



Building Bright Futures

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2005



*Our Mission:
To provide a quality education
that prepares all children
for a successful future.*

**Jefferson County School District, No. R-1
Jefferson County, Colorado**

Jefferson County School District No. R-1
Jefferson County, Colorado



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

Presented to the Board of Education

2004 - 2005 Board Members

Jane Barnes, President

Vince Chowdhury, First Vice President

Debra Oberbeck, Second Vice President

Stephen Dixon, Secretary

Hereford Percy, Treasurer

Superintendent

Cynthia Stevenson

Prepared by the Financial Services Division

Lorie Gillis, Chief Financial Officer

Kathleen Askelson, Director of Accounting

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Jefferson County School District, No. R-1
Comprehensive Annual Financial Report

June 30, 2005

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Building Bright Futures

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October 21, 2005

Members of the Board of Education
Cynthia Stevenson, Superintendent of Schools
Jefferson County School District, No. R-1
1829 Denver West Drive, Building 27
Golden, CO 80401

Ladies and Gentlemen:

The Comprehensive Annual Financial Report for the Jefferson County School District (the District) as of and for the fiscal year ended June 30, 2005, is submitted herewith. The responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the management of the District.

This report was prepared by Financial Services and to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the various funds of the District. Readers of this report are encouraged to consider the information presented here in conjunction with additional information presented in management's discussion and analysis found on pages 16-27 of this report. All disclosures necessary to enable the reader to gain an understanding of the financial activities for the fiscal year ended June 30, 2005 have been included.

The report is comprised of four major categories:

Introductory section

This section contains this letter of transmittal that summarizes the fiscal and the Strategic Plan of the District, an organization overview, and a list of principal officers.

Financial section

This section contains the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements, Notes to the Basic Financial Statements, and Supplemental Information, which includes financial statements by fund type. The Basic Financial Statements, together with the independent auditors' report, Management's Discussion and Analysis and the Notes to the Basic Financial Statements are designed to provide a financial overview; the Supplemental Information provides more detailed financial information on a fund-by-fund basis.

Statistical section

This section includes selected financial and demographic information, generally presented on a multi-year basis.

Single audit section

This section is presented in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

The District's background and services

