St. Vrain Valley School District RE-1J

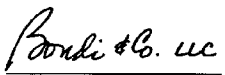
position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

The Management's Discussion and Analysis and budgetary comparison information, on pages 5 through 16 and pages 59 through 62, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section; schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; combining and individual major and non-major fund financial statements and schedules; component unit financial statements; and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, combining and individual major and non-major fund financial statements and schedules, and component unit financial statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

October 30, 2010


BONDI & Co. LLC

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St. Vrain Valley School District RE-1J
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2010

As management of the St. Vrain Valley School District RE-1J, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal and the financial statements of the District.

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2010 by \$98.7 million (net assets).
- Business-type activities unrestricted net assets increased from \$0.476 million to \$0.967 million. These assets may be used to meet the District's ongoing obligations of the enterprise related activities - the Nutrition Services Fund.
- Total net assets of the District increased \$1.4 million during the year ended June 30, 2010, of which one-third is due to an increase in District's business-type activities.
- Fund balance of the District's governmental funds increased from an ending fund balance of \$187.7 million for fiscal year ended June 30, 2009 to \$246.9 million for fiscal year ended June 30, 2010. The increase is primarily the result of the influx of \$85 million in bond proceeds from the May 2010 sale into the building fund.
- During the current year, the fund balance in the District's General Fund increased by \$6.6 million leaving an ending fund balance of \$42.3 million. The increase is primarily the result of \$5.0 million in expenditures below budget in purchased services. As a result of the required reserves of fund balance, the ending unreserved General Fund balance is \$28.3 million, of which \$4.3 million is designated for contingencies; \$15.8 million for unexpended mill levy dollars; \$6.7 million for subsequent year expenditures including the District's instructional supplies and materials carry forward; and \$1.4 million is unreserved and undesignated.
- The District's total liabilities increased \$83.0 million to \$513.7 million primarily due to the increase in long-term debt resulting from the issuance of the Series 2010A and 2010B Building Bonds during the year.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 19-58 are comprised of three components: 1.) Government-wide financial statements, 2.) Fund financial statements, and 3.) Notes to financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net assets presents information about all of the District's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net assets of the District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future or past period.

The government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities), and other functions that are intended to recover all or most of their costs from user fees and charges (business-type activities). Governmental activities consolidate governmental funds including the General Fund, Bond Redemption Fund, Building Fund, and special revenue funds with the Minimum Medical Insurance Liability Fund, which is an internal service fund. Business-type activities consist of the Nutrition Services Fund.

Also presented on the government-wide financial statements are component units, representing the District's five charter schools. The charter schools have independent governing boards, but are financially dependent on the District for most of their funding. Accounting principles prescribe a *discrete* presentation of the component units, meaning separate presentation from the primary government.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements for the District include three fund types. The fund types presented here are governmental, proprietary, and fiduciary.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

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

The District maintains nine different governmental funds. The major funds as of June 30, 2010 are the General Fund, the Governmental Designated-Purpose Grant Fund, the Bond Redemption Fund, and the Building Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled Other Governmental Funds. Individual fund information for the nonmajor funds is presented as other supplemental information elsewhere in this document.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the General Fund is included in the basic financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

The District maintained one of two types of proprietary fund, an enterprise fund. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The District uses an enterprise fund, the Nutrition Services Fund, to account for its food service operation.

The other type of proprietary fund is an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the governmental functions. The District has no internal service funds.

The basic proprietary fund financial statements are presented on pages 27-29 of this report.

The District is the fiduciary for assets that belong to student groups. The District is responsible for ensuring that the assets reported in this fund are used only for intended purposes and used by those to whom the assets belong. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statements are presented on pages 30-31 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 33-58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information as well as other supplementary information concerning the District's nonmajor governmental, enterprise, and internal service funds. Combining and individual fund statements and schedules can be found on pages 60-87 of this report.

Government-wide Financial Analysis

The assets of the District are composed of current assets and capital assets. Cash and investments, receivables, deposits, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are cash and investments, of which 68% is unspent bond proceeds.

Capital assets are used in the operations of the District. These assets are land, buildings, and equipment. Capital assets are discussed in greater detail in the section titled, *Capital Assets and Debt Administration*, later in this analysis.

Current and noncurrent liabilities are determined based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, deferred revenue, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2011. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2011.

As of June 30, 2010, the assets of the primary government's governmental activities exceed liabilities by \$96.7 million with an unrestricted balance of \$51.5 million. At current fiscal year-end the District is able to report positive balances in all three categories of net assets, both for the District as a whole, as well as for its separate governmental and business-type activities. The same was true for the three prior fiscal years.

The amount "invested in capital assets, net of related debt" decreased due to the timing of major projects rather than a slowing of activity in the Building Fund. A net investment of \$6.9 million in land, buildings, and equipment to provide the services to the District's approximate 26,000 public school students represents 7% of the District's net assets. Colorado Revised Statute Article X, Section 20 (Taxpayer Bill of Rights (TABOR) requires the District to establish reserves. The net assets restricted for TABOR, as

required by statute, increased by \$1.0 million to \$6.5 million as of June 30, 2010. Net assets restricted for debt service increased over \$2 million resulting in a total of \$32.9 million.

Of the \$83 million increase in liabilities, \$75 million is due to the increase of long-term liabilities resulting from the issuance of the 2010A and 2010B series of bonds. The \$7.7 million increase in current liabilities is primarily due to the timing of expenditures incurred related to major construction projects.

Table 1 provides a summary of the District's net assets as of June 30, 2010 compared to June 30, 2009.

Table 1
Comparative Summary of Net Assets
As of June 30, 2010 and 2009
(in Thousands)

	Governmental	Activities	Business-Type Activities		Total School District		Total Percentage Change
	2010	2009	2010	2009	2010	2009	2009 - 2010
Assets							
Current assets	\$ 244,063	\$ 180,895	\$ 1,211	\$ 714	\$ 245,274	\$ 181,609	35.06%
Noncurrent assets							
excluding capital assets	36,704	32,901	-	-	36,704	32,901	11.56%
Capital assets	329,393	312,365	1,042	1,076	330,435	313,441	5.42%
Total assets	<u>610,160</u>	<u>526,161</u>	<u>2,253</u>	<u>1,790</u>	<u>612,413</u>	<u>527,951</u>	16.00%
Liabilities							
Current liabilities	26,559	18,845	243	238	26,802	19,083	40.45%
Long-term liabilities	486,907	411,591	-	-	486,907	411,591	18.30%
Total liabilities	<u>513,466</u>	<u>430,436</u>	<u>243</u>	<u>238</u>	<u>513,709</u>	<u>430,674</u>	19.28%
Net Assets							
Invested in capital assets - net of related debt	5,837	16,389	1,042	1,076	6,879	17,465	-60.61%
Restricted for							
TABOR	6,475	5,513	-	-	6,475	5,513	17.45%
Debt service	32,891	30,802	-	-	32,891	30,802	6.78%
Unrestricted	51,491	43,021	968	476	52,459	43,497	20.60%
Total net assets	<u>\$ 96,694</u>	<u>\$ 95,725</u>	<u>\$ 2,010</u>	<u>\$ 1,552</u>	<u>\$ 98,704</u>	<u>\$ 97,277</u>	1.47%

Government-wide Activities

Governmental activities increased the net assets of the District by almost \$1.0 million. More notable is the increase of Business-type Activities net assets of nearly \$0.5 million in the current year, after showing losses in the three previous years totaling almost as much. The net result is an overall increase of \$1.4 million in the net assets of the District. Table 2 provides a summary of the District's change in net assets for 2010 compared to 2009.

Table 2
Comparative Schedule of Changes in Net Assets
For the Years Ended June 30, 2010 and 2009
(in Thousands)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010	2009	2010	2009	2010	2009	2009 - 2010
Revenues							
Program revenues							
Charges for services	\$ 13,358	\$ 10,075	\$ 3,911	\$ 3,776	\$ 17,269	\$ 13,851	24.68%
Operating grants & contributions	19,607	14,558	4,206	3,661	23,813	18,219	30.70%
Capital grants & contributions	453	200	135	313	588	513	14.62%
General revenues							
Property, specific ownership, and mill levy override taxes	115,047	110,436	-	-	115,047	110,436	4.18%
State revenue	110,042	100,658	-	-	110,042	100,658	9.32%
Other	5,264	4,489	1	6	5,265	4,495	17.13%
Total revenues	<u>263,771</u>	<u>240,416</u>	<u>8,253</u>	<u>7,756</u>	<u>272,024</u>	<u>248,172</u>	9.61%
Expenses							
Instruction	136,784	127,682	-	-	136,784	127,682	7.13%
Supporting services	106,836	69,746	7,795	7,826	114,631	77,572	47.77%
Interest expense	19,182	15,845	-	-	19,182	15,845	21.06%
Total expenses	<u>262,802</u>	<u>213,273</u>	<u>7,795</u>	<u>7,826</u>	<u>270,597</u>	<u>221,099</u>	22.39%
Increase (decrease) in net assets	969	27,143	458	(70)	1,427	27,073	-94.73%
Net assets - 7/1	<u>95,725</u>	<u>68,582</u>	<u>1,552</u>	<u>1,622</u>	<u>97,277</u>	<u>70,204</u>	38.56%
Net assets - 6/30	<u>\$ 96,694</u>	<u>\$ 95,725</u>	<u>\$ 2,010</u>	<u>\$ 1,552</u>	<u>\$ 98,704</u>	<u>\$ 97,277</u>	1.47%

Total assets of governmental activities increased by \$84.0 million attributed to the following elements:

**Comparative Schedule of Assets of Governmental Activities
As of June 30, 2010 and 2009**

	2010	2009	Increase (Decrease)
Cash and investments	\$ 267,178,557	\$ 202,335,546	\$ 64,843,011
Accounts receivable	118,677	223,641	(104,964)
Internal balances	(67,575)	-	(67,575)
Due from component units	163,443	-	163,443
Grants receivable	4,665,160	3,617,650	1,047,510
Interest receivable	52,588	39,360	13,228
Taxes receivable	4,013,944	4,802,434	(788,490)
Prepaid expenses	14,257	14,257	-
Deposits	28,000	28,000	-
Inventories	368,341	279,157	89,184
Deferred charges	4,231,999	2,456,181	1,775,818
Capital assets			
Non-depreciable	49,880,204	25,944,643	23,935,561
Depreciable, net	279,512,401	286,420,143	(6,907,742)
Total assets	<u>\$ 610,159,996</u>	<u>\$ 526,161,012</u>	<u>\$ 83,998,984</u>

The net increase in cash and investments (which includes unrestricted and restricted cash and investments) is primarily due to the increase in the building fund from the issuance of the 2010A and 2010B series bonds and the \$15.9 million of 2008 mill levy revenue designated for specific purposes. The increase in grants receivable is due to the delayed receipt of reimbursable expenditures, including American Recovery and Reinvestment Act (ARRA) federal stimulus grant dollars. Interest receivable reflects interest earned through June 2010 that was not received until July 2010; the higher amount is a result of increased investment dollars rather than an improvement in the almost non-existent interest rates on secure investments. In the prior fiscal year, taxes receivable increased by \$1.3 million due to the sluggish local economy and depressed real estate market. Taxes receivable dropped from \$4.8 million to \$4.0 million during the current year, indicating that the economy and real estate markets are starting to turn around. This year's \$4.0 million taxes receivable is still \$0.5 million higher than 2008 amounts. Deferred charges include the bond issuance costs incurred on the 2010A and 2010B series bonds as well as a reclassification of previous bond issuance costs during the current fiscal year. The increase in non-depreciable capital assets during the current year is due to major construction projects.

Total liabilities of governmental activities increased by \$83.0 million as follows:

**Comparative Schedule of Liabilities of Governmental Activities
As of June 30, 2010 and 2009**

	2010	2009	Increase (Decrease)
Accounts payable	\$ 7,851,996	\$ 4,047,783	\$ 3,804,213
Due to component units	-	62,507	(62,507)
Retainage payable	1,570,435	216,130	1,354,305
Accrued salaries, benefits, withholdings	15,608,962	13,221,775	2,387,187
Accrued interest payable	999,096	797,278	201,818
Claims payable	528,267	499,005	29,262
Unearned revenues	1,597,347	1,973,736	(376,389)
Noncurrent liabilities			
Due within one year	13,961,626	12,716,800	1,244,826
Due in more than one year	471,348,091	396,900,594	74,447,497
Total liabilities	<u>\$ 513,465,820</u>	<u>\$ 430,435,608</u>	<u>\$ 83,030,212</u>

Accounts payable increased primarily due to the construction projects that began during the spring of 2010, including elementary school #26 and high school #8 which are scheduled to open in 2011 and 2012, respectively. The increase in retainage payable is also related to the in-progress construction projects. The increase in accrued salaries, benefits and withholdings is due to the increase in staff and salaries as mill levy revenues were fully expended as planned as well as staff paid via the ARRA grants. The increase in accrued interest reflects the interest related to the 2010A and 2010B series bond issuance. The increase in claims payable is the fluctuation in estimates of the potential claims within the Risk Management Fund at June 30, 2010. Unearned revenues decreased as a result of increased property tax revenue recognition for fiscal year 2010. The increase in noncurrent liabilities due within one year is primarily due to the increase in bond principal due in December 2010. Noncurrent liabilities due in more than one year also increased as a result of the 2010A and 2010B series bond issuance of \$85.0 million in May 2010.

Total assets of business-type activities increased by \$463,010 as follows:

**Comparative Schedule of Assets of Business-Type Activities
As of June 30, 2010 and 2009**

	2010	2009	Increase (Decrease)
Cash and investments	\$ 375,691	\$ 375,673	18
Accounts receivable	411,672	37,948	373,724
Internal balances	67,575	-	67,575
Inventories	355,867	300,896	54,971
Capital assets, net of accumulated depreciation	1,042,353	1,075,631	(33,278)
Total assets	<u>\$ 2,253,158</u>	<u>\$ 1,790,148</u>	<u>\$ 463,010</u>

Although cash and investments remained flat, accounts receivable grew by \$373,724 due to the timing of reimbursable meal costs. Total assets grew by \$463,010 as the food service operations improved through a combination of higher meal prices, increased free and reduced participation and cost-cutting measures.

Total liabilities for business-type activities increased slightly to \$243,168.

**Comparative Schedule of Liabilities of Business-Type Activities
As of June 30, 2010 and 2009**

	2010	2009	Increase (Decrease)
Accrued salaries and benefits	\$ 129,743	\$ 124,993	\$ 4,750
Unearned revenues	113,425	113,425	-
Total liabilities	<u>\$ 243,168</u>	<u>\$ 238,418</u>	<u>\$ 4,750</u>

An adjustment to market salaries contributed to the increased accrued salaries and benefits for contracted employees.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA less rescissions, the District received \$6,945 per funded pupil. For the fiscal year ended June 30, 2010, the funded pupil count was 24,905.9, a growth rate of 4.2% over the prior fiscal year. Funding for the SFA comes from real estate property taxes, specific ownership personal property tax and state equalization. The District receives approximately 64.5% of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax.

The statement of activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities.

**Table 3
Comparative Schedule of Governmental Activities
For the Years Ended June 30, 2010 and 2009
(in Thousands)**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction	\$ 136,784	\$ 127,682	\$ 111,472	\$ 108,357
Supporting services	106,836	69,746	98,730	64,238
Interest expense	19,182	15,848	19,182	15,845
	<u>\$ 262,802</u>	<u>\$ 213,276</u>	<u>\$ 229,384</u>	<u>\$ 188,440</u>

Key elements of the governmental activities are as follows:

- The cost of all governmental activities this year was \$262.8 million compared to \$213.3 million last year. Approximately 75% of the increase was in supporting services primarily to implement 2008 bond and mill levy initiatives. Interest expense increased from the prior year due to the issuance of bonds.
- Over \$13 million of the cost was financed by the users of the District's programs in the form of charges for services, an increase of over \$3 million from 2009. The majority of charges occurred in the Community Education Fund; however tuition for all-day kindergarten and preschool programs continues to grow in the General Fund.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$19.6 million, an increase over the \$14.6 million received during fiscal year 2009.
- The majority of the District's net cost of services, \$229.4 million, was financed by State and District taxpayers.

- General revenues accounted for \$230.4 million in revenue which was 87.3% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$33.4 million or 12.7% of total revenues of \$263.8 million. These percentages remain consistent with 2009 revenues

Business-type activities consist of the Nutrition Services Fund. This program had revenues and contributions totaling \$8.25 million and expenses of \$7.80 million. Due to improved operations, the program realized an operating income in fiscal year 2010, unlike the operating losses in the three previous fiscal years. Business-type activities receive no support from local tax revenue. The business-type activities do receive funding from the National School Lunch Program (NSLP). In addition, some revenue is received through state matching funds.

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$246.9 million, an increase from \$187.7 million in the prior year. As noted earlier, this increase is due primarily to revenues from the successful 2008 mill levy and bond elections. The successful mill levy election also contributed to the General Fund's significant budgetary variance between the original budget and the final amended budget. Revenues, as amended, increased \$4.5 million, or 2%, over the adopted budget.

Among major funds, the General Fund had \$202.4 million in revenues, and \$194.3 million in expenditures and other financing uses. The General Fund's fund balance increased from \$35.7 million to \$42.3 million. The increase is primarily the result of \$15.9 million in 2008 mill levy revenues and \$5.9 million in expenditures below budget in purchased services. The General Fund is the chief operating fund of the District. As a result of the required reserves of fund balance, the ending unreserved General Fund balance is \$28.3 million, of which \$4.3 million is designated for contingencies; \$15.8 million for unexpended mill levy dollars; \$6.7 million for subsequent year expenditures including instructional supplies and materials carry forward; and \$1.4 million is unreserved and undesignated.

Fiscal year 2010 is the second consecutive year that Governmental Designated-Purpose Grants Fund met the qualifications to become a major fund. Revenues of \$13.3 million were offset by equal expenditures.

The fund balance of the Bond Redemption Fund increased \$2.1 million, resulting in a balance of \$32.9 million as of June 30, 2010. This was the net result of revenues of \$33.0 million, and current year payments of existing debt of \$30.9 million. The Bond Redemption Fund has adequate resources accumulated to make the December 2010 principal and interest payments. The mill levy to accumulate resources for the June 2011 interest payment will be certified in December 2010.

The Building Fund is used to record the proceeds, interest revenue and corresponding construction expenditures for bonds. The Building Fund's fund balance increased by \$47.8 million due to a \$85 million net increase resulting from the issuance of new debt authorized by the successful 2008 bond election. The fund had total other revenues of just under \$1 million, a bond premium of \$1.2 million, and expenditures of \$38.6 million in construction of schools and other capital improvements during the year.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2010 is \$330.4 million (net of accumulated depreciation). Capital assets include land and improvements, buildings and improvements, water rights, projects in progress, and equipment. The District's investment in capital assets, net of accumulated depreciation, increased for the current fiscal year by \$17.0 million. Major capital events during the year included the construction of an elementary school and a high school which are scheduled to open in fall of 2011 and 2012, respectively.

Table 4 shows fiscal year 2010 capital assets compared to 2009.

Table 4
Comparative Schedule of Capital Assets
As of June 30, 2010 and 2009
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010	2009	2010	2009	2010	2009	2009 - 2010
Land	\$ 19,793	\$ 19,793	\$ -	\$ -	\$ 19,793	\$ 19,793	0.00%
Water rights	4,943	4,341	-	-	4,943	4,341	13.87%
Projects in progress	25,145	1,811	-	-	25,145	1,811	1288.46%
Land improvements	10,879	11,754	-	-	10,879	11,754	-7.44%
Buildings	195,314	198,896	-	-	195,314	198,896	-1.80%
Building improvements	64,658	67,302	-	-	64,658	67,302	-3.93%
Equipment	8,661	8,468	1,042	1,076	9,703	9,544	1.67%
Totals	<u>\$ 329,393</u>	<u>\$ 312,365</u>	<u>\$ 1,042</u>	<u>\$ 1,076</u>	<u>\$ 330,435</u>	<u>\$ 313,441</u>	5.42%

Additional information on the District's total capital assets can be found in Note 5 beginning on page 44.

Debt Administration. The District was assigned underlying ratings of AA- from Standard & Poor's and an Aa2 rating from Moody's Investors Service for its general obligation bond issue in 2009. The custodian and paying agent for all of the District's bond debt is Wells Fargo Bank located in Denver, Colorado. Total long-term debt outstanding as of June 30, 2010 as compared to June 30, 2009 is shown in Table 5. State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$563 million and the legal debt margin was \$276 million.

Table 5
Comparative Schedule of Outstanding Debt
As of June 30, 2010 and 2009
(in Thousands)

	2010	2009	Increase (Decrease)
General obligation bonds	\$ 465,295	\$ 391,990	\$ 73,305
Deferred bond premium	16,669	14,628	2,041
Capital leases	756	623	133
Benefits payable	2,590	2,376	214
Total debt	<u>\$ 485,310</u>	<u>\$ 409,617</u>	<u>\$ 75,693</u>

Additional information on the District's total bonded debt can be found in Note 8 beginning on page 46 of this report.

Factors Bearing on the District's Future

The Colorado State Constitutional Amendment 23, passed by the voters in November 2000, which requires an increase in per pupil funding by at least inflation plus 1%, will sunset in 2011. In fact, Amendment 23 did not increase per pupil funding in 2010 because of budget shortfalls at the state level.

- The successful mill levy election in November 2008 increased the District's per pupil revenue by \$701 in 2009-10, for total override revenues of \$17,454,190.
- The District was scheduled to receive \$7,109 per pupil FTE as per pupil revenue (PPR) for 2009-10, as compared to \$6,751 for 2008-09, an increase of \$358. However, planned rescissions by the State reduced the amount to \$6,945; a total rescission to the District of over \$4 million related to Colorado's public school finance formula funding shortage, equating to 2.28% of total program funding. Details of the rescissions on Colorado districts can be found at [www.cde.state.co.us/cdefinance/download/spreadsheet/RescissionsFY2009-10JunePayment\(7-22-10\).xls](http://www.cde.state.co.us/cdefinance/download/spreadsheet/RescissionsFY2009-10JunePayment(7-22-10).xls).
- This was the second straight year of rescissions at the state level. In 2008-09 per pupil funding from the school finance formula had state rescissions equating to \$41 per pupil. These rescissions continue to grow in the future as the state of Colorado struggles with serious deficits. School District per pupil revenue was expected to grow by 4.9% in fiscal year 2010, with an inflation rate of 3.9% and the additional 1% from Amendment 23. The state rescinded 1.9% of this increase in January 2010. This rescission equated to \$3.4 million for the District. Current per pupil revenue for 2010-11 is \$251 less per student than 2009-10 for a total of \$6,694 PPR. State officials are warning of additional Pre-K to 12 cuts in 2010-11 of \$250 million or more statewide.
- In addition, there are three constitutional measures on the November ballot that would greatly impact the Colorado state budget. If passed, Amendment 60, 61, and Proposition 101 are estimated to decrease the District's revenues by \$42 million in four years.
- In an effort to help Districts deal with the funding rescissions, the State eliminated the mandatory requirements for contributions to instructional materials and the capital reserve fund for FY10. In response, the School Board passed policy requiring that the contribution levels continue. The total new instructional materials money for FY10 was \$4,772,794 and the FY10 new capital reserve budget was \$7,120,531. Unexpended amounts in these budgets carry forward for these purposes.
- The District's assessed valuation is up 5% for 2009-2011 so the override revenue is expected to grow, though the high rate of foreclosures could slow this growth in the short term.
- The District continues to increase in enrollment each year, and the District's adopted budget estimated an additional 700 pupil FTE, which is helping to cushion the per pupil cuts.

In July 2009, Deputy Superintendent Don Haddad succeeded retiring Superintendent Dr. Randy Zila as the new Superintendent of Schools. He has established goals in student achievement, finances and communication for the next 5 years.

The successful mill levy override election generated a positive cash flow so the District did not have to use the state loan program in fiscal year 2009 or 2010 and is not expected to need to borrow from the state in fiscal year 2011.

The adopted General Fund budget for fiscal year 2010-2011 does not yet include compensation increases because negotiations with the Education Association have not concluded. The results of negotiations and the state financial shortfall will be deciding factors in the future of the District's fund balance. At the date of this document a tentative two-year agreement has been signed that will give the teachers a 1.3% increase on the base beginning January 2011. The offer also includes funding for

education advancement, additional PERA funding and stable employee contributions for health and dental insurance premiums. This offer is contingent on Amendment 60, 61, and Proposition 101 being defeated in November 2010. In exchange for the base pay increase, the teachers will add one work day to their calendar beginning in 2011-12. If per pupil funding for 2011-12 does not drop below \$6,694, the teacher base pay will increase by an additional 1.3% next year and a second day will be added to the work calendar for 2011-12. If approved, these expenses will be incorporated into the amended budget.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives and spends. If you have questions about this report or need additional information, please contact the Financial Services Department, St. Vrain Valley School District, 395 South Pratt Parkway, Longmont, Colorado 80501. Additional information is available at www.stvrain.k12.co.us.

Additionally, readers may also wish to review separately issued audit reports of each of the component units to gather additional information related to the charter schools. Those requests should be made directly to the charter schools.

BASIC FINANCIAL STATEMENTS

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St. Vrain Valley School District RE-1J

**Statement of Net Assets
June 30, 2010**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Charter Schools
Assets				
Cash and investments	\$ 234,706,550	\$ 375,691	\$ 235,082,241	\$ 6,700,608
Accounts receivable	118,677	411,672	530,349	137,720
Internal balances	(67,575)	67,575	-	-
Due from component units	163,443	-	163,443	-
Grants receivable	4,665,160	-	4,665,160	-
Interest receivable	52,588	-	52,588	-
Taxes receivable	4,013,944	-	4,013,944	-
Prepaid expenses	14,257	-	14,257	121,850
Deposits	28,000	-	28,000	272,801
Inventories	368,341	355,867	724,208	-
Deferred charges	4,231,999	-	4,231,999	688,630
Restricted cash and investments	32,472,007	-	32,472,007	3,402,661
Capital assets,				
Non-depreciable	49,880,204	-	49,880,204	1,532,443
Depreciable, net	279,512,401	1,042,353	280,554,754	27,237,876
Total assets	<u>610,159,996</u>	<u>2,253,158</u>	<u>612,413,154</u>	<u>40,094,589</u>
Liabilities				
Accounts payable	7,851,996	-	7,851,996	369,887
Due to primary government	-	-	-	163,443
Retainage payable	1,570,435	-	1,570,435	120,639
Accrued salaries and benefits	8,999,737	129,743	9,129,480	660,262
Payroll withholdings	6,609,225	-	6,609,225	-
Accrued interest payable	999,096	-	999,096	326,448
Claims payable	528,267	-	528,267	-
Unearned revenues	1,597,347	113,425	1,710,772	264,694
Noncurrent liabilities				
Due within one year	13,961,626	-	13,961,626	80,000
Due in more than one year	471,348,091	-	471,348,091	32,740,000
Total liabilities	<u>513,465,820</u>	<u>243,168</u>	<u>513,708,988</u>	<u>34,725,373</u>
Net Assets				
Invested in capital assets, net of related debt	5,837,277	1,042,353	6,879,630	(1,220,074)
Restricted for				
TABOR	6,474,885	-	6,474,885	549,491
Debt service	32,890,953	-	32,890,953	1,001,076
Unrestricted	51,491,061	967,637	52,458,698	5,038,723
Total net assets	<u>\$ 96,694,176</u>	<u>\$ 2,009,990</u>	<u>\$ 98,704,166</u>	<u>\$ 5,369,216</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

Statement of Activities For the Year Ended June 30, 2010

		Program Revenues		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Instruction	\$ 136,783,787	\$ 13,264,409	\$ 12,047,937	\$ -
Supporting services	106,835,640	93,677	7,559,207	452,712
Interest expense	19,182,556	-	-	-
Total governmental activities	262,801,983	13,358,086	19,607,144	452,712
Business-type activities				
Food services	7,795,085	3,911,304	4,206,325	135,146
Total business-type activities	7,795,085	3,911,304	4,206,325	135,146
Total primary government	\$ 270,597,068	\$ 17,269,390	\$ 23,813,469	\$ 587,858
COMPONENT UNITS				
Instruction	\$ 9,604,896	\$ 1,077,569	\$ 752,738	\$ -
Supporting services	8,605,842	1,418,299	105,647	362,821
Interest expense	2,310,086	-	-	-
Total component units	\$ 20,520,824	\$ 2,495,868	\$ 858,385	\$ 362,821

General Revenues

Property taxes
Specific ownership taxes
State equalization
Per pupil revenue
Mill levy override
Investment income
Other
Capital contribution

Transfers

Total general revenues

Change in net assets

Net assets, beginning

Restatement for change in reporting entity

Adjusted net assets, beginning

Net assets, ending

The accompanying notes are an integral part of this financial statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Charter Schools
\$ (111,471,441)	\$ -	\$ (111,471,441)	\$ -
(98,730,044)	-	(98,730,044)	-
(19,182,556)	-	(19,182,556)	-
(229,384,041)	-	(229,384,041)	-
-	457,690	457,690	-
-	457,690	457,690	-
(229,384,041)	457,690	(228,926,351)	-
-	-	-	(7,774,589)
-	-	-	(6,719,075)
-	-	-	(2,310,086)
-	-	-	(16,803,750)
91,637,477	-	91,637,477	-
6,023,739	-	6,023,739	-
110,042,029	-	110,042,029	-
-	-	-	15,012,594
17,385,887	-	17,385,887	1,285,090
1,361,173	570	1,361,743	21,897
3,902,508	-	3,902,508	273,316
-	-	-	260,000
-	-	-	2,820
230,352,813	570	230,353,383	16,855,717
968,772	458,260	1,427,032	51,967
95,725,404	1,551,730	97,277,134	5,671,345
-	-	-	(354,096)
95,725,404	1,551,730	97,277,134	5,317,249
\$ 96,694,176	\$ 2,009,990	\$ 98,704,166	\$ 5,369,216

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Balance Sheet
Governmental Funds
June 30, 2010**

	General	Governmental Designated- Purpose	Bond Redemption	Building	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments - unrestricted	\$ 55,309,632	\$ -	\$ -	\$ 166,838,892	\$ 12,558,026	\$ 234,706,550
Cash and investments - restricted	-	-	32,472,007	-	-	32,472,007
Accounts receivable	103,004	-	-	-	15,673	118,677
Due from other funds	2,067,272	-	10,589	-	1,161,295	3,239,156
Due from component units	163,443	-	-	-	-	163,443
Intergovernmental receivable	1,006,643	-	-	-	-	1,006,643
Grants receivable	26,267	4,638,893	-	-	-	4,665,160
Interest receivable on investments	-	-	152	52,436	-	52,588
Taxes receivable	2,808,323	-	1,205,621	-	-	4,013,944
Prepays	-	-	-	-	14,257	14,257
Deposits	-	-	-	-	28,000	28,000
Inventories	368,341	-	-	-	-	368,341
Total assets	<u>\$ 61,852,925</u>	<u>\$ 4,638,893</u>	<u>\$ 33,688,369</u>	<u>\$ 166,891,328</u>	<u>\$ 13,777,251</u>	<u>\$ 280,848,766</u>
Liabilities						
Accounts payable	\$ 1,369,892	\$ 7,777	\$ 500	\$ 6,103,559	\$ 231,304	\$ 7,713,032
Due to other funds	-	2,846,336	-	96,368	296,452	3,239,156
Due to proprietary fund	-	67,575	-	-	-	67,575
Due to fiduciary funds	-	138,964	-	-	-	138,964
Intergovernmental payable	-	1,006,643	-	-	-	1,006,643
Retainage payable	-	-	-	1,570,435	-	1,570,435
Accrued salaries and benefits	8,240,558	513,442	-	1,656	244,081	8,999,737
Payroll withholdings	6,609,225	-	-	-	-	6,609,225
Claims payable	369,787	-	-	-	-	369,787
Deferred revenues	2,915,281	58,156	796,916	141,771	338,223	4,250,347
Total liabilities	<u>19,504,743</u>	<u>4,638,893</u>	<u>797,416</u>	<u>7,913,789</u>	<u>1,110,060</u>	<u>33,964,901</u>
Fund Balances						
Reserved for deposits, inventories, prepaids	368,341	-	-	-	42,257	410,598
Reserved for debt service	-	-	21,421,798	-	-	21,421,798
Reserved for capital projects	-	-	-	158,977,539	-	158,977,539
Reserved for TABOR	6,474,885	-	-	-	-	6,474,885
Reserved for encumbrances	185,509	-	-	-	-	185,509
Reserved for Colorado Preschool Program	537,205	-	-	-	-	537,205
Reserved for risk management activities	6,448,562	-	-	-	-	6,448,562
Unreserved, designated for contingencies,						
General Fund	4,316,590	-	-	-	-	4,316,590
Unreserved, designated for MLO						
General Fund	15,863,984	-	-	-	-	15,863,984
Unreserved, designated for subsequent						
year expenditures reported in						
General Fund	6,718,719	-	-	-	-	6,718,719
Special Revenue Funds	-	-	-	-	9,749,083	9,749,083
Unreserved, undesignated reported in						
General Fund	1,434,387	-	-	-	-	1,434,387
Special Revenue Funds	-	-	-	-	2,875,851	2,875,851
Debt Service Fund	-	-	11,469,155	-	-	11,469,155
Total fund balances	<u>42,348,182</u>	<u>-</u>	<u>32,890,953</u>	<u>158,977,539</u>	<u>12,667,191</u>	<u>246,883,865</u>
Total liabilities and fund balances	<u>\$ 61,852,925</u>	<u>\$ 4,638,893</u>	<u>\$ 33,688,369</u>	<u>\$ 166,891,328</u>	<u>\$ 13,777,251</u>	<u>\$ 280,848,766</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2010**

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

Governmental funds total fund balances (page 22)	\$ 246,883,865
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	329,392,605
Deferred property taxes will be collected but are not available to pay for the current period's expenditures and, therefore, are not recorded as revenue in the funds.	2,653,000
Premium received on issuance of bonds is recognized as other financing source in the governmental funds but is deferred in the statement of net assets.	(16,669,299)
Bond reacquisition costs are not recognized in the governmental funds but are deferred in the statement of net assets	4,231,999
Long-term liabilities, including capital leases (\$755,927), compensated absences (\$2,589,491), and bonds payable (\$465,295,000), as well as related accrued interest (\$999,096) and claims payable (\$158,480) are not due and payable in the current period and, therefore, are not reported in the funds.	(469,797,994)
Net assets of governmental activities (page 19)	<u>\$ 96,694,176</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010**

	General	Governmental Designated- Purpose	Bond Redemption	Building	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 59,628,992	\$ -	\$ 32,968,774	\$ -	\$ -	\$ 92,597,766
Specific ownership taxes	6,023,739	-	-	-	-	6,023,739
Mill levy override	17,385,887	-	-	-	-	17,385,887
Investment income	339,070	-	1,587	935,800	84,716	1,361,173
Charges for services	4,325,048	-	-	-	3,167,830	7,492,878
Pupil activities	-	-	-	-	5,865,208	5,865,208
Miscellaneous	3,667,697	-	-	2,213	540,164	4,210,074
Local intergovernmental	-	10,000	-	-	-	10,000
State intergovernmental	110,763,869	686,945	-	-	5,303,750	116,754,564
Federal intergovernmental	271,100	12,623,509	-	-	-	12,894,609
Total revenues	<u>202,405,402</u>	<u>13,320,454</u>	<u>32,970,361</u>	<u>938,013</u>	<u>14,961,668</u>	<u>264,595,898</u>
Expenditures						
Current						
Instruction	126,397,773	5,857,729	-	629,297	8,117,627	141,002,426
Supporting services	66,403,671	6,394,482	-	33,348,683	358,900	106,505,736
Capital outlay	2,397,177	1,068,243	-	4,590,435	4,443,786	12,499,641
Debt service						
Principal	-	-	11,695,000	-	-	11,695,000
Interest and fiscal charges	-	-	19,185,926	-	-	19,185,926
Bond issuance costs	-	-	-	720,880	-	720,880
Total expenditures	<u>195,198,621</u>	<u>13,320,454</u>	<u>30,880,926</u>	<u>39,289,295</u>	<u>12,920,313</u>	<u>291,609,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,206,781</u>	<u>-</u>	<u>2,089,435</u>	<u>(38,351,282)</u>	<u>2,041,355</u>	<u>(27,013,711)</u>
Other Financing Sources (Uses)						
Issuance of debt	-	-	-	85,000,000	-	85,000,000
Premium received on bond issuance	-	-	-	1,191,756	-	1,191,756
Transfers in	46,000	-	-	-	629,521	675,521
Transfers out	(619,309)	-	-	-	(56,212)	(675,521)
Total other financing sources (uses)	<u>(573,309)</u>	<u>-</u>	<u>-</u>	<u>86,191,756</u>	<u>573,309</u>	<u>86,191,756</u>
Net change in fund balances	<u>6,633,472</u>	<u>-</u>	<u>2,089,435</u>	<u>47,840,474</u>	<u>2,614,664</u>	<u>59,178,045</u>
Fund balances, beginning	<u>35,714,710</u>	<u>-</u>	<u>30,801,518</u>	<u>111,137,065</u>	<u>10,052,527</u>	<u>187,705,820</u>
Fund balances, ending	<u>\$ 42,348,182</u>	<u>\$ -</u>	<u>\$ 32,890,953</u>	<u>\$ 158,977,539</u>	<u>\$ 12,667,191</u>	<u>\$ 246,883,865</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2010

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

Net change in fund balances of governmental funds (page 24) \$ 59,178,045

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

Depreciation expense, net of deletions and adjustments	\$ (10,306,648)	
Capital outlay - capitalized, net of deleted assets	<u>27,334,467</u>	17,027,819

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Current year amortization of premium on bond issue	626,418	
Current year amortization of deferred charges	1,054,938	
Long term portion of claims payable	(158,480)	
Change in deferred property tax accrual	<u>(960,289)</u>	562,587

In the statement of activities, certain accrued sick leave and vacation benefits are measured by the amounts earned during the year. However, in the governmental funds, expenditures for this item are measured by the amount actually paid. This year, the amount of accrued sick and vacation leave increased as follows:

Accrued annual leave earned during the year	(16,233)	
Accrued vacation earned during the year	(913,914)	
Amount paid during the year	<u>716,989</u>	(213,158)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Following are the net effect of these differences.

Bond proceeds	(85,000,000)	
Premium received on issuance of bonds	(1,191,756)	
Reclassification of bond issuance costs and premiums	(1,476,168)	
Bond principal payments	11,695,000	
Accrued interest expense on bonds	(201,818)	
Bond reacquisition costs	720,880	
Long-term lease additions	(525,914)	
Long-term lease payments	<u>393,255</u>	(75,586,521)

Change in net assets of governmental activities (page 21) \$ 968,772

The accompanying notes are an integral part of this financial statement.

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St. Vrain Valley School District RE-1J

**Statement of Net Assets
Proprietary Fund
June 30, 2010**

	Business-type Activities
	<u>Enterprise Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 375,691
Accounts receivable	411,672
Due from other funds	67,575
Inventories	355,867
Total current assets	<u>1,210,805</u>
Capital assets	
Machinery and equipment	2,756,630
Accumulated depreciation	<u>(1,714,277)</u>
Total capital assets, net	<u>1,042,353</u>
 Total assets	 <u>2,253,158</u>
Liabilities	
Current liabilities	
Accrued salaries and benefits	129,743
Deferred revenues	<u>113,425</u>
 Total liabilities	 <u>243,168</u>
Net Assets	
Invested in capital assets	1,042,353
Unrestricted	<u>967,637</u>
 Total net assets	 <u>\$ 2,009,990</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2010**

	<u>Business-type Activities</u>
	<u>Enterprise Fund</u>
Operating Revenues	
Charges for services	\$ 3,766,563
Miscellaneous	<u>144,741</u>
Total operating revenues	<u>3,911,304</u>
Operating Expenses	
Salaries and benefits	3,827,693
Purchased services	51,092
Supplies and materials	3,518,461
Repairs and maintenance	41,608
Other	183,818
Depreciation	<u>172,413</u>
Total operating expenses	<u>7,795,085</u>
Operating loss	<u>(3,883,781)</u>
Nonoperating Revenues (Expenses)	
Investment income	570
State match	115,350
National School Lunch/Breakfast Program	3,683,370
Commodities entitlement	410,376
Loss on disposal of equipment	<u>(2,771)</u>
Total nonoperating revenues	<u>4,206,895</u>
Income before contributions	323,114
Capital contributions	<u>135,146</u>
Change in net assets	458,260
Net assets, beginning	<u>1,551,730</u>
Net assets, ending	<u><u>\$ 2,009,990</u></u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010**

	Business-type Activities
	Enterprise Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 3,911,304
Cash paid to suppliers	(3,439,574)
Cash paid to employees	(3,822,943)
Net cash used in operating activities	<u>(3,351,213)</u>
Cash Flows from Noncapital Financing Activities	
Cash received from State of Colorado	115,350
Cash received from Federal government	3,309,646
Cash loaned to other funds	(67,575)
Net cash provided by noncapital financing activities	<u>3,357,421</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of equipment	<u>(6,760)</u>
Cash Flows from Investing Activities	
Investment income	<u>570</u>
Increase in cash and cash equivalents	18
Cash and cash equivalents, beginning of the year	<u>375,673</u>
Cash and cash equivalents, end of the year	<u><u>\$ 375,691</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (3,883,781)
Adjustments to reconcile operating loss to Net cash used by operating activities	
Depreciation	172,413
Commodities entitlement	410,376
Changes in assets and liabilities	
Increase in inventories	(54,971)
Increase in accrued salaries and benefits	<u>4,750</u>
Net cash used by operating activities	<u><u>\$ (3,351,213)</u></u>
Noncash Transactions	
Commodities received	<u>\$ 410,376</u>
Capital contributions	<u><u>\$ 135,146</u></u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010**

	Private Purpose Trust - Student Scholarship	Agency - Student Activity
Assets		
Cash and investments	\$ 135,058	\$ 1,687
Accounts receivable	-	385
Due from governmental funds	71,643	67,321
Total assets	206,701	\$ 69,393
Liabilities		
Undistributed monies	-	69,393
Total liabilities	-	\$ 69,393
Net Assets		
Held in trust	\$ 206,701	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010**

	Private Purpose Trust - Student Scholarship
Additions	
Investment income	\$ 354
Contributions	<u>56,800</u>
Total additions	<u>57,154</u>
Deductions	
Scholarships	<u>68,910</u>
Total deductions	<u>68,910</u>
Change in net assets	(11,756)
Net assets, beginning	<u>218,457</u>
Net assets, ending	<u><u>\$ 206,701</u></u>

The accompanying notes are an integral part of this financial statement.

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St. Vrain Valley School District RE-1J

Notes to Financial Statements

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Vrain Valley School District RE-1J (the District) in the Counties of Boulder, Larimer, and Weld, and City and County of Broomfield, have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The more significant of the District's accounting policies are described below.

Reporting Entity

St. Vrain Valley School District RE-1J is a political subdivision and corporate body of the State of Colorado. The District operates under a seven-member publicly elected board of education. Geographically diverse, the 411 square miles served by the District extends from the Continental Divide out into the agriculture plains. Parts of four counties (Boulder, Broomfield, Larimer and Weld) fall within the District's boundaries. The District also serves thirteen different communities: eastern Boulder, Broomfield, Dacono, Erie, Firestone, Frederick, Hygiene, Longmont, Lyons, Mead, Niwot, Peaceful Valley and Raymond. The District, the ninth largest in the state of Colorado, has 25 elementary, 9 middle, 1 middle/senior, 7 high, 2 alternative, and 5 charter schools, serving approximately 26,000 students.

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provided benefits to or imposes financial burdens on the District.

Discretely Presented Component Units – Charter Schools

The Colorado State Legislature enacted the Charter School Act – Colorado Revised Statutes (C.R.S.) Section 22-30.5-10 in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "charter schools". Charter schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the District's Board of Education must approve all charter school applications and budgets.

The District's Board of Education has approved five charter school applications, Carbon Valley Academy, grades K-12; Flagstaff Academy, grades K-8; Imagine Charter School at Firestone, grades K-8; St. Vrain Community Montessori School, K-6; and Twin Peaks Charter Academy, grades K-8. Although a sixth charter school application, Aspen Ridge Preparatory School, K-5, was conditionally approved by the District's Board of Education, the school was not operational during the fiscal year. Effective July 1, 2011, the District's Board of Education approved the Twin Peaks Charter Academy's charter renewal as K-12. In addition, the District has received two K-8 charter school applications with proposed openings in the fall of 2011; both applications are pending review.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units – Charter Schools (Continued)

The respective members of the Charter Schools' Governing Boards are appointed separately from the District's Board of Education. The charter schools are discretely presented component units because of the significance of their financial relationship with the District and are considered nonmajor.

Separately audited financial reports for Carbon Valley Academy, Flagstaff Academy, Imagine Charter School at Firestone, St. Vrain Community Montessori School, and Twin Peaks Charter Academy are available from the individual charter schools.

Fund Accounting

The District uses funds to report its financial position and changes in financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), the servicing of long-term debt (debt service fund), and the construction of new schools (capital projects fund). The following are the District's major governmental funds:

General Fund – The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership (personal property) taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended. The *Colorado Preschool Program (CPP) Fund* and *Risk Management Fund* are reported as sub-funds of the General Fund. Moneys allocated to the *CPP Fund* from the General Fund are used to pay the costs of providing preschool services directly to qualified at-risk children enrolled in the District's preschool program pursuant to C.R.S. 22-28-102. Moneys allocated to the *Risk Management Fund* from the General Fund are used to account for the payment of loss or damage to the property of the District, workers' compensation, property and liability claims, and the payment of related administration expenses.

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by grants from federal and state governments, school construction, certain capital outlay expenditures, debt service, food service operations, and extracurricular athletic and other pupil activities.

Government Designated-Purpose Grants Fund – This special revenue fund is used to account for restricted state and federal grants that are obtained primarily to provide for specific instructional programs.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Debt Service Fund – The District has one debt service fund, the *Bond Redemption Fund*. This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. The fund's primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Fund – The District has one capital projects fund, the *Building Fund*. This fund accounts for the proceeds of bond sales and expenditures for capital outlay for land, buildings, improvements of grounds, construction of buildings, additions or remodeling of buildings or initial, additional and replacement equipment.

The remaining governmental funds are Special Revenue Funds that are considered nonmajor. These funds account for revenues derived from earmarked revenue sources, including transfers from the General Fund, charges for supporting educational services, and tuition. Special Revenue Funds consist of *Capital Reserve Fund, Community Education Fund, Fair Contributions Fund, Student Activity, and Vance Brand Civic Auditorium Fund*.

Proprietary funds focus on the determination of the changes in net assets, financial position, and cash flows and are classified as either enterprise or internal service.

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District's only enterprise fund is the following: *Nutrition Services Fund* – This fund accounts for the financial transactions related to the food service operations of the District.

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District has no internal service funds.

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The *Student Scholarship Fund* is the District's only trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund is the *Student Activity Fund*.

Government-wide and Fund Financial Statements

The District's financial statements (i.e., the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the District and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the District is financially accountable.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the District's government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 reported 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. Agency funds have no measurement focus.

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.

Governmental fund revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Under Colorado law, all property taxes become due and payable on January 1 in the year following that in which they are levied. Property taxes are levied on December 15 based on the assessed value of the property as certified by the county assessor. Payments are due in

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

full on April 30, or in two installments on February 28 and June 15. When taxes become delinquent, the property is sold at the tax sale on September 30. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

The effect of interfund activity has been eliminated from the government-wide financial statements. However the process of consolidation does not eliminate the interfund services provided and used.

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

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

Assets, Liabilities and Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents.

Investments – All investments are recorded at fair value.

Receivables – All receivables are reported at their gross value since all amounts are considered collectable. Transactions between funds that are outstanding at the end of the fiscal year are identified as interfund receivables and payables in the fund financial statements.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

Inventories – Inventories are valued at average cost. The costs of inventories are recorded as expenditures when consumed rather than when purchased. The federal government donates surplus commodities to supplement the National School Lunch Program. Such commodities are recorded as nonoperating revenues when expended.

Capital Assets – Capital assets, which include property and equipment, are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or greater, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment is depreciated using the straight-line method over the following estimated useful lives.

Land improvements	20 years
Buildings	50 years
Building improvements	7-50 years
Equipment	5-20 years

Compensated Absences – Classified employees earn vacation leave and the District requires that all vacation leave earned be taken by the end of the six month period following the benefit year, which is December 31. District policy does not allow employees to accumulate unused vacation leave. All outstanding vacation leave for classified employees is payable upon resignation, termination, retirement or death. The unpaid liability for earned vacation days is recorded in the government-wide financial statements.

Employees may accumulate annual leave. Accumulated annual leave is payable upon leaving the District if certain criteria are met. Classified employees with 10 or more years of continuous service with the District will receive 50% of the employee's current daily rate for unused annual leave above 20 days, up to a maximum of 150 paid days. Any licensed employee who retires with 10 years of continuous service or who terminates with 20 years of service will be paid \$35 per day for all unused annual leave over 30 days, up to a maximum of 125 paid days. The unpaid liability for vested annual leave is recorded in the government-wide financial statements.

Deferred Revenues/Charges – Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenues is removed and revenue is recognized. Deferred revenues include grants that have been collected, but corresponding expenditures have not been incurred; property taxes earned but

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

not available; and amounts received but not yet earned under the terms of certain investment agreements. Deferred charges include the difference between the reacquisition price and the net carrying amount of the old debt in a refunding of debt.

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or uses. Issuance costs are reported as current expenditures.

Net Assets/Fund Equity – In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Reserved fund balances include, but are not limited to, deposits, inventories, and prepaid items; debt service; capital projects; TABOR; and encumbrances as of June 30, 2010. Unreserved, designated fund balances include, but are not limited to, required carryover of unexpended instructional supplies and materials; the Superintendent's 12-month employment contract; and the Mill Levy Override.

Property Taxes

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. The District's property tax calendar for 2010 is as follows:

Tax Year

Beginning of fiscal year for taxes	January 1
Assessed valuation initially certified by County Assessors	August 25
Property tax levy by Board of Education for ensuing calendar year	December 10
Tax levy certified to County Commissioners	December 15
County Commissioners certify levy to County Treasurers	January 10

Collection Year

Mailing of tax bills (lien date)	January 1
First installment due	February 28
Taxes due in full (unless installments elected by taxpayer)	April 30
Second installment due	June 15

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

Property taxes are recorded initially at the budgeted collection rate as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected in governmental funds and in the period for which the taxes are levied in the government-wide statements. The District has deferred revenue from property tax collection at June 30, 2010 in the amount of \$2,653,000. Property taxes are remitted to the District by the County Treasurers by the tenth of the month following collections by the respective counties, except for the months of March, May, and June in which the District receives an additional remittance from each county for collections through the twentieth of those months.

A fee of .25% on General Fund collections is retained by each County on their respective collections as compensation for collecting the taxes and is reflected as an expenditure in the General Fund.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with US GAAP rather than the budget basis for all funds except the General Fund which budgets on an encumbered basis. Budget basis is similar to cash basis, in that revenues are recognized when cash is received, and expenditures are recorded when payments are made. However, the primary differences in budgeting on a US GAAP basis include accruals for compensation earned but not paid as of fiscal year end, and recognition of deferred revenues. The budget for the Nutrition Services Fund includes the related revenues and expenses of commodities and depreciation. All annual appropriations lapse at fiscal year end.

Budgets are required by state law for all funds. Prior to June 1, the Superintendent of Schools submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Total expenditures for each fund and sub-fund may not legally exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenues. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The Board of Education throughout the fiscal year may amend budgetary amounts within each fund. Individual amendments to the General Fund budget were not material in relation to the original appropriation. All other fund budgets were also amended during the fiscal year. Although not material in relation to the total appropriation, most were significant in relation to the individual fund's original appropriation.

The encumbrance system of accounting is used wherein encumbrances outstanding at year-end are not reported as expenditures in the financial statements for US GAAP purposes, but are reported as reservations of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over.

Accountability

Although the School Finance Act no longer requires school districts to budget a minimum amount per pupil for instructional capital outlay, instructional supplies and materials, and instructional field trips, the District will continue to do so to meet its needs. For fiscal year 2010, the District budgeted \$4,772,794 for current instructional purposes. In addition, the unexpended amount of \$3,114,108 from prior years was also included in the budget. The District expended \$4,832,785 for instructional purposes during fiscal year ended June 30, 2010. The carryover from fiscal year 2010 and prior is \$2,672,000 and is fully reserved in fund balance.

Direct allocation of funding to the Capital Reserve Fund and Risk Management Fund was also discontinued by the Legislature. However, the District will continue to fund these needs according to prior statute. For fiscal year ended June 30, 2010, the District allocated \$5,303,750 to the Capital Reserve Fund and \$1,688,000 to the Risk Management Fund for a total of \$6,991,750.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 3: DEPOSITS AND INVESTMENTS

At June 30, 2010, the District's deposits and investments were reported in the financial statements as follows:

Governmental activities	\$ 267,178,557
Business-type activities	375,691
Agency	1,687
Private purpose trust scholarship	135,058
	<u>\$ 267,690,993</u>
Component units	<u>\$ 10,103,269</u>

At June 30, 2010, the District and component units had cash and investments with the following carrying balances:

	<u>District</u>	<u>Component Units</u>
Cash	\$ 19,421,361	\$ 3,942,958
Investments	248,269,632	6,160,311
	<u>\$ 267,690,993</u>	<u>\$ 10,103,269</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State regulatory commissioners regulate the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the deposits. The District does not have a deposit policy. As of June 30, 2010, the District had bank deposits of \$8,017,667 collateralized with securities held by the financial institutions' agent not in the District's name. Likewise, the component units had deposits with a bank balance of \$1,991,385. On October 3, 2008, as part of the Economic Stabilization Act, Congress temporarily increased FDIC insurance from \$100,000 to \$250,000 per depositor.

Investments

Colorado statutes specify instruments meeting defined rating and risk criteria in which local governments may invest, which include, but are not limited to, the following:

- Obligations of the United States and certain U.S. Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Local government investment pools

The District's investment policy does not further restrict its investment options.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

<u>Investment Type</u>	<u>S&P or Moody's Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>
			<u>Less Than 1</u>
U.S. Agency Securities	AAA	\$ 20,757,376	\$ 20,757,376
Commercial paper	A-1	7,992,125	7,992,125
Repurchase agreement	Aaa to A2	85,017,751	85,017,751
Money market mutual funds	A-1+ to AA	7,051,637	7,051,637
Money market custodial account	A- to AA	32,071,255	32,071,255
Money market investment pools	AAAm	95,379,488	95,379,488
Total investments		<u>\$ 248,269,632</u>	<u>\$ 248,269,632</u>

The component units had the following investments as of June 30, 2010:

<u>Investment Type</u>	<u>S&P or Moody's Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>
			<u>Less Than 1</u>
Money market investment pool-CSAFE	AAAm	\$ 3,097,740	\$ 3,097,740
Money market investment pool-ColoTrust	AAAm	1,708,545	1,708,545
Money market funds	Aaa	1,354,026	1,354,026
Total investments		<u>6,160,311</u>	<u>6,160,311</u>

Local Government Investment Pools – At June 30, 2010, the District and its component units invested in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), which are money market investment pools established for local government entities in Colorado to pool surplus funds. The pools are regulated by the Colorado Securities Commissioner. These pools operate similar to a money market fund and each share is equal in value to \$1.00. Investments of the pools consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. Substantially all securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. To obtain more information, go to www.colotrust.com and www.csafe.org.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The full amount of U.S. Agency Securities and commercial paper is exposed to custodial credit risk because they are uninsured, unregistered and held by the District's brokerage firm which is also the counterparty. The District does not have a policy for custodial credit risk. As of June 30, 2010, 12.0% of total investments was subject to this risk.

The repurchase agreement is collateralized with U.S. Treasury and U.S. Agency Securities. Collateral is not held by the provider (Bayerische Landesbank) but rather is held by a third party custodian (Wells Fargo Bank, N.A.). This agreement must be collateralized at no less than 105% of U.S. Treasury or 102% U.S. Agency Securities.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to declines in fair value due to rising interest rates, the Board's investment policy requires that the majority of its investments be in cash and cash equivalents with maturity dates of 90 days or less. Any medium-term investments of between 91 days and three years may be made based on expected use of funds. Funds not needed for the foreseeable future, such as the TABOR reserve, could be invested in long-term securities with maturity dates greater than three years.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency Securities to the highest rating issued by nationally recognized statistical rating organizations (NRSROs). The District's investment policy and State statutes limit investments in money market funds to those with the highest rating issued by NRSROs and with a constant share price, or to money market funds that invest only in specified securities.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Given the small amount available for investment in securities, and the relative low risk of U.S. agency securities, the District has not established a policy limiting the amount of investment in this type of security and deems it unnecessary at this time. At June 30, 2010, the repurchase agreement, money market custodial account, and money market investment pool were 34%, 13%, and 38%, respectively, of the District's total investments.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 4: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts owed to one fund or business-type activity by another which are due within one year are reported as due to other funds or business-type activities. These balances arise during the normal course of business and the District's use of pooled cash. Due to/from other funds/component units as of June 30, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Building Fund	\$ 96,368
General Fund	Capital Reserve Fund	128,713
General Fund	Student Activities Fund	167,739
General Fund	Grants Fund	1,416,919
Colorado Pre-K Fund	Grants Fund	41,494
Risk Management Fund	Grants Fund	216,039
Bond Redemption Fund	Grants Fund	10,589
Other governmental funds	Grants Fund	1,161,295
Total governmental funds		<u>\$ 3,239,156</u>
Proprietary Fund	Grants Fund	<u>\$ 67,575</u>
Fiduciary Funds	Grants Fund	<u>\$ 138,964</u>
General Fund	Component Units	<u>\$ 163,443</u>

Additionally, as of June 30, 2010, the Grants Fund borrowed \$1,006,643 from the District to cover salaries, benefits, and other grant program expenditures until reimbursements from state and federal agencies were received.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers during fiscal year 2010 were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Vance Brand Civic Auditorium Fund	\$ 79,000
General Fund	Community Education Fund	165,497
General Fund	Student Activities Fund	374,812
Community Education Fund	Student Activities Fund	6,400
Student Activities Fund	Community Education Fund	3,812
Student Activities Fund	General Fund	46,000
Total governmental funds		<u>\$ 675,521</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the District's capital assets for the year ended June 30, 2010:

	Balance 7/1/09	Additions	Deletions & Adjustments	Transfers	Balance 6/30/10
Governmental activities					
Non-depreciable assets					
Land	\$ 19,792,539	\$ -	\$ -	\$ -	\$ 19,792,539
Projects in progress	1,811,297	25,313,107	(480,207)	(1,499,759)	25,144,438
Water rights	4,340,807	-	-	602,420	4,943,227
Total non-depreciable assets	<u>25,944,643</u>	<u>25,313,107</u>	<u>(480,207)</u>	<u>(897,339)</u>	<u>49,880,204</u>
Depreciable assets					
Land improvements	20,163,514	5,000	-	9,620	20,178,134
Buildings	245,874,910	-	93,107	759,333	246,727,350
Building improvements	99,876,713	634,752	(113,363)	-	100,398,102
Equipment	27,199,661	2,013,023	4,194	(6,760)	29,210,118
Total depreciable assets	<u>393,114,798</u>	<u>2,652,775</u>	<u>(16,062)</u>	<u>762,193</u>	<u>396,513,704</u>
Less accumulated depreciation for					
Land improvements	8,409,521	889,332	-	-	9,298,853
Buildings	46,979,138	4,435,852	(1,999)	-	51,412,991
Building improvements	32,574,831	3,181,384	(15,741)	-	35,740,474
Equipment	18,731,165	1,817,820	-	-	20,548,985
Total accumulated depreciation	106,694,655	10,324,388	(17,740)	-	117,001,303
Total depreciable assets, net	<u>286,420,143</u>	<u>(7,671,613)</u>	<u>1,678</u>	<u>762,193</u>	<u>279,512,401</u>
Governmental activities			-		
Total capital assets, net	<u>\$ 312,364,786</u>	<u>\$ 17,641,494</u>	<u>\$ (478,529)</u>	<u>\$ (135,146)</u>	<u>\$ 329,392,605</u>
	Balance 7/1/09	Additions	Deletions	Transfers	Balance 6/30/10
Business-type activities					
Depreciable assets					
Equipment	\$ 2,634,246	\$ 6,760	\$ (19,522)	\$ 135,146	\$ 2,756,630
Less accumulated depreciation for					
Equipment	1,558,615	172,413	(16,751)	-	1,714,277
Business-type activities					
Total capital assets, net	<u>\$ 1,075,631</u>	<u>\$ (165,653)</u>	<u>\$ (2,771)</u>	<u>\$ 135,146</u>	<u>\$ 1,042,353</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 5: CAPITAL ASSETS (Continued)

Depreciation expense, net of deletions and adjustments, was charged to functions/programs of the District, as follows:

Governmental activities	
Instruction	\$ 9,238,190
Supporting services	<u>1,068,458</u>
Total	<u><u>\$ 10,306,648</u></u>
 Business-type activities	
Food service	<u><u>\$ 155,662</u></u>

The following is a summary of changes in the component units' capital assets for the year ended June 30, 2010:

	<u>Balance 7/1/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/10</u>
Component units				
Non-depreciable assets				
Land	\$ 1,532,443	\$ -	\$ -	\$ 1,532,443
Construction in progress	<u>22,910,215</u>	<u>-</u>	<u>(22,910,215)</u>	<u>-</u>
Total non-depreciable assets	24,442,658	-	(22,910,215)	1,532,443
Depreciable assets				
Land improvements	341,295	-	-	341,295
Building	3,094,219	23,716,735	-	26,810,954
Leasehold improvements	390,754	250,809	-	641,563
Furniture & equipment	241,475	185,644	-	427,119
Software costs	<u>-</u>	<u>20,021</u>	<u>-</u>	<u>20,021</u>
Total depreciable assets	<u>4,067,743</u>	<u>24,173,209</u>	<u>-</u>	<u>28,240,952</u>
Less accumulated depreciation	<u>289,188</u>	<u>713,888</u>		<u>1,003,076</u>
Total depreciable assets, net	<u>3,778,555</u>	<u>23,459,321</u>	<u>-</u>	<u>27,237,876</u>
Total capital assets, net	<u><u>\$ 28,221,213</u></u>	<u><u>\$23,459,321</u></u>	<u><u>\$(22,910,215)</u></u>	<u><u>\$ 28,770,319</u></u>

Depreciation has been charged to the instructional and supporting services programs of the component units.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid at June 30, 2010 are determined to be as follows:

General Fund	\$ 8,240,558
Grants Fund	513,442
Other funds	<u>245,737</u>
Total governmental funds	8,999,737
Proprietary funds	<u>129,743</u>
Total primary government	<u>\$ 9,129,480</u>
Component units	<u>\$ 660,262</u>

NOTE 7: SALE OF FUTURE INVESTMENT INCOME

Investment Agreement

In June 2003, in order to improve cash flows, the District's General Fund received a net payment of \$3,026,000 representing an advanced payment of investment income from Citigroup Financial Products, Inc. related to a twelve-year debt service forward delivery agreement. In exchange for this amount, the District agreed to make payments into a bank trust account (Wells Fargo) from its debt service property tax revenues for subsequent purchases of qualified securities provided by Citigroup. The securities mature at such times as are required for meeting the District's debt service payment obligations over the contract period. Should the District terminate the agreement for any reason, it would be obligated to repay a portion of the \$3,026,000 received and other possible financial damages sustained by the investor as a result of the default.

The amount received under the agreement is being amortized over the term of the agreement for US GAAP purposes, rather than being recognized in full when received. For fiscal year ended June 30, 2010, \$248,132 of the deferred amount has been recognized. Income recognized was \$169,875 by the General Fund, \$24,740 by the Building Fund, \$2,876 by the Capital Reserve Fund, and \$50,641 by the Fair Contributions Fund. The remaining balances by fund of \$973,467, \$141,771, \$16,479, and \$290,199 respectively, are deferred revenues as of June 30, 2010.

NOTE 8: LONG-TERM DEBT

The District's long-term debt changed as follows during the year ended June 30, 2010.

Governmental activities	Balance 7/1/2009	Additions	Payments/ Amortization	Balance 6/30/2010	Due within one year
General obligation bonds	\$ 391,990,000	\$ 85,000,000	\$ (11,695,000)	\$ 465,295,000	\$ 12,560,000
Deferred bond premium	14,627,793	2,667,924	(626,418)	16,669,299	-
Capital leases	623,268	525,914	(393,255)	755,927	360,899
Vacation payable	619,133	913,914	(619,133)	913,914	913,914
Annual leave payable	<u>1,757,200</u>	<u>16,233</u>	<u>(97,856)</u>	<u>1,675,577</u>	<u>126,813</u>
Total	<u>\$ 409,617,394</u>	<u>\$ 89,123,985</u>	<u>\$ (13,431,662)</u>	<u>\$ 485,309,717</u>	<u>\$ 13,961,626</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 8: LONG-TERM DEBT (Continued)

General Obligation Bonds

<u>Description, Interest Rates, and Maturity Dates</u>	<u>Balance due at June 30, 2010</u>
Refunding Bonds (Series 2002), original amount of \$39,090,000, due in varying installments through December 15, 2010, interest at 5.0%. Proceeds used to retire outstanding refunding bonds (Series 1992). Premium of \$1,613,000 received upon issuance is being amortized over term of bonds.	\$ 7,460,000
Building Bonds (Series 2003), original amount of \$92,000,000, due in varying installments through December 15, 2022, interest from 3.4% to 5.25%. Premium of \$4,200,003 received upon issuance is being amortized based on maturity of bonds.	84,425,000
Building Bonds (Series 2004), original amount of \$50,100,000, due in varying installments through December 15, 2024, interest from 3.5% to 5.5%. Premium of \$1,427,510 received upon issuance is being amortized based on maturity of bonds.	44,375,000
Building Bonds (Series 2005A), original amount of \$14,000,000, due in varying installments through December 15, 2022, interest from 3.5% to 5.0%. Premium of \$511,241 received upon issuance is being amortized based on maturity of bonds.	9,745,000
Refunding Bonds (Series 2005B), original amount of \$42,815,000, due in varying installments through December 15, 2017, interest at 5%. Proceeds used to refund certain outstanding general obligation building bonds (Series 1997). Premium of \$3,546,660 received upon issuance is being amortized over term of bonds.	42,815,000
Refunding Bonds (Series 2006), original amount of \$43,455,000, due in varying installments through December 15, 2022, interest from 3.6% to 5.25%. Proceeds used to refund certain outstanding general obligation building bonds (Series 1997). Premium of \$2,520,719 received upon issuance is being amortized over term of bonds.	38,975,000
Building Bonds (Series 2006B), original amount of \$56,800,000, due in varying installments through December 15, 2026, interest from 3.8% to 5.0%. Premium of \$3,622,791 received upon issuance is being amortized based on maturity of bonds.	48,600,000
Building Bonds (Series 2009), original amount of \$104,000,000, due in varying installments through December 15, 2033, interest from 2.0% to 5.0%. Premium of \$504,199 received upon issuance is being amortized based on maturity of bonds.	103,900,000

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 8: LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Building Bonds (Series 2010A), original amount of \$8,590,000, due in varying installments through December 15, 2025, interest at 5.25%. Premium of \$1,191,756 received upon issuance is being amortized based on maturity of bonds.

\$ 8,590,000

Building Bonds (Series 2010B), taxable (Direct Pay Build America Bonds), original amount of \$76,410,000, due in varying installments through December 15, 2033, interest from 5.34% to 5.79%.

76,410,000

Total general obligation bonds payable

\$ 465,295,000

Bond payments to maturity are as follows:

Year ending June 30	GO Bonds		Total
	Principal	Interest	
2011	\$ 12,560,000	\$ 23,744,083	\$ 36,304,083
2012	12,940,000	22,787,348	35,727,348
2013	13,580,000	22,118,429	35,698,429
2014	14,260,000	21,413,854	35,673,854
2015	14,970,000	20,678,848	35,648,848
2016-2020	86,790,000	91,092,764	177,882,764
2021-2025	98,550,000	67,286,376	165,836,376
2026-2030	105,495,000	42,632,691	148,127,691
2031-2033	106,150,000	11,697,101	117,847,101
Total	<u>\$ 465,295,000</u>	<u>\$ 323,451,494</u>	<u>\$ 788,746,494</u>

Capital Lease Agreements

The District has entered into capital lease agreements for energy performance contracts, telephone systems, computer systems, and land. The assets, which cost approximately \$6,725,000 and have accumulated depreciation estimated at \$2,688,000, have been recorded as capital assets in the statement of net assets. Amortization of the capital leases is included in depreciation. Payments are made from the General and Capital Reserve Funds.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 8: LONG-TERM DEBT (Continued)

Future Debt Service Requirements

Debt service requirements for the District's leases are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 360,899	\$ 29,961	\$ 390,860
2012	231,754	13,755	245,509
2013	135,777	4,733	140,510
2014	19,251	731	19,982
2015	8,246	80	8,326
Total	<u>\$ 755,927</u>	<u>\$ 49,260</u>	<u>\$ 805,187</u>

Compensated Absences

Compensated absences include both vacation pay and annual leave. The District allows employees to carryover unused vacation from one fiscal year to the next. However, all vacation time from the prior year must be used by December 31 of the current year. Any unused vacation as of December 31 is forfeited; however, the amount forfeited is minimal. Thus, the liability recognized as of June 30, 2010 is considered payable within one year.

Unused annual leave is accumulated and carried over from year to year. When an eligible employee retires, qualified annual leave up to a maximum of 150 days is paid at a pre-determined rate depending on the classification of the employee. The amount payable as of June 30, 2010 includes qualified annual leave for all eligible employees as of June 30, 2010.

The General Fund pays for the annual leave benefit upon employee retirement. Vacation pay is charged to the fund from which an employee's compensation is paid during the year in which it is used. The majority of payroll is incurred by the general fund.

Component Units Long-Term Debt

On December 1, 2006, Carbon Valley Academy's Building Corporation issued \$5,305,000 of revenue bonds. The loan is secured by a mortgage on the facility and a pledge of revenues in trust accounts referred to in the agreement. In August 2008, Flagstaff Academy's Building Corporation issued \$13,505,000 of revenue bonds. Proceeds of the bonds were used to construct Flagstaff Academy's building. The charter school is required to make lease payments to the Building Corporation for use of the building. In November 2008, Twin Peaks Charter Academy's Building Corporation issued \$14,235,000 of revenue bonds. Proceeds of the bonds were used to construct Twin Peaks Charter Academy's building. The charter school is required to make lease payments to the Building Corporation for use of the building.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 8: LONG-TERM DEBT (Continued)

Component Units Long-Term Debt (Continued)

Following is a summary of the component units' long-term debt transactions for the year ended June 30, 2010.

	<u>Balance 7/1/09</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/10</u>	<u>Due within one year</u>
Component units					
Revenue bonds	<u>\$ 32,900,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 32,820,000</u>	<u>\$ 80,000</u>

Following is a schedule of the debt service requirements for the revenue bonds:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 80,000	\$ 2,179,850	\$ 2,259,850
2012	260,000	2,170,178	2,430,178
2013	460,000	2,148,662	2,608,662
2014	495,000	2,119,396	2,614,396
2015	525,000	2,088,119	2,613,119
2016-2020	3,165,000	9,896,056	13,061,056
2021-2025	4,325,000	8,703,935	13,028,935
2026-2030	5,955,000	7,033,974	12,988,974
2031-2035	8,265,000	4,673,312	12,938,312
2036-2039	9,290,000	1,407,360	10,697,360
Total	<u>\$ 32,820,000</u>	<u>\$ 42,420,842</u>	<u>\$ 75,240,842</u>

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 9: RISK FINANCING

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and health and dental claims of its employees. The District plans to provide for or restore the economic damages of those losses through risk retention and risk transfer.

Risk Management Fund

The Risk Management Fund, a sub-fund of the General Fund, is used to account for the payment of loss or damage to the property of the school district, liability claims, workers' compensation claims, and related administrative expenses. The main source of revenue is defined by the School Finance Act and is an allocation from the General Fund. Some of the risk is retained, and insurance is purchased to transfer part of the risk.

Self Insurance Pools – The District is a member of two public entity risk sharing pools. The District's share of each pool varies based on exposures, the contribution paid to each pool, the District's claims experience, each pool's claims experience, and each pool's surplus and dividend policy. The District may be assessed to fund any pool funding deficit.

Since July 1, 2002, the District has been a member of the Colorado School Districts Self Insurance Pool for property and liability insurance. During the fiscal year ended June 30, 2010, the District had insurance deductibles of \$50,000 (property), \$150,000 (general liability), and \$1,000 (vehicle liability) per claim. At June 30, 2010, the District's property and liability claims payable was \$171,155.

Prior to July 1, 2002, the District purchased its property insurance from the Northern Colorado School Districts Property Self Insurance Pool, and its liability insurance from the Northern Colorado School Districts Liability Self Insurance Pool, respectively. These two pools have since been dissolved. The property pool funds were distributed to the former members in June 2006. The remaining assets from the liability pool are now held in a joint account with the other former members (Park School District and Thompson School District) to meet the run-off obligations as described in the dissolution plan. In February 2010, the three former member districts received a planned distribution. The final distribution is planned in 2017/2018. The remaining assets are sufficient to meet these run-off obligations, according to the actuarial reports dated June 11, 2003 and July 12, 2004.

Since July 1, 1985, the District has been a member of the Northern Colorado School Districts Workers' Compensation Self Insurance Pool. The other current pool members are Park School District (Estes Park) and Windsor School District. The workers' compensation pool discontinued insurance operations effective July 1, 1998, and resumed insurance operations on July 1, 2003. During the intervening years, insurance coverage was obtained outside the pool. The District's deductible was \$50,000 per claim for the year ended June 30, 2010. At June 30, 2010, the District's workers' compensation claims payable was \$357,112.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 9: RISK FINANCING (Continued)

Risk Management Fund (Continued)

Claims Liability – Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The claims liability on a government-wide basis includes losses from currently available funds as well as estimates for claims that have been incurred but not reported. Based on historic trends, approximately 70% of the total claims payable, or \$369,787, is considered payable from current resources and is reported accordingly on the fund statements. Changes in the reported liability on a government-wide basis for the years ended June 30, 2010 and 2009 were as follows:

	2010	2009
Beginning fiscal year liability	\$ 499,005	\$ 740,361
Current year claims and adjustments	867,104	22,661
Claims paid	(837,842)	(264,017)
Ending fiscal year liability	<u>\$ 528,267</u>	<u>\$ 499,005</u>

NOTE 10: DEFINED BENEFIT PENSION PLAN

Plan Description – The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA).

The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and the required supplementary information for SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy – The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The contribution rate for members is 8.0% and for the District is 10.15% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (see Note 11). The District is also required to pay an amortization equalization disbursement (AED) equal to 2.2% of the total payroll for the calendar year 2010, (1.8% for calendar year 2009 and 1.4% for calendar year 2008).

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy (Continued)

Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.5% of the total payroll for the calendar year 2010 (1.0% for the calendar year 2009 and 0.5% for calendar year 2008). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including AED and SAED) on the amounts paid for the retiree; however no member contributions are required. For the years ending June 30, 2010, 2009, and 2008, the District's employer contributions to the SDTF were \$16,609,146, \$14,137,945, and \$11,530,585, respectively, equal to its required contributions for each year.

NOTE 11: POSTEMPLOYMENT HEALTH CARE BENEFITS

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

Funding Policy – The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF from the defined benefit plan employer contribution (see Note 10) is established under Title 24, Article 51, Section 208 of the C.R.S., as amended. For the years ending June 30, 2010, 2009, and 2008, the District's employer contributions to the HCTF were \$1,366,451, \$1,257,547, and \$1,111,083, respectively, equal to its required contributions for each year.

NOTE 12: DEFINED CONTRIBUTION PENSION PLAN

Plan Description – Employees of the District who are members of the SDTF (see Note 10) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code (IRC) Section 401(k) defined contribution (DC) plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available Annual Report for Colorado PERA's 401(k) and DC Plans. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 12: DEFINED CONTRIBUTION PENSION PLAN (Continued)

Funding Policy – The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service (\$16,500 for the calendar year 2009 and the calendar year 2010). In addition, catch-up contributions, up to \$5,500 for the calendar year 2009 and for calendar year 2010, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. For the year ended June 30, 2010, the 401(k) Plan member contributions from the District were \$1,783,958.

NOTE 13: JOINTLY GOVERNED ORGANIZATION

Centennial Board of Cooperative Educational Services

The District, in conjunction with other surrounding districts, created the Centennial Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational and computer services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The District paid the BOCES \$1,061,083 for services provided during the year ended June 30, 2010. The BOCES financial statements can be obtained at their administrative office located at 830 S. Lincoln Street, Longmont, Colorado 80501.

NOTE 14: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

The District is involved in pending litigation. The District anticipates no potential claims resulting from these cases which would materially affect the financial statements.

Construction Contracts

The District has entered into a number of separate construction projects as of June 30, 2010. Contract commitments at June 30, 2010, as a result of these projects, totaled \$40,386,177.

Operating Lease Agreements

The District has entered into an operating lease agreement for administrative facilities. The future minimum lease payments under the lease through June 30, 2012 are \$116,571 which includes \$2,895 of interest. Rental expense for the year ended June 30, 2010, was \$117,942.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 14: COMMITMENTS AND CONTINGENCIES (Continued)

TABOR Amendment

In November 1992, Colorado voters passed Article X, Section 20 (TABOR Amendment) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the TABOR Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. In November 1998, electors within the District authorized the District to collect, retain and/or expend all revenues lawfully received by the District from any source during fiscal year 1999 and each year thereafter without regard to the limitations and conditions under the TABOR Amendment of the Colorado Constitution or any other law. The Amendment is complex and subject to judicial interpretation. The TABOR Amendment requires the District to establish a reserve for emergencies. At June 30, 2010, the District has complied with the requirements to include emergency reserves in its net assets and fund balance.

Contingency Reserve

District policy requires that the budget adopted by the Board of Education include an additional appropriated reserve equal to 2% of operating fund expenditures. As of June 30, 2010, the District has complied with this policy.

NOTE 15: ACCOUNTING CHANGE

The Governmental Accounting Standards Board (GASB) has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement established standards of accounting and financial reporting for intangible assets for all state and local governments. This statement becomes effective for periods beginning after June 15, 2009. This statement required the District to identify all reportable intangible assets and values of these assets. The District implemented GASB 51 effective July 1, 2009.

GASB has also issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. This statement becomes effective for periods beginning after June 15, 2010. Management is currently reviewing this statement with the appropriate departments and, in conjunction with amending its budget, will establish the policy and procedures associated with this pronouncement.

NOTE 16: SUBSEQUENT EVENT

On August 5, 2010, the District entered into a \$934,000 contract with a network company for the equipment purchase and installation services of a district-wide wireless local area network.

St. Vrain Valley School District RE-1J

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 17: RESTATEMENT FOR CHANGE IN REPORTING ENTITY

The addition of St. Vrain Community Montessori School was effective July 1, 2009. The Component Unit's net assets as of July 1, 2009, have been increased by \$1,945 to reflect the change in the reporting entity. Due to the change of reporting for Flagstaff Academy's Building Corporation, the Component Unit's net assets as of July 1, 2009 were decreased by \$303,745. Finally, due to reclassification entries by the District, the District decreased the Component Unit's net assets as of July 1, 2009 on its report for Carbon Valley Academy and Twin Peaks Charter Academy by \$2,789 and \$49,507, respectively, to agree with the charter schools' audit reports.

NOTE 18: CHARTER SCHOOL EVENT

On February 10, 2010, the District Board of Education conditionally approved a new charter school application, Aspen Ridge Preparatory School, grades K-5. The school is planning to open in the fall of 2011.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – The *General Fund* is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The *Colorado Preschool Program Fund* is reported as a sub-fund of the General Fund. Moneys allocated to this fund from the General Fund are used to pay the costs of providing preschool services directly to qualified at-risk children enrolled in the District's preschool program. The *Risk Management Fund*, also a sub-fund of the General Fund, is used to account for the payment of loss or damage to the property of the District, workers' compensation, property and liability claims, and the payment of related administration expenses

Governmental Designated-Purpose Grants – This major special revenue fund is used to account for restricted state or federal grants that are obtained primarily to provide for specific instructional programs.

St. Vrain Valley School District RE-1J

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General, Colorado Preschool Program, and Risk Management Funds
For the Year Ended June 30, 2010**

	General Fund				Colorado Preschool Fund (A sub-fund of the General Fund)			
	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
Revenues								
Local								
Property taxes	\$ 58,398,000	\$ 59,902,000	\$ 59,628,992	\$ (273,008)	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	6,828,000	6,828,000	6,023,739	(804,261)	-	-	-	-
Mill levy override	15,509,000	17,454,000	17,385,887	(68,113)	-	-	-	-
Investment income	414,000	270,000	241,205	(28,795)	4,000	2,000	1,400	(600)
Charges for services	3,668,000	3,780,000	4,323,348	543,348	-	-	-	-
Miscellaneous	1,038,000	1,780,600	2,906,892	1,126,292	-	-	-	-
Total local revenues	85,855,000	90,014,600	90,510,063	495,463	4,000	2,000	1,400	(600)
State								
Equalization, net	96,551,000	101,537,000	102,009,035	472,035	1,097,000	1,051,000	1,041,244	(9,756)
Special Education	3,309,000	3,309,000	3,447,826	138,826	-	-	-	-
Vocational Education	677,000	900,000	772,605	(127,395)	-	-	-	-
Transportation	1,154,000	1,126,000	1,164,725	38,725	-	-	-	-
Gifted and Talented	216,000	216,000	236,514	20,514	-	-	-	-
English Language Proficiency Act	273,000	273,000	403,920	130,920	-	-	-	-
Total state revenues	102,180,000	107,361,000	108,034,625	673,625	1,097,000	1,051,000	1,041,244	(9,756)
Federal								
Adult Education	192,000	149,000	149,383	383	-	-	-	-
BOCES	179,000	113,000	121,717	8,717	-	-	-	-
Stabilization Funds	4,638,000	-	-	-	-	-	-	-
Total federal revenues	5,009,000	262,000	271,100	9,100	-	-	-	-
Total revenues	193,044,000	197,637,600	198,815,788	1,178,188	1,101,000	1,053,000	1,042,644	(10,356)
Expenditures, encumbered basis								
Current								
Salaries	109,780,353	122,256,535	122,549,327	(292,792)	170,000	170,000	161,750	8,250
Benefits	26,545,645	28,996,767	30,343,429	(1,346,662)	39,000	42,000	45,978	(3,978)
Purchased services	8,949,452	12,452,442	7,289,852	5,162,590	880,000	1,124,000	625,348	498,652
Supplies and materials	12,832,985	15,393,168	10,644,177	4,748,991	8,000	31,000	7,276	23,724
Claims paid	-	-	-	-	-	-	-	-
Other	275,853	668,438	812,447	(144,009)	4,000	6,000	19,418	(13,418)
Charter schools	17,459,624	16,367,173	16,329,211	37,962	-	-	-	-
Capital outlay	265,224	923,644	2,327,845	(1,404,201)	-	-	20,000	(20,000)
Total expenditures, encumbered basis	176,109,136	197,058,167	190,296,288	6,761,879	1,101,000	1,373,000	879,770	493,230
Excess (deficiency) of revenues over (under) expenditures before transfer	16,934,864	579,433	8,519,500	7,940,067	-	(320,000)	162,874	482,874
Other Financing Sources (Uses)								
Transfers in	-	-	46,000	46,000	-	-	-	-
Transfers out	(307,000)	(307,000)	(619,309)	(312,309)	-	-	-	-
Total other financing sources (uses)	(307,000)	(307,000)	(573,309)	(266,309)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources uses	\$ 16,627,864	\$ 272,433	7,946,191	\$ 7,673,758	\$ -	\$ (320,000)	162,874	\$ 482,874
Fund balance, beginning			29,511,959				374,331	
Fund balance, ending			<u>\$ 37,458,150</u>				<u>\$ 537,205</u>	
Reconciliation of expenditures								
Expenditures, encumbered basis			\$ 190,296,288				\$ 879,770	
Plus: prior year encumbrances			2,281,244				-	
Less: current year encumbrances			(185,509)				-	
Expenditures, US GAAP basis			<u>192,392,023</u>				<u>879,770</u>	
Excess revenues over expenditures (US GAAP)			5,850,456				162,874	
Fund balance, beginning			29,511,959				374,331	
Fund balance, ending			<u>\$ 35,362,415</u>				<u>\$ 537,205</u>	

The accompanying notes are an integral part of this financial statement.

Risk Management Fund (A sub-fund of the General Fund)				Total			
Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)	Original Budget	Amended Budget	Actual	Variance to Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 58,398,000	\$ 59,902,000	\$ 59,628,992	\$ (273,008)
-	-	-	-	6,828,000	6,828,000	6,023,739	(804,261)
-	-	-	-	15,509,000	17,454,000	17,385,887	(68,113)
100,000	56,000	96,465	40,465	518,000	328,000	339,070	11,070
-	-	1,700	1,700	3,668,000	3,780,000	4,325,048	545,048
700,000	700,000	760,805	60,805	1,738,000	2,480,600	3,667,697	1,187,097
800,000	756,000	858,970	102,970	86,659,000	90,772,600	91,370,433	597,833
1,688,000	1,688,000	1,688,000	-	99,336,000	104,276,000	104,738,279	462,279
-	-	-	-	3,309,000	3,309,000	3,447,826	138,826
-	-	-	-	677,000	900,000	772,605	(127,395)
-	-	-	-	1,154,000	1,126,000	1,164,725	38,725
-	-	-	-	216,000	216,000	236,514	20,514
-	-	-	-	273,000	273,000	403,920	130,920
1,688,000	1,688,000	1,688,000	-	104,965,000	110,100,000	110,763,869	663,869
-	-	-	-	192,000	149,000	149,383	383
-	-	-	-	179,000	113,000	121,717	8,717
-	-	-	-	4,638,000	-	-	-
-	-	-	-	5,009,000	262,000	271,100	9,100
2,488,000	2,444,000	2,546,970	102,970	196,633,000	201,134,600	202,405,402	1,270,802
223,000	223,000	197,779	25,221	110,173,353	122,649,535	122,908,856	(259,321)
49,000	49,000	43,343	5,657	26,633,645	29,087,767	30,432,750	(1,344,983)
1,145,000	1,145,000	802,330	342,670	10,974,452	14,721,442	8,717,530	6,003,912
86,000	86,000	30,673	55,327	12,926,985	15,510,168	10,682,126	4,828,042
980,000	980,000	837,842	142,158	980,000	980,000	837,842	142,158
5,000	5,000	6,457	(1,457)	284,853	679,438	838,322	(158,884)
-	-	-	-	17,459,624	16,367,173	16,329,211	37,962
-	-	8,404	(8,404)	265,224	923,644	2,356,249	(1,432,605)
2,488,000	2,488,000	1,926,828	561,172	179,698,136	200,919,167	193,102,886	7,816,281
-	(44,000)	620,142	664,142	16,934,864	215,433	9,302,516	9,087,083
-	-	-	-	-	-	46,000	46,000
-	-	-	-	(307,000)	(307,000)	(619,309)	(312,309)
-	-	-	-	(307,000)	(307,000)	(573,309)	(266,309)
\$ -	\$ (44,000)	620,142	\$ 664,142	\$ 16,627,864	\$ (91,567)	8,729,207	\$ 8,820,774
		5,828,420				35,714,710	
		<u>\$ 6,448,562</u>				<u>\$ 44,443,917</u>	
		\$ 1,926,828				193,102,886	
		-				2,281,244	
		-				(185,509)	
		<u>1,926,828</u>				<u>195,198,621</u>	
		620,142				6,633,472	
		5,828,420				35,714,710	
		<u>\$ 6,448,562</u>				<u>\$ 42,348,182</u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Governmental Designated-Purpose Grants
For the Year Ended June 30, 2010**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Local grants	\$ 40,000	\$ 40,000	\$ 10,000	\$ (30,000)
State grants	700,000	700,000	686,945	(13,055)
Federal grants	7,562,000	9,022,000	8,333,855	(688,145)
ARRA - Federal education stimulus grants	4,280,000	9,519,000	4,289,654	(5,229,346)
Total revenues	12,582,000	19,281,000	13,320,454	(5,960,546)
Expenditures				
Salaries	5,556,000	8,544,000	5,945,745	2,598,255
Benefits	1,278,000	1,740,000	1,364,583	375,417
Purchased services	3,080,000	1,616,000	2,052,088	(436,088)
Supplies and materials	2,020,000	3,213,000	2,349,037	863,963
Capital outlay	498,000	1,627,000	1,068,243	558,757
Other	150,000	2,541,000	540,758	2,000,242
Total expenditures	12,582,000	19,281,000	13,320,454	5,960,546
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	-	\$ -
Fund balance, beginning		-	-	
Fund balance, ending		\$ -	\$ -	

The accompanying notes are an integral part of this financial statement.

SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS

Major Governmental Funds

Debt Service Fund – The *Bond Redemption Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Capital Projects Fund – The *Building Fund* accounts for the proceeds of bond sales and expenditures for capital outlay for land, buildings, improvements of grounds, construction of buildings, additions or remodeling of buildings or initial, additional and replacement equipment.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2010**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 29,400,000	\$ 33,072,353	\$ 32,968,774	\$ (103,579)
Investment income	100,000	90,000	1,587	(88,413)
Total revenues	<u>29,500,000</u>	<u>33,162,353</u>	<u>32,970,361</u>	<u>(191,992)</u>
Expenditures				
Debt principal	11,695,000	11,695,000	11,695,000	-
Debt interest	19,182,026	19,182,026	19,182,026	-
Fiscal charges	<u>7,250</u>	<u>5,550</u>	<u>3,900</u>	<u>1,650</u>
Total expenditures	<u>30,884,276</u>	<u>30,882,576</u>	<u>30,880,926</u>	<u>1,650</u>
Net change in fund balances	<u>\$ (1,384,276)</u>	2,279,777	2,089,435	<u>\$ (190,342)</u>
Fund balance, beginning		<u>30,801,518</u>	<u>30,801,518</u>	
Fund balance, ending		<u>\$ 33,081,295</u>	<u>\$ 32,890,953</u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Building Fund
For the Year Ended June 30, 2010**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 400,000	\$ 400,000	\$ 935,800	\$ 535,800
Miscellaneous	-	-	2,213	2,213
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>938,013</u>	<u>538,013</u>
Expenditures				
Salaries	500,000	500,000	529,548	(29,548)
Benefits	115,000	115,000	121,813	(6,813)
Purchased services	5,000,000	6,000,000	32,900,969	(26,900,969)
Supplies and materials	500,000	1,000,000	783,783	216,217
Capital outlay	50,000,000	60,000,000	4,590,435	55,409,565
Other	500,000	1,000,000	340,970	659,030
Interest expense	31,000	31,000	21,777	9,223
Total expenditures	<u>56,646,000</u>	<u>68,646,000</u>	<u>39,289,295</u>	<u>29,356,705</u>
Excess (deficiency) of revenues over (under) expenditures	(56,246,000)	(68,246,000)	(38,351,282)	29,894,718
Other Financing Sources				
Proceeds of bonds	-	-	85,000,000	85,000,000
Premium received on issuance of bonds	-	-	1,191,756	1,191,756
Total other financing sources	<u>-</u>	<u>-</u>	<u>86,191,756</u>	<u>86,191,756</u>
Net change in fund balances	<u>\$ (56,246,000)</u>	<u>(68,246,000)</u>	<u>47,840,474</u>	<u>\$ 116,086,474</u>
Fund balance, beginning		<u>111,137,065</u>	<u>111,137,065</u>	
Fund balance, ending		<u>\$ 42,891,065</u>	<u>\$ 158,977,539</u>	

The accompanying notes are an integral part of this financial statement.

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SUPPLEMENTARY SCHEDULES – GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources including those requiring separate accounting because of legal or regulatory provisions that legally restrict expenditures to specified purposes.

- *Capital Reserve Fund* – This fund is used to account for required allocation of resources and other revenues for ongoing capital outlay needs of the District, such as equipment purchases.
- *Community Education Fund* – This fund is used to record the tuition-based activities including driver's education, summer school, child care, enrichment, and preschool.
- *Fair Contributions Fund* – In accordance with intergovernmental agreements, this fund is used to collect money for the acquisition, development, or expansion of public school sites based on impacts created by residential subdivisions.
- *Student Activity Fund* – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. Revenues of this fund are primarily from student fees, gate receipts, and gifts.
- *Vance Brand Civic Auditorium Fund* – As a joint effort between the District and the City of Longmont, this fund accounts for the general operating revenues, operating expenditures, and capital improvements of the auditorium.

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COMBINING NONMAJOR FUND FINANCIAL STATEMENTS

St. Vrain Valley School District RE-1J

**Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2010**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Capital Reserve	Community Education	Fair Contributions	Student Activity	Vance Brand Civic Auditorium	
Assets						
Cash and investments	\$ 4,854,531	\$ 1,668,152	\$ 3,324,337	\$ 2,626,022	\$ 84,984	\$ 12,558,026
Accounts receivable	-	3,558	-	12,115	-	15,673
Due from other funds	-	482,309	621,068	-	57,918	1,161,295
Prepays	14,257	-	-	-	-	14,257
Deposits	28,000	-	-	-	-	28,000
Total assets	<u>\$ 4,896,788</u>	<u>\$ 2,154,019</u>	<u>\$ 3,945,405</u>	<u>\$ 2,638,137</u>	<u>\$ 142,902</u>	<u>\$ 13,777,251</u>
Liabilities						
Accounts payable	\$ 164,336	\$ 5,315	\$ 525	\$ 61,094	\$ 34	\$ 231,304
Due to other funds	128,713	-	-	167,739	-	296,452
Accrued salaries and benefits	-	234,051	-	9,551	479	244,081
Deferred revenues	16,479	31,545	290,199	-	-	338,223
Total liabilities	<u>309,528</u>	<u>270,911</u>	<u>290,724</u>	<u>238,384</u>	<u>513</u>	<u>1,110,060</u>
Fund Balances						
Reserved for deposits and prepaids	42,257	-	-	-	-	42,257
Unreserved, designated for subsequent year expenditures	3,449,000	400,000	3,415,530	2,399,753	84,800	9,749,083
Unreserved	1,096,003	1,483,108	239,151	-	57,589	2,875,851
Total fund balances	<u>4,587,260</u>	<u>1,883,108</u>	<u>3,654,681</u>	<u>2,399,753</u>	<u>142,389</u>	<u>12,667,191</u>
Total liabilities and fund balances	<u>\$ 4,896,788</u>	<u>\$ 2,154,019</u>	<u>\$ 3,945,405</u>	<u>\$ 2,638,137</u>	<u>\$ 142,902</u>	<u>\$ 13,777,251</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2010**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Capital Reserve	Community Education	Fair Contributions	Student Activity	Vance Brand Civic Auditorium	
Revenues						
Intergovernmental	\$ 5,303,750	\$ -	\$ -	\$ -	\$ -	\$ 5,303,750
Investment income	10,250	4,533	63,384	6,324	225	84,716
Charges for services	-	3,074,153	-	-	93,677	3,167,830
Pupil activities	-	-	-	5,865,208	-	5,865,208
Miscellaneous	66,452	-	452,712	-	21,000	540,164
Total revenues	5,380,452	3,078,686	516,096	5,871,532	114,902	14,961,668
Expenditures						
Instruction	-	3,242,778	-	4,874,849	-	8,117,627
Supporting services	-	-	7,945	147,615	203,340	358,900
Capital outlay	3,873,850	-	-	566,008	3,928	4,443,786
Total expenditures	3,873,850	3,242,778	7,945	5,588,472	207,268	12,920,313
Excess (deficiency) of revenues over (under) expenditures	1,506,602	(164,092)	508,151	283,060	(92,366)	2,041,355
Other Financing Sources (Uses)						
Transfers in	-	169,309	-	381,212	79,000	629,521
Transfers out	-	(6,400)	-	(49,812)	-	(56,212)
Total other financing sources (uses)	-	162,909	-	331,400	79,000	573,309
Net changes in fund balances	1,506,602	(1,183)	508,151	614,460	(13,366)	2,614,664
Fund balances, beginning	3,080,658	1,884,291	3,146,530	1,785,293	155,755	10,052,527
Fund balances, ending	\$ 4,587,260	\$ 1,883,108	\$ 3,654,681	\$ 2,399,753	\$ 142,389	\$ 12,667,191

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Reserve Fund
For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Equalization	\$ 5,304,000	\$ 5,433,000	\$ 5,303,750	\$ (129,250)
Investment income	20,000	13,000	10,250	(2,750)
Miscellaneous	<u>-</u>	<u>7,000</u>	<u>66,452</u>	<u>59,452</u>
Total revenues	<u>5,324,000</u>	<u>5,453,000</u>	<u>5,380,452</u>	<u>(72,548)</u>
Expenditures				
Capital outlay	<u>7,292,434</u>	<u>7,633,658</u>	<u>3,873,850</u>	<u>3,759,808</u>
Total expenditures	<u>7,292,434</u>	<u>7,633,658</u>	<u>3,873,850</u>	<u>3,759,808</u>
Net change in fund balances	<u><u>\$ (1,968,434)</u></u>	<u>(2,180,658)</u>	<u>1,506,602</u>	<u><u>\$ 3,687,260</u></u>
Fund balance, beginning		<u>3,080,658</u>	<u>3,080,658</u>	
Fund balance, ending		<u><u>\$ 900,000</u></u>	<u><u>\$ 4,587,260</u></u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Education Fund
For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 20,000	\$ 6,000	\$ 4,533	\$ (1,467)
Charges for services	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,074,153</u>	<u>(525,847)</u>
Total revenues	<u>3,620,000</u>	<u>3,606,000</u>	<u>3,078,686</u>	<u>(527,314)</u>
Expenditures				
Instruction	<u>3,620,000</u>	<u>4,006,000</u>	<u>3,242,778</u>	<u>763,222</u>
Total expenditures	<u>3,620,000</u>	<u>4,006,000</u>	<u>3,242,778</u>	<u>763,222</u>
Excess (deficiency) of revenues over (under) expenditures	-	(400,000)	(164,092)	235,908
Other Financing Sources (Uses)				
Transfers in	-	-	169,309	169,309
Transfers out	<u>-</u>	<u>-</u>	<u>(6,400)</u>	<u>(6,400)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>162,909</u>	<u>162,909</u>
Net change in fund balances	<u><u>\$ -</u></u>	<u><u>(400,000)</u></u>	<u><u>(1,183)</u></u>	<u><u>\$ 398,817</u></u>
Fund balance, beginning		<u>1,884,291</u>	<u>1,884,291</u>	
Fund balance, ending		<u><u>\$ 1,484,291</u></u>	<u><u>\$ 1,883,108</u></u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fair Contributions Fund
For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Investment income	\$ 80,000	\$ 62,000	\$ 63,384	\$ 1,384
Cash in lieu	<u>200,000</u>	<u>250,000</u>	<u>452,712</u>	<u>202,712</u>
Total revenues	<u>280,000</u>	<u>312,000</u>	<u>516,096</u>	<u>204,096</u>
Expenditures				
Purchased services	-	-	7,945	(7,945)
Capital outlay	<u>3,431,948</u>	<u>3,458,530</u>	<u>-</u>	<u>3,458,530</u>
Total expenditures	<u>3,431,948</u>	<u>3,458,530</u>	<u>7,945</u>	<u>3,450,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ (3,151,948)</u></u>	(3,146,530)	508,151	<u><u>\$ 3,654,681</u></u>
Fund balance, beginning		<u>3,146,530</u>	<u>3,146,530</u>	
Fund balance, ending		<u><u>\$ -</u></u>	<u><u>\$ 3,654,681</u></u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity Fund
For the Year Ended June 30, 2010**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 32,000	\$ 3,000	\$ 6,324	\$ 3,324
Athletic activities	1,099,000	1,380,000	1,588,490	208,490
Pupil activities	1,836,000	2,319,000	3,005,373	686,373
PTO/Gift activities	437,000	298,000	299,758	1,758
Resouces from agency fund	-	750,000	971,587	221,587
Total revenues	<u>3,404,000</u>	<u>4,750,000</u>	<u>5,871,532</u>	<u>1,121,532</u>
Expenditures				
Athletic activities	1,247,000	2,197,000	1,923,048	273,952
Pupil activities	1,836,000	3,748,000	3,161,114	586,886
PTO/Gift activities	<u>437,000</u>	<u>817,000</u>	<u>504,310</u>	<u>312,690</u>
Total expenditures	<u>3,520,000</u>	<u>6,762,000</u>	<u>5,588,472</u>	<u>1,173,528</u>
Excess (deficiency) of revenues over (under) expenditures	(116,000)	(2,012,000)	283,060	2,295,060
Other Financing Sources (Uses)				
Transfers in	60,000	228,000	381,212	153,212
Transfers out	-	-	(49,812)	(49,812)
Total other financing sources (uses)	<u>60,000</u>	<u>228,000</u>	<u>331,400</u>	<u>103,400</u>
Net change in fund balances	<u>\$ (56,000)</u>	<u>(1,784,000)</u>	<u>614,460</u>	<u>\$ 2,398,460</u>
Fund balance, beginning		<u>1,785,293</u>	<u>1,785,293</u>	
Fund balance, ending		<u>\$ 1,293</u>	<u>\$ 2,399,753</u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Vance Brand Civic Auditorium Fund
For the Year Ended June 30, 2010**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 1,500	\$ 1,500	\$ 225	\$ (1,275)
Charges for services	92,300	100,000	93,677	(6,323)
Contributions	42,000	42,000	21,000	(21,000)
Total revenues	<u>135,800</u>	<u>143,500</u>	<u>114,902</u>	<u>(28,598)</u>
Expenditures				
Salaries	135,660	135,660	142,568	(6,908)
Benefits	34,427	34,427	32,664	1,763
Purchased services	31,250	31,250	1,857	29,393
Supplies and materials	10,500	10,000	26,251	(16,251)
Capital outlay	40,000	40,000	3,928	36,072
Total expenditures	<u>251,837</u>	<u>251,337</u>	<u>207,268</u>	<u>44,069</u>
Excess (deficiency) of revenues over (under) expenditures	(116,037)	(107,837)	(92,366)	15,471
Other Financing Sources				
Transfers in	<u>79,000</u>	<u>79,000</u>	<u>79,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (37,037)</u>	<u>(28,837)</u>	<u>(13,366)</u>	<u>\$ 15,471</u>
Fund balance, beginning		<u>155,755</u>	<u>155,755</u>	
Fund balance, ending		<u>\$ 126,918</u>	<u>\$ 142,389</u>	

The accompanying notes are an integral part of this financial statement.

SUPPLEMENTARY SCHEDULES – PROPRIETARY FUND

Enterprise Fund

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District's only enterprise fund is the *Nutrition Services Fund* which accounts for the financial transactions related to the food service operations of the District.

St. Vrain Valley School District RE-1J

**Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual
Nutrition Services Fund
For the Year Ended June 30, 2010**

	Original Budget	2nd Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Investment income	\$ 10,000	\$ 10,000	\$ 570	\$ (9,430)
Charges for services	3,992,000	3,992,000	3,766,563	(225,437)
Miscellaneous	78,000	78,000	144,741	66,741
State match	105,000	105,000	115,350	10,350
National School Lunch/Breakfast Program	3,300,000	3,696,000	3,683,370	(12,630)
Total revenues	<u>7,485,000</u>	<u>7,881,000</u>	<u>7,710,594</u>	<u>(170,406)</u>
Expenses				
Salaries	2,980,000	3,323,000	3,004,263	318,737
Benefits	810,000	863,000	823,430	39,570
Purchased services	200,000	200,000	51,092	148,908
Supplies and materials	3,085,000	3,495,000	3,518,461	(23,461)
Repairs and maintenance	50,000	50,000	41,608	8,392
Other	100,000	100,000	183,818	(83,818)
Total expenses	<u>7,225,000</u>	<u>8,031,000</u>	<u>7,622,672</u>	<u>408,328</u>
Net income, cash basis	260,000	(150,000)	87,922	237,922
Noncash Revenues (Expenses)				
Depreciation	(145,000)	(145,000)	(172,413)	(27,413)
Loss on disposal of equipment	-	-	(2,771)	(2,771)
Capital contributions	-	-	135,146	135,146
Commodities entitlement	400,000	410,000	410,376	376
Commodities used	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 115,000</u>	115,000	458,260	<u>\$ 343,260</u>
Net assets, beginning		<u>1,551,730</u>	<u>1,551,730</u>	
Net assets, ending		<u>\$ 1,666,730</u>	<u>\$ 2,009,990</u>	

The accompanying notes are an integral part of this financial statement.

SUPPLEMENTARY SCHEDULES – FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. Of the four fiduciary funds categories (pension trust funds, investment trust funds, private-purpose trust funds, and agency funds), the District has the following two:

- Trust funds account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is the *Student Scholarship Fund*.
- Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund is the *Student Activity Fund* which is used to record financial transactions related to school-sponsored pupil and athletic events. Additions to this fund are primarily from student fund-raising activities.

St. Vrain Valley School District RE-1J

**Schedule of Additions, Deductions and Changes in Net Assets - Budget and Actual
Student Scholarship Fund
For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Additions				
Investment income	\$ 1,000	\$ 500	\$ 354	\$ (146)
Contributions	<u>60,000</u>	<u>60,000</u>	<u>56,800</u>	<u>(3,200)</u>
Total additions	<u>61,000</u>	<u>60,500</u>	<u>57,154</u>	<u>(3,346)</u>
Deductions				
Scholarships	<u>90,000</u>	<u>90,000</u>	<u>68,910</u>	<u>21,090</u>
Total deductions	<u>90,000</u>	<u>90,000</u>	<u>68,910</u>	<u>21,090</u>
Change in net assets	<u><u>\$ (29,000)</u></u>	<u>(29,500)</u>	<u>(11,756)</u>	<u><u>\$ 17,744</u></u>
Net assets, beginning		<u>218,457</u>	<u>218,457</u>	
Net assets, ending		<u><u>\$ 188,957</u></u>	<u><u>\$ 206,701</u></u>	

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

**Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Student Activity (Agency) Fund</u>				
Assets				
Cash and investments	\$ 1,225,792	\$ 69,783	\$ 1,293,888	\$ 1,687
Accounts receivable	3,776	385	3,776	385
Due from governmental funds	-	67,321	-	67,321
Total assets	<u>\$ 1,229,568</u>	<u>\$ 137,489</u>	<u>\$ 1,297,664</u>	<u>\$ 69,393</u>
Liabilities				
Accounts payable	\$ 164,123	\$ -	\$ 164,123	\$ -
Accrued salaries, benefits	85	-	85	-
Undistributed monies	1,065,360	137,489	1,133,456	69,393
Total liabilities	<u>\$ 1,229,568</u>	<u>\$ 137,489</u>	<u>\$ 1,297,664</u>	<u>\$ 69,393</u>

The accompanying notes are an integral part of this financial statement.

St. Vrain Valley School District RE-1J

Schedule of Additions, Deductions and Changes in Undistributed Monies - Budget and Actual Student Activity (Agency) Fund For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Additions				
Elementary Schools	\$ 183,000	\$ 542,000	\$ 113,775	\$ (428,225)
Middle Schools	445,000	602,000	9,931	(592,069)
High Schools	590,000	885,000	8,692	(876,308)
Other additions	26,000	14,000	5,091	(8,909)
Total additions	<u>1,244,000</u>	<u>2,043,000</u>	<u>137,489</u>	<u>(1,905,511)</u>
Deductions				
Elementary Schools	183,000	557,686	100,930	456,756
Middle Schools	445,000	629,078	23,408	605,670
High Schools	590,000	1,093,197	6,719	1,086,478
Other deductions	26,000	78,399	30,812	47,587
Resources to special revenue fund	-	750,000	971,587	(221,587)
Total deductions	<u>1,244,000</u>	<u>3,108,360</u>	<u>1,133,456</u>	<u>1,974,904</u>
Change in undistributed monies	<u>\$ -</u>	<u>(1,065,360)</u>	<u>(995,967)</u>	<u>\$ 69,393</u>
Undistributed monies, beginning		<u>1,065,360</u>	<u>1,065,360</u>	
Undistributed monies, ending		<u>\$ -</u>	<u>\$ 69,393</u>	

The accompanying notes are an integral part of this financial statement.

SUPPLEMENTARY SCHEDULES – COMPONENT UNITS

Charter Schools

Carbon Valley Academy, located in Frederick (Weld County), began operations in the fall of fiscal year 2006 to serve students in grades K through 8. In 2009 the school opened a secondary academy with grade 9 and planned to add a grade each year until 12th grade.

Flagstaff Academy also began operations in the fall of fiscal year 2006 serving students in grades K through 8. The school is located in Longmont (Boulder County).

Imagine Charter School at Firestone (Weld County) began operations in the fall of fiscal year 2009 to serve students grades K through 8.

St. Vrain Community Montessori School began operations in the fall of fiscal year 2009 serving students in grades K through 2. The school, currently located in Longmont (Boulder County), will add a grade each year until 6th grade.

Twin Peaks Charter Academy began operations in the fall of fiscal year 1998 to serve students in grades K through 8. The school is located in Longmont (Boulder County).

St. Vrain Valley School District RE-1J

**Combining Statement of Net Assets
Component Units
June 30, 2010**

	Carbon Valley Academy	Flagstaff Academy	Imagine Charter School at Firestone
Assets			
Cash and investments	\$ 480,503	\$ 2,471,556	\$ 764,849
Accounts receivable	6,290	99,480	-
Prepays	98,540	-	8,206
Deposits	1,000	252,603	-
Deferred charges	110,692	263,187	-
Restricted cash and investments	487,185	1,554,396	-
Capital assets,			
Non-depreciable	1,082,443	-	-
Depreciable, net	3,688,911	10,506,617	-
Total assets	<u>5,955,564</u>	<u>15,147,839</u>	<u>773,055</u>
Liabilities			
Accounts payable	1,181	111,315	143,936
Due to primary government	(12,769)	114,633	61,579
Retainage payable	-	-	-
Accrued salaries and benefits	120,920	215,700	91,416
Accrued interest payable	22,703	303,745	-
Unearned revenue	5,285	107,047	25,940
Noncurrent liabilities			
Due within one year	80,000	-	-
Due in more than one year	5,000,000	13,505,000	-
Total liabilities	<u>5,217,320</u>	<u>14,357,440</u>	<u>322,871</u>
Net Assets			
Invested in capital assets, net of related debt	(308,646)	(1,443,987)	-
Restricted for			
Emergencies	90,088	168,000	127,000
Debt service	487,185	-	-
Unrestricted	469,617	2,066,386	323,184
Total net assets	<u>\$ 738,244</u>	<u>\$ 790,399</u>	<u>\$ 450,184</u>

			Component Units
St Vrain Community Montessori School	Twin Peaks Charter Academy	Total Charter Schools	
\$ 88,867	\$ 2,894,833	\$ 6,700,608	
31,649	301	137,720	
4,763	10,341	121,850	
4,198	15,000	272,801	
-	314,751	688,630	
-	1,361,080	3,402,661	
-	450,000	1,532,443	
85,869	12,956,479	27,237,876	
215,346	18,002,785	40,094,589	
55,521	57,934	369,887	
-	-	163,443	
-	120,639	120,639	
13,970	218,256	660,262	
-	-	326,448	
58,647	67,775	264,694	
-	-	80,000	
-	14,235,000	32,740,000	
128,138	14,699,604	34,725,373	
-	532,559	(1,220,074)	
12,000	152,403	549,491	
-	513,891	1,001,076	
75,208	2,104,328	5,038,723	
\$ 87,208	\$ 3,303,181	\$ 5,369,216	

St. Vrain Valley School District RE-1J

Combining Statement of Activities Component Units For the Year Ended June 30, 2010

	Carbon Valley Academy	Flagstaff Academy	Imagine Charter School at Firestone
Expenses			
Instruction	\$ 1,902,044	\$ 2,758,155	\$ 1,384,683
Supporting services	1,162,219	1,557,415	2,900,565
Interest expense	293,097	931,238	-
Total expenses	<u>3,357,360</u>	<u>5,246,808</u>	<u>4,285,248</u>
Program Revenues			
Charges for Services	245,530	453,321	292,381
Operating Grants and Contributions	33,280	210,471	347,079
Capital Grants and Contributions	-	61,945	49,349
Total program revenues	<u>278,810</u>	<u>725,737</u>	<u>688,809</u>
General Revenues			
Per pupil revenue	2,404,405	4,409,463	3,512,847
Mill levy override	259,864	336,296	299,199
Interest income	11,426	4,588	-
Other	59,435	79,605	93,029
Capital contribution	-	-	-
Transfers	2,820	-	-
Total general revenues	<u>2,737,950</u>	<u>4,829,952</u>	<u>3,905,075</u>
Change in net assets	(340,600)	308,881	308,636
Net assets, beginning	<u>1,081,633</u>	<u>785,263</u>	<u>141,548</u>
Restatement for change in reporting entity	(2,789)	(303,745)	-
Adjusted net assets, beginning	<u>1,078,844</u>	<u>481,518</u>	<u>141,548</u>
Net assets, ending	<u>\$ 738,244</u>	<u>\$ 790,399</u>	<u>\$ 450,184</u>

St Vrain Community Montessori School	Twin Peaks Charter Academy	Component Units
		Total Charter Schools
\$ 961,480	\$ 2,598,534	\$ 9,604,896
95,409	2,890,234	8,605,842
-	1,085,751	2,310,086
1,056,889	6,574,519	20,520,824
167,166	1,337,470	2,495,868
241,630	25,925	858,385
192,714	58,813	362,821
601,510	1,422,208	3,717,074
499,355	4,186,524	15,012,594
-	389,731	1,285,090
40	5,843	21,897
41,247	-	273,316
-	260,000	260,000
-	-	2,820
540,642	4,842,098	16,855,717
85,263	(310,213)	51,967
-	3,662,901	5,671,345
1,945	(49,507)	(354,096)
1,945	3,613,394	5,317,249
\$ 87,208	\$ 3,303,181	\$ 5,369,216

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**STATISTICAL SECTION
(UNAUDITED)**

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St. Vrain Valley School District RE-1J
STATISTICAL SECTION

This section of the District's comprehensive annual financial report presents detailed information to provide readers of the financial statements, note disclosures, and required supplementary schedules an additional understanding with regard to the District's overall financial health.

Contents

Pages

Financial Trends

The schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. 92 – 103

Revenue Capacity

The schedules contain information to help the reader assess the District's most significant local and state revenue sources. 104 – 108

Debt Capacity

The schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 109 – 113

Demographic and Economic Information

The schedules offer demographic and economic indicators to help the reader understand the environment with which the District's financial activities take place. 114 – 118

Operating Information

The schedules contain information to help the reader understand the staffing of the District, student population it serves, and capital asset data. 119 - 125

Sources: Unless otherwise noted, the information in the schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB 34 in fiscal year 2002; government-wide schedules present information beginning in that year.

St. Vrain Valley School District RE-1J
Financial Trends
Net Assets by Component
Accrual Basis of Accounting
(Unaudited)

Last Nine Fiscal Years (1)

	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt (2)	\$ 9,591,783	\$ 18,202,783	\$ 21,648,995	\$ 22,549,614
Restricted	15,637,082	23,339,644	27,840,057	32,545,940
Unrestricted	(6,229,946)	(17,198,783)	(14,404,003)	(9,995,867)
Total governmental net assets	<u>18,998,919</u>	<u>24,343,644</u>	<u>35,085,049</u>	<u>45,099,687</u>
Business-type activities				
Invested in capital assets, net of related debt	861,216	821,843	727,684	981,771
Restricted	-	138,799	-	-
Unrestricted	1,060,020	810,767	1,126,201	1,225,914
Total business-type net assets	<u>1,921,236</u>	<u>1,771,409</u>	<u>1,853,885</u>	<u>2,207,685</u>
Primary government				
Invested in capital assets, net of related debt	10,452,999	19,024,626	22,376,679	23,531,385
Restricted	15,637,082	23,478,443	27,840,057	32,545,940
Unrestricted	(5,169,926)	(16,388,016)	(13,277,802)	(8,769,953)
Total primary government net assets	<u>\$ 20,920,155</u>	<u>\$ 26,115,053</u>	<u>\$ 36,938,934</u>	<u>\$ 47,307,372</u>

(1) The District implemented GASB 34 in fiscal year 2002; therefore, government-wide schedules present information beginning in that year.

(2) Based on a GASB implementation guide, the District changed its computation of invested in capital assets, net of related debt in FY09

Source: District's comprehensive annual financial reports for the relevant year.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 10,755,304	\$ 7,423,781	\$ 17,752,278	\$ 16,389,200	\$ 5,837,277
36,607,570	37,328,637	32,120,067	36,314,440	39,365,838
4,080,873	15,366,872	18,710,147	43,021,764	51,491,061
<u>51,443,747</u>	<u>60,119,290</u>	<u>68,582,492</u>	<u>95,725,404</u>	<u>96,694,176</u>
1,143,171	1,059,518	926,902	1,075,631	1,042,353
-	-	-	-	-
<u>1,067,695</u>	<u>927,056</u>	<u>695,203</u>	<u>476,099</u>	<u>967,637</u>
<u>2,210,866</u>	<u>1,986,574</u>	<u>1,622,105</u>	<u>1,551,730</u>	<u>2,009,990</u>
11,898,475	8,483,299	18,679,180	17,464,831	6,879,630
36,607,570	37,328,637	32,120,067	36,314,440	39,365,838
5,148,568	16,293,928	19,405,350	43,497,863	52,458,698
<u>\$ 53,654,613</u>	<u>\$ 62,105,864</u>	<u>\$ 70,204,597</u>	<u>\$ 97,277,134</u>	<u>\$ 98,704,166</u>

St. Vrain Valley School District RE-1J
Financial Trends
Changes in Net Assets
Accrual Basis of Accounting
(Unaudited)

Last Nine Fiscal Years (1)

	2002	2003	2004	2005
Expenses				
Governmental activities:				
Instruction	\$ 86,474,269	\$ 93,572,030	\$ 85,427,185	\$ 95,661,489
Supporting services	43,277,026	42,042,464	49,858,273	49,653,089
Interest	7,266,870	9,599,755	11,647,151	12,247,793
Total governmental activities expenses	<u>137,018,165</u>	<u>145,214,249</u>	<u>146,932,609</u>	<u>157,562,371</u>
Business-type activities:				
Food services	4,221,985	4,254,543	4,410,830	4,885,656
Total primary government expenses	<u>\$ 141,240,150</u>	<u>\$ 149,468,792</u>	<u>\$ 151,343,439</u>	<u>\$ 162,448,027</u>
Program Revenues				
Governmental activities:				
Charges for services				
Tuition and fees	\$ 1,923,489	\$ 2,121,666	\$ 2,101,479	\$ 2,659,299
Internal charges (2)	-	-	-	526,506
Operating grants and contributions	8,240,959	8,069,583	9,513,660	10,930,997
Capital grants and contributions	978,337	1,650,635	1,402,614	1,041,182
Total governmental activities program revenues	<u>11,142,785</u>	<u>11,841,884</u>	<u>13,017,753</u>	<u>15,157,984</u>
Business-type activities:				
Charges for services	2,819,921	2,734,550	2,820,846	2,978,095
Operating grants and contributions	1,420,269	1,504,411	1,667,815	1,905,055
Capital grants and contributions	186,412	-	-	-
Total business-type activities program revenues	<u>4,426,602</u>	<u>4,238,961</u>	<u>4,488,661</u>	<u>4,883,150</u>
Total primary government program revenues	<u>\$ 15,569,387</u>	<u>\$ 16,080,845</u>	<u>\$ 17,506,414</u>	<u>\$ 20,041,134</u>
Net (expense) / revenue				
Governmental activities	\$(125,875,380)	\$(133,372,365)	\$(133,914,856)	\$(142,404,387)
Business-type activities	204,617	(15,582)	77,831	(2,506)
Total primary government net expense	<u>\$(125,670,763)</u>	<u>\$(133,387,947)</u>	<u>\$(133,837,025)</u>	<u>\$(142,406,893)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 54,336,202	\$ 64,849,791	\$ 67,200,837	\$ 71,791,304
Specific ownership taxes	5,215,842	5,437,653	5,980,112	5,976,580
Mill levy override	-	-	-	-
State equalization	57,635,616	64,987,668	68,733,866	72,261,580
Investment income	727,029	451,322	1,374,794	2,285,218
Other	1,571,116	4,534,822	1,366,652	444,753
Transfers	140,000	26,446	-	(340,410)
Total governmental activities	<u>119,625,805</u>	<u>140,287,702</u>	<u>144,656,261</u>	<u>152,419,025</u>
Business-type activities:				
Investment income	14,274	5,755	4,645	15,896
Transfers	(140,000)	(140,000)	-	340,410
Total business-type activities	<u>(125,726)</u>	<u>(134,245)</u>	<u>4,645</u>	<u>356,306</u>
Total primary government	<u>\$ 119,500,079</u>	<u>\$ 140,153,457</u>	<u>\$ 144,660,906</u>	<u>\$ 152,775,331</u>
Change in Net Assets				
Governmental activities	\$ (6,249,575)	\$ 6,915,337	\$ 10,741,405	\$ 10,014,638
Business-type activities	78,891	(149,827)	82,476	353,800
Total primary government	<u>\$ (6,170,684)</u>	<u>\$ 6,765,510</u>	<u>\$ 10,823,881</u>	<u>\$ 10,368,438</u>

(1) The District implemented GASB 34 in fiscal year 2002; therefore, government-wide schedules present information beginning in that year.

(2) The classification of internal charges was changed in FY05.

Source: District's comprehensive annual financial reports for the relevant year. The District implemented GASB 34 in fiscal year 2002; government-wide schedules present information beginning in that year.

2006	2007	2008	2009	2010
\$ 113,735,114	\$ 115,031,293	\$ 122,240,743	\$ 127,681,937	\$ 136,783,787
53,304,184	58,113,258	60,629,900	69,745,866	106,835,640
14,320,914	16,010,493	15,500,560	15,845,498	19,182,556
181,360,212	189,155,044	198,371,203	213,273,301	262,801,983
5,873,965	6,368,635	7,069,557	7,825,813	7,795,085
\$ 187,234,177	\$ 195,523,679	\$ 205,440,760	\$ 221,099,114	\$ 270,597,068
\$ 3,280,966	\$ 6,299,455	\$ 7,167,010	\$ 8,182,298	\$ 11,324,592
576,681	634,386	731,765	1,892,602	2,033,494
13,090,706	12,329,701	13,200,675	14,558,258	19,607,144
1,053,746	591,496	507,755	199,537	452,712
18,002,099	19,855,038	21,607,205	24,832,695	33,417,942
3,098,897	3,363,892	3,574,268	3,776,079	3,911,304
2,442,897	2,754,834	3,106,894	3,661,169	4,206,325
-	-	-	312,655	135,146
5,541,794	6,118,726	6,681,162	7,749,903	8,252,775
\$ 23,543,893	\$ 25,973,764	\$ 28,288,367	\$ 32,582,598	\$ 41,670,717
\$ (163,358,113)	\$ (169,300,006)	\$ (176,763,998)	\$ (188,440,606)	\$ (229,384,041)
(332,171)	(249,909)	(388,395)	(75,910)	457,690
\$ (163,690,284)	\$ (169,549,915)	\$ (177,152,393)	\$ (188,516,516)	\$ (228,926,351)
\$ 74,977,182	\$ 77,555,794	\$ 83,233,225	\$ 88,457,619	\$ 91,637,477
5,987,316	5,997,044	6,047,704	6,054,107	6,023,739
-	-	-	15,923,875	17,385,887
77,794,994	85,049,954	90,264,910	100,658,351	110,042,029
2,511,220	4,805,951	4,350,866	1,690,910	1,361,173
941,954	3,471,495	1,330,495	2,798,656	3,902,508
(310,317)	1,095,313	-	-	-
161,902,349	177,975,551	185,227,200	215,583,518	230,352,813
25,035	25,617	23,926	5,535	570
310,317	-	-	-	-
335,352	25,617	23,926	5,535	570
\$ 162,237,701	\$ 178,001,168	\$ 185,251,126	\$ 215,589,053	\$ 230,353,383
\$ (1,455,764)	\$ 8,675,545	\$ 8,463,202	\$ 27,142,912	\$ 968,772
3,181	(224,292)	(364,469)	(70,375)	458,260
\$ (1,452,583)	\$ 8,451,253	\$ 8,098,733	\$ 27,072,537	\$ 1,427,032

St. Vrain Valley School District RE-1J
Financial Trends
Governmental Activities
Colorado Public School Finance Act Revenues by Source
Accrual Basis of Accounting
(Unaudited)

Last Nine Fiscal Years (1)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities:			
Property taxes	\$ 54,336,202	\$ 64,849,791	\$ 67,200,837
Specific ownership taxes	5,215,842	5,437,653	5,980,112
State equalization	<u>57,635,616</u>	<u>64,987,668</u>	<u>68,733,866</u>
Total finance act revenues	<u><u>\$ 117,187,660</u></u>	<u><u>\$ 135,275,112</u></u>	<u><u>\$ 141,914,815</u></u>
 Total governmental activities revenues (2)	 \$ 130,768,590	 \$ 152,129,586	 \$ 157,674,014
 Public School Finance Act revenues as percentage of total governmental activities revenues	 89.6%	 88.9%	 90.0%

(1) The District implemented GASB 34 in fiscal year 2002; therefore, government-wide schedules present information beginning in that year.

(2) Governmental activities revenues are a combination of program revenues and general revenues as shown on page 94-95

Source: District's comprehensive annual financial reports for the relevant year. The District implemented GASB 34 in fiscal year 2002; government-wide schedules present information beginning in that year.

2005	2006	2007	2008	2009	2010
\$ 71,791,304	\$ 74,977,182	\$ 77,555,794	\$ 83,233,225	\$ 88,457,619	\$ 91,637,477
5,976,580	5,987,316	5,997,044	6,047,704	6,054,107	6,023,739
72,261,580	77,794,994	85,049,954	90,264,910	100,658,351	110,042,029
<u>\$ 150,029,464</u>	<u>\$ 158,759,492</u>	<u>\$ 168,602,792</u>	<u>\$ 179,545,839</u>	<u>\$ 195,170,077</u>	<u>\$ 207,703,245</u>
 \$ 167,577,009	 \$ 179,904,448	 \$ 197,830,589	 \$ 206,834,405	 \$ 240,416,213	 \$ 263,770,755
 89.5%	 88.2%	 85.2%	 86.8%	 81.2%	 78.7%

St. Vrain Valley School District RE-1J
Financial Trends
Fund Balances of Governmental Funds
Modified Accrual Basis of Accounting
(Unaudited)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 334,443	\$ 409,975	\$ 366,855	\$ 338,576
Unreserved				
Designated	-	-	-	-
Undesignated	334,979	(10,754,933)	(14,295,533)	(4,617,697)
Total General Fund	<u>\$ 669,422</u>	<u>\$ (10,344,958)</u>	<u>\$ (13,928,678)</u>	<u>\$ (4,279,121)</u>
All Other Governmental Funds				
Reserved	\$ 11,195,114	\$ 78,000	\$ 37,823,604	\$ 98,956,894
Unreserved:				
Designated, reported in:				
Capital projects fund	-	-	60,077,668	-
Special revenue funds	-	-	618,111	4,415,700
Undesignated, reported in:				
Capital projects fund	7,932,700	668,302	-	-
Debt service fund	-	11,415,777	9,452,454	-
Special revenue funds	5,115,345	4,498,278	4,034,598	1,397,256
Total all other governmental funds	<u>\$ 24,243,159</u>	<u>\$ 16,660,357</u>	<u>\$ 112,006,435</u>	<u>\$ 104,769,850</u>

Source: District's comprehensive annual financial reports for the relevant year.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 3,963,869	\$ 5,591,445	\$ 8,253,775	\$ 8,704,876	\$ 17,681,797	\$ 14,014,502
-	86,665	2,794,463	3,134,288	18,032,913	26,899,293
-	2,055,576	1,041,319	3,624,204	-	1,434,387
<u>\$ 3,963,869</u>	<u>\$ 7,733,686</u>	<u>\$ 12,089,557</u>	<u>\$ 15,463,368</u>	<u>\$ 35,714,710</u>	<u>\$ 42,348,182</u>
\$ 66,434,593	\$ 42,936,664	\$ 97,403,309	\$ 39,087,412	\$ 132,601,120	\$ 180,441,594
-	-	-	-	-	-
4,414,000	4,857,420	6,504,330	719,739	5,268,001	9,749,083
-	-	-	-	-	-
4,224,358	7,389,406	5,853,701	8,558,137	9,379,720	11,469,155
1,124,842	83,586	1,978,955	8,149,304	4,742,269	2,875,851
<u>\$ 76,197,793</u>	<u>\$ 55,267,076</u>	<u>\$ 111,740,295</u>	<u>\$ 56,514,592</u>	<u>\$ 151,991,110</u>	<u>\$ 204,535,683</u>

St. Vrain Valley School District RE-1J
Financial Trends
Changes in Fund Balances of Governmental Funds
Modified Accrual Basis of Accounting
(Unaudited)

Last Ten Fiscal Years

	2001	2002	2003	2004
Revenues				
Property taxes	\$ 49,728,660	\$ 53,893,252	\$ 64,702,443	\$ 68,547,345
Specific ownership taxes	4,840,145	5,215,842	5,437,653	5,980,112
Mill levy override	-	-	-	-
Investment income	2,705,613	706,332	693,051	1,328,350
Charges for service	1,734,421	1,923,489	2,121,666	2,101,479
Student activities (1)	3,494,052	-	-	-
Miscellaneous	2,100,650	1,622,459	2,387,357	2,696,524
Local intergovernmental	36,054	117,222	68,884	72,397
State intergovernmental	55,304,813	62,022,703	68,712,530	72,329,913
Federal intergovernmental	3,341,144	4,037,615	4,344,721	5,917,613
Total revenues	<u>\$ 123,285,552</u>	<u>\$ 129,538,914</u>	<u>\$ 148,468,305</u>	<u>\$ 158,973,733</u>
Expenditures				
Instruction	\$ 68,155,625	\$ 82,668,776	\$ 82,695,300	\$ 81,655,292
Supporting services	37,931,163	39,687,187	40,270,867	48,298,522
Student activities (1)	3,421,869	-	-	-
Capital outlay	31,480,196	13,216,858	14,994,818	58,421,911
Debt service				
Principal	5,869,000	6,377,460	2,123,000	4,200,000
Accrued interest	-	-	-	4,380,000
Interest and fiscal charges	7,355,904	7,266,870	12,764,301	11,132,546
Total expenditures	<u>\$ 154,213,757</u>	<u>\$ 149,217,151</u>	<u>\$ 152,848,286</u>	<u>\$ 208,088,271</u>
Excess of revenues over (under) expenditures	<u>(30,928,205)</u>	<u>(19,678,237)</u>	<u>(4,379,981)</u>	<u>(49,114,538)</u>
Other financing sources (uses)				
Bond proceeds	\$ -	\$ -	\$ 131,090,000	\$ 50,100,000
Premium received on issuance of bonds	-	-	5,813,003	1,427,510
Paid to bond agent	-	-	(40,300,000)	-
Proceeds from sale of land	-	-	-	-
Lease proceeds	974,281	2,461,606	-	-
Lease obligations	-	-	-	-
Transfers in (2)	780,513	491,871	529,710	46,614
Transfers out (2)	(640,513)	(351,871)	(503,264)	(46,614)
Total other financing sources (uses)	<u>\$ 1,114,281</u>	<u>\$ 2,601,606</u>	<u>\$ 96,629,449</u>	<u>\$ 51,527,510</u>
Net change in fund balances	<u>\$ (29,813,924)</u>	<u>\$ (17,076,631)</u>	<u>\$ 92,249,468</u>	<u>\$ 2,412,972</u>
Debt service as percentage of noncapital expenditures	<u>12.1%</u>	<u>11.2%</u>	<u>12.1%</u>	<u>15.2%</u>

(1) Student Activities was a governmental fund (special revenue fund) until fiscal year 2002. Based on reassessment, the Agency Fund was split into a Special Revenue type and Agency type in fiscal year 2007. However, guidance provided by the Colo Dept of Education in fiscal year 2010 required the District to account for student activities in a special revenue fund.

(2) Transfers in may not equal transfers out due to transfers between governmental funds and other fund types.

Source: District's comprehensive annual financial reports for the relevant year.

2005	2006	2007	2008	2009	2010
\$ 71,172,100	\$ 75,034,205	\$ 75,761,142	\$ 82,001,081	\$ 87,124,649	\$ 92,597,766
5,976,580	5,987,316	5,997,044	6,047,704	6,054,107	6,023,739
-	-	-	-	15,923,875	17,385,887
2,023,366	2,386,324	4,758,927	4,324,865	1,690,910	1,361,173
3,185,805	3,857,647	4,505,478	4,949,331	7,072,297	7,492,878
-	-	2,428,363	2,949,444	3,002,603	5,865,208
1,470,585	1,670,385	1,760,662	1,804,691	2,643,533	4,210,074
8,350	22,619	32,296	33,559	24,271	10,000
75,947,775	82,136,479	90,760,436	96,769,997	106,647,109	116,754,564
7,244,802	8,749,221	7,577,197	7,720,045	8,569,500	12,894,609
<u>\$ 167,029,363</u>	<u>\$ 179,844,196</u>	<u>\$ 193,581,545</u>	<u>\$ 206,600,717</u>	<u>\$ 238,752,854</u>	<u>\$ 264,595,898</u>
\$ 91,027,699	\$ 97,521,908	\$ 104,130,405	\$ 110,377,230	\$ 121,725,413	\$ 136,127,577
46,484,881	50,716,187	56,428,030	59,220,211	65,933,700	106,358,121
-	-	-	-	-	5,588,472
44,165,547	25,050,564	12,796,447	54,797,679	11,877,224	11,933,633
2,850,000	10,680,000	11,700,000	18,835,000	11,045,000	11,695,000
4,380,000	-	-	-	-	-
13,095,314	13,047,785	14,638,580	15,222,489	16,214,243	19,906,806
<u>\$ 202,003,441</u>	<u>\$ 197,016,444</u>	<u>\$ 199,693,462</u>	<u>\$ 258,452,609</u>	<u>\$ 226,795,580</u>	<u>\$ 291,609,609</u>
<u>(34,974,078)</u>	<u>(17,172,248)</u>	<u>(6,111,917)</u>	<u>(51,851,892)</u>	<u>11,957,274</u>	<u>(27,013,711)</u>
\$ 56,815,000	\$ 43,455,000	\$ 56,800,000	\$ -	\$ 104,000,000	\$ 85,000,000
4,057,901	2,520,719	3,622,791	-	504,199	1,191,756
(47,074,703)	(45,964,371)	(479,707)	-	(751,347)	-
846,813	-	2,309,767	-	-	-
-	-	-	-	-	-
-	-	(473,254)	-	-	-
47,000	126,455	5,585,026	705,425	377,825	675,521
(47,000)	(126,455)	(423,614)	(705,425)	(360,091)	(675,521)
<u>\$ 14,645,011</u>	<u>\$ 11,348</u>	<u>\$ 66,941,009</u>	<u>\$ -</u>	<u>\$ 103,770,586</u>	<u>\$ 86,191,756</u>
<u>\$ (20,329,067)</u>	<u>\$ (17,160,900)</u>	<u>\$ 60,829,092</u>	<u>\$ (51,851,892)</u>	<u>\$ 115,727,860</u>	<u>\$ 59,178,045</u>
<u>14.8%</u>	<u>15.0%</u>	<u>16.2%</u>	<u>19.9%</u>	<u>14.8%</u>	<u>12.9%</u>

St. Vrain Valley School District RE-1J
Financial Trends
Governmental Activities
Colorado Public School Finance Act Revenues by Source
Modified Accrual Basis of Accounting
(Unaudited)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities:				
Property taxes	\$ 49,728,660	\$ 53,893,252	\$ 64,702,443	\$ 68,547,345
Specific ownership taxes	4,840,145	5,215,842	5,437,653	5,980,112
State equalization	51,470,640	57,635,616	64,987,668	68,733,866
Total finance act revenues	<u>\$ 106,039,445</u>	<u>\$ 116,744,710</u>	<u>\$ 135,127,764</u>	<u>\$ 143,261,323</u>
 Total revenues (1)	 \$ 123,285,552	 \$ 129,538,914	 \$ 148,468,305	 \$ 158,973,733
 Public School Finance Act revenues as percentage of total governmental funds revenues	 86.0%	 90.1%	 91.0%	 90.1%

(1) As shown on the Changes in Fund Balances of Governmental Funds schedule, pages 100-101

Source: District's comprehensive annual financial reports for the relevant year.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 71,172,100	\$ 75,034,205	\$ 75,761,142	\$ 82,001,081	\$ 87,124,649	\$ 92,597,766
5,976,580	5,987,316	5,997,044	6,047,704	6,054,107	6,023,739
<u>72,261,580</u>	<u>77,794,994</u>	<u>85,049,954</u>	<u>90,264,910</u>	<u>100,658,351</u>	<u>110,042,029</u>
<u>\$ 149,410,260</u>	<u>\$ 158,816,515</u>	<u>\$ 166,808,140</u>	<u>\$ 178,313,695</u>	<u>\$ 193,837,107</u>	<u>\$ 208,663,534</u>
\$ 167,029,363	\$ 179,844,196	\$ 193,581,545	\$ 206,600,717	\$ 238,752,854	\$ 264,595,898
89.5%	88.3%	86.2%	86.3%	81.2%	78.9%

St. Vrain Valley School District RE-1J
Revenue Capacity
Assessed Value and Estimated Actual Value of Taxable Property
(in thousands)
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	Residential Property (1)	Commercial Property (1)	Industrial Property (1)	Vacant Property (1)	Oil & Gas (1)	Public Utilities (1)
2000	2001						
2001	2002	\$ 848,410	\$ 312,887	\$ 232,135	\$ 102,780	\$ 45,080	\$ 37,608
2002	2003	858,427	311,003	232,742	99,857	45,475	34,103
2003	2004	915,029	340,925	241,739	131,173	38,071	32,247
2004	2005	958,990	360,142	238,212	116,065	74,077	29,780
2005	2006	1,020,421	380,937	228,926	117,693	100,358	31,745
2006	2007	1,081,625	394,898	241,150	111,786	145,259	31,491
2007	2008	1,182,053	431,564	263,541	122,165	158,746	34,415
2008	2009	1,204,677	455,285	280,041	112,331	150,442	37,266
2009	2010	1,177,329	498,179	291,190	102,235	266,758	42,434

- (1) Data by property type was incomplete on a District-wide basis and thus not provided for fiscal years 2001 and prior
(2) Broomfield County was formed on November 15, 2001
(3) Includes the override mill levy approved by voters at the 2008 Election

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties, and
City and County of Broomfield

<u>Agriculture (1)</u>		<u>Natural Resources (1)</u>	<u>Total Taxable Assessed Value (2)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value (2)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
			\$ 1,184,349	\$ 36.256	\$ 7,914,542	14.96%
\$	24,217	\$ 4,023	1,607,140	41.025	10,651,757	15.09%
	12,876	4,026	1,598,509	40.374	11,416,961	14.00%
	12,297	4,562	1,716,043	40.089	13,775,375	12.46%
	11,875	5,453	1,794,594	40.089	14,349,937	12.51%
	14,382	4,930	1,899,392	39.982	15,258,797	12.45%
	13,499	4,880	2,024,588	38.035	16,152,649	12.53%
	14,752	5,333	2,212,569	37.798	17,713,708	12.49%
	23,999	6,530	2,270,571	46.285 (3)	18,182,936	12.49%
	17,168	6,995	2,402,288	46.268 (3)	18,423,291	13.04%

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St. Vrain Valley School District RE-1J
Revenue Capacity
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	Total School District Millage	Boulder County Millage	Weld County Millage	Larimer County Millage	Broomfield County Millage (1)	Total County Millage	City of Longmont Millage
2000	2001	36.256	17.621	20.559	22.461	28.968	89.609	13.420
2001	2002	41.025	20.087	20.056	22.421	28.968	91.532	13.420
2002	2003	40.374	20.088	21.474	22.423	28.968	92.953	13.420
2003	2004	40.089	21.267	19.957	22.517	28.968	92.709	13.420
2004	2005	40.089	21.267	19.957	22.517	28.968	92.709	13.420
2005	2006	39.982	21.867	17.900	22.541	28.968	91.276	13.420
2006	2007	38.035	22.467	16.804	22.410	28.968	90.649	13.420
2007	2008	37.798	22.467	16.804	22.414	28.968	90.653	13.420
2008	2009	46.285	23.067	16.804	22.395	28.968	91.234	13.420
2009	2010	46.268	23.667	16.804	22.435	28.968	91.874	13.420

(1) Broomfield County was formed on November 15, 2001.

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties, and Central Records Office of the City and County of Broomfield

St. Vrain Valley School District RE-1J
Revenue Capacity
Principal Taxpayers of the Boulder/Longmont Area
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2001			2010		
	2000 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value	2009 Taxable Assessed Valuation	Rank	Percent of Total District Taxable Assessed Value (2)
Kerr-McGee Rocky Mtn. Corp.				\$ 106,129,250	1	4.45%
Encana Oil & Gas (USA) Inc.				98,583,060	2	4.13%
Noble Energy, Inc.				33,815,440	3	1.42%
Amgen Inc.				33,621,480	4	1.41%
Pratt Land Limited Liability Co.	30,298,930	1	2.56%			
Seagate Technology LLC	9,842,150	4	0.83%	26,213,560	5	1.10%
American General Inc.	15,635,740	2	1.32%			
Qwest Corporation	10,455,200	3	0.88%	11,567,800	6	0.49%
Longmont Woodhaven LLC				10,783,580	7	0.45%
Longmont Sandstone LLC				10,783,580	8	0.45%
Hub Properties Trust				10,592,630	9	0.44%
Public Service Co. of Colorado	6,461,160	7	0.55%	10,372,530	10	0.44%
Xilinx Inc.	8,313,180	5	0.70%			
Twin Peaks Mall Associated Ltd.	7,930,220	6	0.67%			
K/B Fund IV	5,681,070	8	0.48%			
IBM Corporation	4,707,500	9	0.40%			
Longmont Technology	3,944,880	10	0.33%			
Total	<u>\$ 103,270,030</u>		<u>8.72%</u>	<u>\$ 352,462,910</u>		<u>14.78%</u>

(1) Based on a 2000 certified assessed valuation of \$1,184,349,020

(2) Based on a 2009 certified assessed valuation of \$2,384,452,237

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties, and
Central Records Office of the City and County of Broomfield

St. Vrain Valley School District RE-1J
Revenue Capacity
Property Tax Levied and Collected - All Funds
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collection to Levy	Outstanding Delinquent Taxes (1)
2000	2001	\$ 49,947,551	\$ 48,541,456	97.18%	\$ 1,168,071	\$ 49,709,527	99.52%	\$ 753,125
2001	2002	54,340,378	53,818,169	99.04%	75,084	53,893,253	99.18%	522,209
2002	2003	65,212,583	63,192,297	96.90%	1,510,146	64,702,443	99.22%	2,020,286 (2)
2003	2004	68,894,334	66,833,309	97.01%	1,506,777	68,340,086	99.20%	2,061,024 (2)
2004	2005	71,575,974	69,356,553	96.90%	1,621,778	70,978,331	99.17%	2,219,422 (2)
2005	2006	75,501,852	73,248,325	97.02%	1,489,807	74,738,132	98.99%	2,253,528 (2)
2006	2007	76,540,145	73,647,406	96.22%	1,847,549	75,494,955	98.63%	2,892,740 (2)
2007	2008	83,603,063	80,083,112	95.79%	1,766,634	81,849,746	97.90%	3,519,950 (2)
2008	2009	104,326,045	99,523,612	95.40%	2,206,238	101,729,849	97.51%	4,802,434 (2)
2009	2010	110,323,836	106,309,890	96.36%	3,305,101	109,614,992	99.36%	4,013,945 (2)

(1) Outstanding delinquent taxes are considered relatively minor and are not obtainable from the county treasurers.

(2) These outstanding delinquent taxes are included in property taxes receivable.

Source: Assessors' Offices of Boulder, Weld and Larimer Counties, Central Records Office of the City and County of Broomfield, and St. Vrain Valley School District RE-1J

St. Vrain Valley School District RE-1J
Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities			Percentage of Average Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Total		
2001	\$ 141,309,000	\$ 3,771,041	\$ 145,080,041	1.7%	\$ 1,177
2002	139,368,000	5,601,382	144,969,382	2.2%	1,139
2003	228,035,000	4,156,709	232,191,709	3.5%	1,768
2004	273,935,000	3,380,517	277,315,517	4.0%	2,026
2005	283,890,000	2,827,263	286,717,263	3.9%	2,043
2006	272,770,000	2,244,163	275,014,163	3.5%	1,934
2007	317,870,000	1,628,544	319,498,544	3.8%	2,185
2008	299,035,000	1,013,917	300,048,917	3.4%	2,015
2009	391,990,000	623,268	392,613,268	(1)	2,601
2010	465,295,000	755,927	466,050,927	(1)	3,027

(1) Personal Income data for 2009 and 2010 not available

Note: Personal Income and Per Capita data from the Demographic and Economic Information on pages 114-115

Source: District's financial records

St. Vrain Valley School District RE-1J
Debt Capacity
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	General Obligation Bonds	Less Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita
2000	2001	\$ 141,309,000	\$ 11,195,114	\$ 130,113,886	1.64%	1,055
2001	2002	139,368,000	11,415,777	127,952,223	1.20%	1,006
2002	2003	228,035,000	19,625,088	208,409,912	1.83%	1,587
2003	2004	278,315,000	24,180,448	254,134,552	1.84%	1,856
2004	2005	283,890,000	28,636,780	255,253,220	1.78%	1,819
2005	2006	272,770,000	32,201,074	240,568,926	1.58%	1,692
2006	2007	317,870,000	32,506,943	285,363,057	1.77%	1,952
2007	2008	299,035,000	27,000,135	272,034,865	1.54%	1,827
2008	2009	391,990,000	30,801,518	361,188,482	1.99%	2,393
2009	2010	465,295,000	32,890,953	432,404,047	2.35%	2,808

(1) Refer to Assessed and Estimated Actual Values of Taxable Property schedule on page 104-105

(2) Population data is in the Demographic and Economic Information on page 114-115

Source: District's financial records

St. Vrain Valley School District RE-1J
Debt Capacity
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010
(Unaudited)

Name of Overlapping Entity	2009 Assessed Valuation	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District	
			Percent	Amount
Berthoud Fire Protection District	\$ 193,630,382	\$ 1,460,000	7.81%	\$ 114,026
City & County of Broomfield	1,018,757,287	680,000	0.11%	748
Carbon Valley Park & Recreation District	299,678,140	6,725,000	90.03%	6,054,518
Central Colorado Water Conservancy - Groundwater Management	1,452,078,780	17,715,676	0.17%	30,117
City of Dacono	35,871,070	2,500,000	100.00%	2,500,000
East I-25 Sanitation District	23,402,120	226,529	95.16%	215,565
Town of Erie	230,974,960	18,235,000	81.17%	14,801,350
Erie Commons Metro District No. 1	10	8,500,000	100.00%	8,500,000
Town of Firestone	132,642,530	260,000	93.55%	243,230
Town of Frederick	171,535,160	206,000	99.98%	205,959
Frederick-Firestone Fire Protection Dist.	324,611,480	3,245,000	97.88%	3,176,206
Gunbarrel Estates Metro Park & Rec.	10,064,810	42,636	100.00%	42,636
Harvest Junction Metropolitan District	18,951,070	7,860,000	100.00%	7,860,000
Left Hand Water & Sanitation District	5,913,760	229,044	100.00%	229,044
Liberty Ranch Metropolitan District	1,761,320	4,935,000	100.00%	4,935,000
City of Longmont	1,080,829,730	3,425,000	100.00%	3,425,000
Mead Western Meadows Metro District	1,834,590	2,695,000	100.00%	2,695,000
North Metro Fire Rescue Authority	1,373,434,577	24,630,000	0.08%	19,704
Northern Colorado Water Cons. District	14,443,873,870	4,154,461	15.90%	660,559
St. Vrain Sanitation District	438,193,110	915,000	97.34%	890,661
Stoneridge Metropolitan District	6,693,230	4,000,000	99.96%	3,998,400
Vista Ridge Metropolitan District	49,976,400	40,000,000	100.00%	40,000,000
Wyndham Hill Metropolitan District No. 2	5,054,100	3,370,000	100.00%	3,370,000
Total		<u>\$ 156,009,346</u>		<u>\$ 103,967,723</u>

This chart includes a summary of the estimated overlapping general obligation debt, as of December 31, 2009, of those entities with the authority to levy property taxes which are located wholly or partially within the District. Also, shown is the percentage and amount of the total estimated outstanding general obligation debt of these entities, inclusive and exclusive of estimated general obligation under debt, which is chargeable to property located within the District's boundaries. Because no single parcel of property located within the District's boundaries is located within every entity shown on the chart, the chart is not indicative of the actual or potential tax burden upon any single parcel of property located within the District's boundaries. The District is not financially or legally obligated with regard to any of the indebtedness shown on the chart.

Source: Individual governmental entities

St. Vrain Valley School District RE-1J
Debt Capacity
Legal Debt Margin
(Unaudited)

Last Ten Fiscal Years

	2001	2002	2003	2004
Debt Limit	\$ 236,869,804	\$ 299,759,366	\$ 397,395,385	\$ 826,522,526
Total net debt applicable to limit	141,309,000	139,368,000	232,693,967	278,315,000
Legal debt margin	<u>\$ 95,560,804</u>	<u>\$ 160,391,366</u>	<u>\$ 164,701,418</u>	<u>\$ 548,207,526</u>
Total net debt applicable to the limit as a percentage of debt limit	59.7%	46.5%	58.6%	33.7%

Fiscal Year 2010 Calculation

Under the Colorado Public School Finance Act of 1994, the limitation on bonded indebtedness is the greater of 20 percent of assessed value or 6 percent of actual value.

	Assessed Value	Actual Value
Assessed or Estimated Actual Value	\$ 2,402,288,035 (1)	\$ 18,423,291,138
Debt Limit Percentage	<u>20.00% (2)</u>	<u>6.00%</u>
Legal debt limit	480,457,607	1,105,397,468
Amount of debt applicable to debt limit: Total bonded debt as of June 30, 2010	<u>465,295,000</u>	<u>465,295,000</u>
Legal debt margin	<u>\$ 15,162,607</u>	<u>\$ 640,102,468</u>

(1) The assessed valuation shown here includes \$17,835,793 of assessed valuation attributable to the tax increment financing district (Longmont Downtown Development Authority and the Broomfield Urban Renewal Authority) located within the District. An additional slight difference is due to adjustment to the various County Assessors' compilations of the above information.

(2) Although the District qualifies for the legal debt margin based on 6% of the actual value, it has taken a conservative posture by limiting its debt based on 20% of the assessed value.

Source: Assessors' Offices of Boulder, Larimer, and Weld Counties,
City and County of Broomfield, and St. Vrain Valley School District RE-1J

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (2)</u>
\$ 860,996,213	\$ 915,527,849	\$ 969,158,919	\$ 442,367,652	\$ 454,114,207	\$ 480,457,607
283,890,000	272,770,000	317,870,000	299,035,000	391,990,000	465,295,000
<u>\$ 577,106,213</u>	<u>\$ 642,757,849</u>	<u>\$ 651,288,919</u>	<u>\$ 143,332,652</u>	<u>\$ 62,124,207</u>	<u>\$ 15,162,607</u>
33.0%	29.8%	32.8%	67.6%	86.3%	96.8%

St. Vrain Valley School District RE-1J
Demographic and Economic Information
(Unaudited)

Last Ten Fiscal Years (as available)

Population District-wide

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
123,295	127,223	131,310	136,910

Source: Estimates compiled by District Planning Office using data from the Colorado Department of Local Affairs, Denver Regional Council of Governments, US Census Bureau, and various local governments.

Personal Income (expressed in thousands) by County

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Boulder	\$ 12,085,925	\$ 11,295,248	\$ 11,406,648	\$ 12,199,592
Broomfield (1)	n/a	1,359,569	1,410,324	1,550,901
Larimer	8,164,809	8,387,267	8,541,462	8,846,874
Weld	4,950,093	5,021,256	5,144,211	5,374,013
Average	<u>\$ 8,400,276</u>	<u>\$ 6,515,835</u>	<u>\$ 6,625,661</u>	<u>\$ 6,992,845</u>

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2009 and beyond.

Annual Per Capita Personal Income by County

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Boulder	\$ 40,435	\$ 40,590	\$ 41,110	\$ 43,640
Broomfield (1)	n/a	33,293	33,376	36,530
Larimer	31,449	31,793	32,037	32,893
Weld	25,575	24,571	24,279	24,432
Average	<u>\$ 32,486</u>	<u>\$ 32,562</u>	<u>\$ 32,701</u>	<u>\$ 34,374</u>

Source: United States Department of Commerce, Bureau of Economic Analysis
Data subject to revision; not available for 2009 and beyond.

- (1) City and County of Broomfield was formed in 2001. Personal income and annual per capita personal income not available for 2001.
- (2) Prior years have been modified by the Bureau based on updated information. However, data above is shown as it has been reported in previous CAFRs.

2005	2006	2007	2008	2009	2010
140,363	142,172	146,193	148,920	150,949	153,967

2005	2006	2007	2008
\$ 12,815,298	\$ 14,192,102	\$ 14,841,031	\$ 15,039,895
1,550,383	1,694,754	1,918,571	2,023,405
9,330,387	9,953,554	10,541,856	11,378,132
5,668,873	5,919,700	6,384,960	7,067,989
<u>\$ 7,341,235</u>	<u>\$ 7,940,028</u>	<u>\$ 8,421,605</u>	<u>\$ 8,877,355</u>

2005	2006	2007	2008
\$ 45,849	\$ 49,628	\$ 51,388	\$ 50,058
35,743	32,949	35,781	36,915 (2)
34,323	35,397	36,766	38,848
24,846	26,002	26,314	28,402
<u>\$ 35,190</u>	<u>\$ 35,994</u>	<u>\$ 37,562</u>	<u>\$ 38,556</u>

St. Vrain Valley School District RE-1J
Demographic and Economic Information (continued)
(Unaudited)

Last Ten Fiscal Years

Median Age by County

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Boulder	33.6	33.9	34.2	34.6	35.1
Broomfield	33.3	33.4	33.6	33.9	34.2
Larimer	33.3	33.5	33.9	34.2	34.5
Weld	31.0	31.0	31.0	31.0	31.2

Source: Colorado Department of Local Affairs, Division of Local Government
Data subject to revision; not available for Broomfield County prior to 2001

Annual Unemployment Rate by County (1)

		<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Boulder	(2)	2.3%	3.5%	5.9%	5.8%	4.5%
Broomfield	(3)	2.3%	3.7%	5.8%	6.2%	4.7%
Larimer	(4)	2.4%	3.1%	4.8%	5.3%	4.4%
Weld	(5)	2.6%	3.2%	5.2%	5.9%	5.1%

- (1) Figures for the Counties are not seasonally adjusted
- (2) Boulder County includes Boulder-Longmont Metropolitan Statistical Area (MSA)
- (3) Broomfield County, which was formed in November 2001, includes City of Broomfield
- (4) Larimer County includes the Ft Collins/Loveland MSA
- (5) Weld County includes the Greeley MSA
- (6) Information is based on mid-calendar year calculation, not annual averages

Source: Colorado Department of Labor & Employment, Labor Force Averages

2006	2007	2008	2009	2010
35.5	35.8	36.1	36.3	37.0
34.5	34.7	34.9	35.5	35.8
34.9	35.1	35.2	35.5	36.3
31.3	31.5	31.7	31.8	32.4

2006	2007	2008	2009	2010 (6)
4.1%	3.3%	4.8%	6.6%	6.6%
4.7%	3.8%	5.4%	7.5%	7.4%
4.2%	3.4%	4.7%	6.6%	6.8%
5.0%	4.2%	5.6%	8.8%	9.5%

St. Vrain Valley School District RE-1J
Demographic and Economic Information
Major Private Employers
Boulder County and the City and County of Broomfield Combined
Current Year and Seven Fiscal Ago (1)
(Unaudited)

Employer	2003			2010		
	Estimated Number of Employees (2)	Rank	Percentage of Total Employment	Estimated Number of Employees (2)	Rank	Percentage of Total Employment (5)
St. Vrain Valley School District				3,959	1	2.1%
Sun Microsystems Inc.	3,250	2	1.8%	3,200	2	1.7%
Storage Technology Corp.	3,000	3	1.7%			
IBM Corp.	5,000	1	2.8%	2,800	3	1.5%
Ball Corp.	1,925	7	1.1%	2,673	4	1.4%
University of Colorado, Boulder				2,111	5	1.1%
Level 3 Communications Inc.	2,350	4	1.3%	2,000	6	1.1%
Boulder Community Hospital	2,102	5	1.2%	1,813	7	1.0%
EDS Corp.	2,000	6	1.1%			
Exempla Good Samaritan Medical				1,364	8	0.7%
City of Boulder				1,289	9	0.7%
Longmont Foods	1,200	8	0.7%			
Maxtor Corp.	1,200	9	0.7%			
Longmont United Hospital				1,048	10	0.6%
Seagate Technology	1,010	10	0.6%			
	<u>23,037</u>		<u>13.0%</u>	<u>22,257</u>		<u>11.9%</u>

(1) Data prior to fiscal year 2003 is not available

(2) Figures reflect early or mid-year calendar year employment data and are not restricted to full-time employees only.

(3) Figures reflect employee total for 11 supermarkets in the two counties

(4) Kable News Company, a subsidiary of AMREP, increased its market share in the magazine subscription industry through acquisition of Electronic Data Systems Corp.'s subscription fulfillment division located in the City of Louisville. The \$10 million deal closed in April 2003.

(5) Information is based on mid-calendar year calculation, not annual averages

(6) Sun Microsystems was purchased by Oracle Corporation in January 2010

Source: 2010 data from The Boulder County Business Report, "Book of Lists," January 2010
2003 data from The Boulder County Business Report, "The List," September 20, 2002

St. Vrain Valley School District RE-1J
Operating Information
Full-Time Equivalent (FTE) District Employees by Function
Last Six Fiscal Years (1)
(Unaudited)

Function	Description	2005 FTE (2)	2006 FTE (2)	2007 FTE (2)	2008 FTE (2)	2009 FTE (2)	2010 FTE (2)
Direct Instruction	Classroom teachers, special education and English as a Second Language teachers, teachers' aides	1,534	1,515	1,571	1,753	1,514	1,513 (3)
Classroom Support	Librarians, counselors, school principals and assistant principals, support staff including speech services, attendance, and extra-curricular activities	386	381	395	441	381	365 (3)
Building Support	Student transportation, utilities, maintenance, custodial services, printing, purchasing, technology services, etc.	311	307	319	356	307	336
Central Support/ Administration	Human resources, finance, payroll, budgeting, legal, clerical support, supervision of instruction, public information, superintendent's office, etc.	30	30	31	34	30	32
Total		<u>2,261</u>	<u>2,234</u>	<u>2,316</u>	<u>2,584</u>	<u>2,232</u>	<u>2,246</u>

Note 1: Due to the change in compiling and reporting FTE data, the FTE by function is not available prior to fiscal year 2005.

Note 2: The numbers above are from the Employee Management System for the General Fund as of June 30 and do not take into account staffing fluctuations during the year or vacancies at year-end.

Note 3: Although the above table represents FTE for the General Fund only, additional FY10 FTE are supported by federally funded grants as follows: 62 FTE for direct instruction and 36 FTE for classroom support

Source: District's Human Resources Department

St. Vrain Valley School District RE-1J
Operating Information
Student Count
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Student Membership/ Enrollment (1)	Student Full-Time Equivalency (FTE) As of October 1 (2)
2001	19,113.0	18,232.5
2002	20,038.0	19,209.5
2003	20,631.0	19,783.5
2004	20,913.0	20,174.0
2005	21,467.0	20,724.5
2006	22,482.0	21,631.5
2007	23,630.0	22,263.0
2008	24,216.0	22,836.5
2009	25,270.0	23,901.1
2010	26,303.0	24,905.9

- (1) Student membership/enrollment represents the actual number of students attending St. Vrain Valley School District RE-1J.
- (2) Student full-time equivalency (FTE) represents the amount of time the students are actually attending classes.

Source: District's Records Management

St. Vrain Valley School District RE-1J
Operating Information
Other Student Statistics
Last Nine Fiscal Years (1)
(Unaudited)

Fiscal Year	Expenses (2)	Enrollment (3)	Cost per Pupil	Pupil Teacher Ratio (4)	Number of Free and Reduced Students	Percent of Free and Reduced Students in Lunch Program (5)
2002	\$ 137,018,165	20,038.0	\$ 6,838	23.5:1	3,741	18.7%
2003	145,214,249	20,631.0	7,039	23.5:1	4,236	20.5%
2004	146,932,609	20,913.0	7,026	23.5:1	4,516	21.6%
2006	181,360,212	22,482.0	8,067	24.1:1	6,249	27.8%
2007	189,155,044	23,630.0	8,005	24.1:1	6,940	29.4%
2008	198,371,203	24,216.0	8,192	24.1:1	7,325	30.2%
2009	213,273,301	25,270.0	8,440	24.8:1	7,877	31.2%
2010	262,801,983	26,303.0	9,991	24.0:1 (6)	9,083	34.5%

- (1) The District implemented GASB 34 in fiscal year 2002; therefore, government-wide expenses are shown beginning in that year.
- (2) Expenses for governmental activities from Changes in Net Assets schedule which is presented for eight fiscal years
- (3) Enrollment (total membership) from the Student Count schedule
- (4) Provided by the Human Resources Department
- (5) Provided by Nutrition Services
- (6) Ratio based on an average standard which can be further impacted by other variables including the number of free & reduced students, literacy programs, focus programs, academic assistance, and Title schools

Source: District's financial records

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St. Vrain Valley School District RE-1J
Operating Information
District Buildings
Last Nine Fiscal Years (1)
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary schools	20	20	20	22	22	22	22	25	25
Total square feet	968,072	968,072	968,072	1,072,642	1,072,642	1,072,642	1,072,642	1,228,045	1,232,741
Total program capacity	9,331	9,331	9,331	10,411	10,411	10,411	10,411	11,505	12,291
Enrollment	8,909	9,079	9,188	9,494	9,632	9,778	9,971	10,890	11,236
Percent capacity	95%	97%	98%	91%	93%	94%	96%	95%	91%
Middle schools	6	6	6	6	9	9	9	9	9
Total square feet	569,712	569,712	569,712	569,712	905,153	905,153	905,153	905,153	908,105
Total program capacity	4,054	4,054	4,054	4,054	6,331	6,331	6,331	6,331	6,331
Enrollment	3,611	3,766	3,850	3,873	4,872	4,956	4,992	4,909	5,060
Percent capacity	89%	93%	95%	96%	77%	78%	79%	78%	80%
High schools	7	7	7	7	7	7	7	7	8
Total square feet	916,071	916,071	916,071	920,371	1,083,994	1,083,994	1,083,994	1,083,994	1,246,227
Total program capacity	6,995	6,995	6,995	6,995	6,995	6,995	6,995	6,995	7,721
Enrollment	6,431	6,698	6,831	7,123	6,461	6,728	7,019	7,026	7,147
Percent capacity	92%	96%	98%	102%	92%	96%	100%	100%	93%
Alternative schools	2	2	2	2	2	2	2	2	2
Total square feet	97,032	97,032	97,032	97,032	97,032	97,032	97,032	97,032	152,516
Enrollment	485	544	534	483	554	572	556	558	552
Charter schools	2	2	2	2	4	4	3	4	5
Enrollment	602	656	669	645	1,120	1,420	1,397	1,887	2,308
Other District Facilities									
Total square feet	132,853	132,853	132,853	132,853	132,853	144,106	144,106	144,106	169,672

(1) The District implemented GASB 34 in fiscal year 2002; therefore, government-wide information is shown beginning in that year.

Source: District's Planning, Operations & Maintenance, and Records Management Departments

St. Vrain Valley School District RE-1J
Operating Information
Capital Assets by Type
(Unaudited)

Last Ten Fiscal Years

	2001 (1)	2002	2003	2004
General Fixed Assets Group / Governmental Activities				
Land/Sites	\$ 7,970,477	\$ 10,963,016	\$ 11,700,106	\$ 13,101,777
Projects in progress	-	-	3,701,002	47,988,336
Water rights	473,306	2,612,516	2,612,516	2,612,516
Capital assets not depreciated	8,443,783	13,575,532	18,013,624	63,702,629
Land Improvements	-	11,205,967	11,643,568	13,803,835
Buildings	152,318,422	103,752,158	104,563,622	104,563,622
Building Improvements	-	75,795,663	76,042,521	83,590,019
Improvements	10,785,673	-	-	-
Equipment	34,912,821	14,839,302	15,397,086	17,487,102
Capital assets depreciated	198,016,916	205,593,090	207,646,797	219,444,578
Less: accumulated depreciation				
Land Improvements	-	3,050,927	3,566,526	4,222,100
Buildings	-	27,592,543	29,444,832	31,298,614
Building Improvements	-	13,700,056	15,746,468	18,049,170
Improvements	-	-	-	-
Equipment	-	8,507,722	9,731,386	10,746,973
Total accumulated depreciation	-	52,851,248	58,489,212	(1) 64,316,857
Capital assets depreciated, net	198,016,916	152,741,842	149,157,585	155,127,721
Total capital assets, General Fixed Assets Group / Governmental Activities	<u>\$ 206,460,699</u>	<u>\$ 166,317,374</u>	<u>\$ 167,171,209</u>	<u>\$ 218,830,350</u>
Enterprise Fund / Business-type Activities				
Equipment	\$ 1,283,304	\$ 1,477,203	\$ 1,559,536	\$ 1,576,109
Less: accumulated depreciation	510,089	615,987	737,693	848,425
Total	<u>\$ 773,215</u>	<u>\$ 861,216</u>	<u>\$ 821,843</u>	<u>\$ 727,684</u>

(1) The District implemented GASB 34 in FY02. Total accumulated depreciation as of 7/1/01 was calculated as \$47.4 million.

Source: District's financial records

2005	2006	2007	2008	2009	2010
\$ 16,868,344	\$ 17,281,724	\$ 18,564,441	\$ 19,792,539	\$ 19,792,539	\$ 19,792,539
20,455,309	5,072,230	8,658,126	58,980,808	1,811,297	25,144,438
2,612,516	4,089,516	4,089,516	4,122,407	4,340,807	4,943,227
39,936,169	26,443,470	31,312,083	82,895,754	25,944,643	49,880,204
16,362,434	16,974,890	19,261,023	19,261,023	20,163,514	20,178,134
163,650,732	176,858,388	178,542,911	178,624,762	245,874,910	246,727,350
87,209,911	99,353,087	99,556,995	99,725,058	99,876,713	100,398,102
-	-	-	-	-	-
23,182,130	23,950,193	25,213,065	26,120,496	27,199,661	29,210,118
290,405,207	317,136,558	322,573,994	323,731,339	393,114,798	396,513,704
4,840,750	5,681,171	6,579,135	7,477,099	8,409,521	9,298,853
33,136,901	35,314,984	39,654,107	42,877,045	46,979,138	51,412,991
19,791,865	23,283,112	26,385,211	29,472,391	32,574,831	35,740,474
-	-	-	-	-	-
11,550,228	12,658,701	14,658,269	16,644,245	18,731,165	20,548,985
69,319,744	76,937,968	87,276,722	96,470,780	106,694,655	117,001,303
221,085,463	240,198,590	235,297,272	227,260,559	286,420,143	279,512,401
<u>\$ 261,021,632</u>	<u>\$ 266,642,060</u>	<u>\$ 266,609,355</u>	<u>\$ 310,156,313</u>	<u>\$ 312,364,786</u>	<u>\$ 329,392,605</u>
\$ 1,953,186	\$ 2,249,157	\$ 2,312,660	\$ 2,324,322	\$ 2,634,246	\$ 2,756,630
971,415	1,105,986	1,253,142	1,397,420	1,558,615	1,714,277
<u>\$ 981,771</u>	<u>\$ 1,143,171</u>	<u>\$ 1,059,518</u>	<u>\$ 926,902</u>	<u>\$ 1,075,631</u>	<u>\$ 1,042,353</u>

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COMPLIANCE SECTION

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**Board of Education
St. Vrain Valley School District RE-1J
Longmont, Colorado**

**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**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Vrain Valley School District RE-1J (District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 30, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Twin Peaks Charter Academy, Flagstaff Academy, Carbon Valley Academy, Imagine Charter School at Firestone, and St. Vrain Community Montessori School were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 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,

**Board of Education
St. Vrain Valley School District RE-1J**

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.


Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated October 1, 2010.

This report is intended solely for the information and use of the Board of Education, the finance and audit committee, management, others within the organization, 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.

October 30, 2010


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Board of Education
St. Vrain Valley School District RE-1J
Longmont, Colorado

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

Compliance

We have audited St. Vrain Valley School District RE-1J's (District) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District'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. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District 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, 2010.

Board of Education
St. Vrain Valley School District RE-1J
Longmont, Colorado

Internal Control Over Compliance

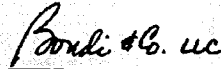
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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 the Board of Education, the finance and audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

October 30, 2010


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ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditors' report issued on compliance for major programs:	Unqualified
---	-------------

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
---	------------------------------	--

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	SPECIAL EDUCATION--GRANTS TO STATES (IDEA, Part B)
84.173	SPECIAL EDUCATION--PRESCHOOL GRANTS (IDEA Preschool)
84.391	SPECIAL EDUCATION--GRANTS TO STATES (IDEA, Part B), RECOVERY ACT
84.392	SPECIAL EDUCATION--PRESCHOOL GRANTS (IDEA Preschool), RECOVERY ACT
84.010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (Title I, Part A of the ESEA)
84.389	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2010

Section I - Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$520,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2010

Section II - Financial Statement Findings

There were no findings relating to the District's financial statements for the year ended June 30, 2010.



ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2010

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2010.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2010

Section IV – Prior Year Findings

Finding 09-01: CFDA 84.027, 84.173 Special Education Cluster, U.S. Department of Education, Passed through Colorado Department of Education

Award Year: July 1, 2008 through June 30, 2009

Award Number: N/A

Criteria or Specific Requirement: OMB Circular A-87, Attachment B, Section 8(h), requires District employees complete time and effort activity reports documenting the actual activity of each employee working on the Special Education program, and accounting for the total activity for which each employee is compensated. Documentary support of employee time is required when employees work on:

- more than one federal award,
- a federal award and a non-federal award,
- an indirect cost activity and a direct cost activity
- two or more indirect activities which are allocated using different allocation bases, or
- an unallowable activity and a direct or indirect cost activity.

Time and effort activity reports must be completed at least monthly and are to be signed by the employee.

Condition: Employees that did not have 100% of their time allocated to Federal Special Education activity did not prepare time and effort sheets during the fiscal year.

Questioned Costs: Unknown

Context: Approximately 95% of expenditures of the Special Education program are payroll transactions. We reviewed a selection of employees that worked on the program during the fiscal year, and noted time and effort sheets were not maintained by the District to support the time spent on the program for any of the payroll transactions tested.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2010

Section IV – Prior Year Findings (Continued)

Effect: The District is not in compliance with requirements for maintaining documentation of employee activity.

Cause: Employees were not required by their superiors to document their actual activity allocations.

Views of Responsible Officials and Planned Corrective Action: Jackie Whittington, Executive Director of Student Services
Student services has developed a document which employees will use to record their time and effort in the Special Education grant program. The completed reports will be submitted monthly to the Student Services for review and filing. The corrective action plan will be implemented on November 16, 2009.

Auditors' Comment: The District has obtained time and effort certifications for all employees charging less than 100% of their time to the grant. This issue has been resolved.

ST. VRAIN VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct award from the Federal Government			
Safe and Drug-Free Schools and Communities - National Programs	84.184	5184	\$ 81,916
Advanced Placement Program	84.330	5330	169,145
Passed Through State Department of Education			
Adult Education Basic Grants to States	84.002	5002, 6002	\$ 207,737
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)	84.010	4010, 5010, 6010	2,439,054
Migrant Education - State Grant Program (Title I, Part C of ESEA)	84.011	4011	121,717
Special Education - Grant to States (IDEA, Part B)	84.027	4027, 5027	3,442,997
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	5126	301,786
Special Education - Preschool Grants, (IDEA Preschool)	84.173	4173	74,270
Safe and Drug-Free Schools and Communities - State Grants (Title IV, Part A, Subpart 1 of ESEA)	84.186	4186	55,103
Education for Homeless Children and Youth	84.196	5196	23,141
Charter Schools	84.282	5282, 6282	647,401
Education Technology State Grants	84.318	4318, 5318	24,087
English Language Acquisition Grants	84.365	4365, 7365	369,836
Improving Teacher Quality State Grants	84.367	4367	654,455
School Improvement Grants	84.377	5377	101,510
Education Technology State Grants, Recovery Act	84.386	4386	58,167
Title I Grants to Local Education Agencies, Recovery Act	84.389	4389	880,191
Special Education- Grant to States (IDEA, Part B), Recovery Act	84.391	4391, 8391	3,313,649
Special Education - Preschool Grants, (IDEA Preschool), Recovery Act	84.392	4392	26,586
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	6397	11,061
Passed Through State Community College System			
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	4048	116,112
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>13,109,921</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education			
National School Lunch Program (NSLP)	10.555	4555	3,165,639
School Breakfast Program (SBP)	10.553	4553	395,920
Summer Food Service Program for Children (SFSPC)	10.559	4559	121,811
Passed Through State Department of Human Services			
Non-Cash Assistance (Commodities)			
National School Lunch Program (NSLP)	10.555	4555	410,376
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>4,093,746</u>
U.S. DEPARTMENT OF LABOR			
Passed through the Denver Metro Chamber			
WIA Pilots, Demonstrations, and Research Projects	17.261	7261	42,710
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Colorado Department of Transportation			
Highway Planning and Construction (Federal Aid Highway Program)	20.205	7205	80,924
TOTAL			<u>\$ 17,327,301</u>

See the notes to the schedule of expenditures of federal awards.

ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2010

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards, which includes the federal grant activity of the St. Vrain Valley School District RE-1J (District), is presented on the modified accrual basis of accounting, except for the U.S. Department of Education grants, which are presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget 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 District's financial statements for the year ended June 30, 2010.

NOTE 2: NON-CASH

The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The commodities are recognized as expenditures when used by the schools. The majority of the commodities are stored at the individual schools, instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as deferred revenue.



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**Board of Education
St. Vrain Valley School District RE-1J
Longmont, Colorado**

**Independent Auditors' Report on
Electronic Financial Data Integrity Check Figures**

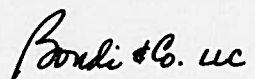
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Vrain Valley School District RE-1J (District), as of and for the year ended June 30, 2010, and have issued our report, thereon, dated October 30, 2010. Our report was modified to include a reference to other auditors. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit and the reports of other auditors.

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

Our audit was made for the purpose of forming opinions on the financial statements taken as a whole. The accompanying *Schedule of Electronic Financial Data Integrity Check Figures* is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The results of our tests indicate that, with respect to the items tested, the District appears to have complied, in all material respects, with the provisions of the *Financial Policies and Procedures Manual* for State of Colorado Public School Districts.

December 10, 2010


BONDI & Co. LLC



cde Colorado Department of Education

Automated Data Exchange View Report

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Colorado Department of Education
Fiscal Year 2009-2010
Colorado School District/BOCES
Auditor's Integrity Report

BOULDER ST VRAIN VA
District

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 (688) Ending Fund Balance
-----	-----	-----	-----	-----
Governmental				
10 General Fund	29,511,960	181,196,392	175,345,936	35,362,416
18 Risk Mgmt Sub-Fund of General Fund	5,828,420	2,545,271	1,925,129	6,448,562
19 Colorado Preschool Program Fund	374,330	1,042,644	879,770	537,204
Subtotal	35,714,710	184,784,306	178,150,835	42,348,182
11 Charter School Fund	4,064,982	15,933,069	15,101,534	4,896,517
20,26-29 Special Revenue Fund	5,197,265	4,262,285	3,808,070	5,651,480
21 Capital Reserve Spec Revenue Fund	3,080,656	5,766,047	4,131,484	4,715,219
22 Govt Designated-Purpose Grants Fund	0	14,195,044	14,133,099	61,945
23 Pupil Activity Special Revenue Fund	2,306,168	6,468,103	5,738,793	3,035,478
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	30,801,518	32,970,362	30,880,926	32,890,953
41 Building Fund	111,137,064	87,129,769	39,289,294	158,977,539
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
TOTALS	192,302,363	351,508,986	291,234,034	252,577,315
Proprietary				
51 Food Service Fund	1,551,732	8,636,483	8,113,847	2,074,368
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	1,551,732	8,636,483	8,113,847	2,074,368
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	218,457	57,154	68,910	206,701
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	1,068,474	-836,917	161,869	69,688
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	-508,340	2,113,204	3,341,665	-1,736,801
TOTALS	778,591	1,333,441	3,572,444	-1,460,411

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

From submitted data file: fd0470.08a Program: fdrdh.sqr File: fd0470.dha FINAL

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*The community
is the foundation of our school system.
Working together
we can give our children expanded opportunities
in safe, high performing 21st century schools.*

Don Haddad, Superintendent

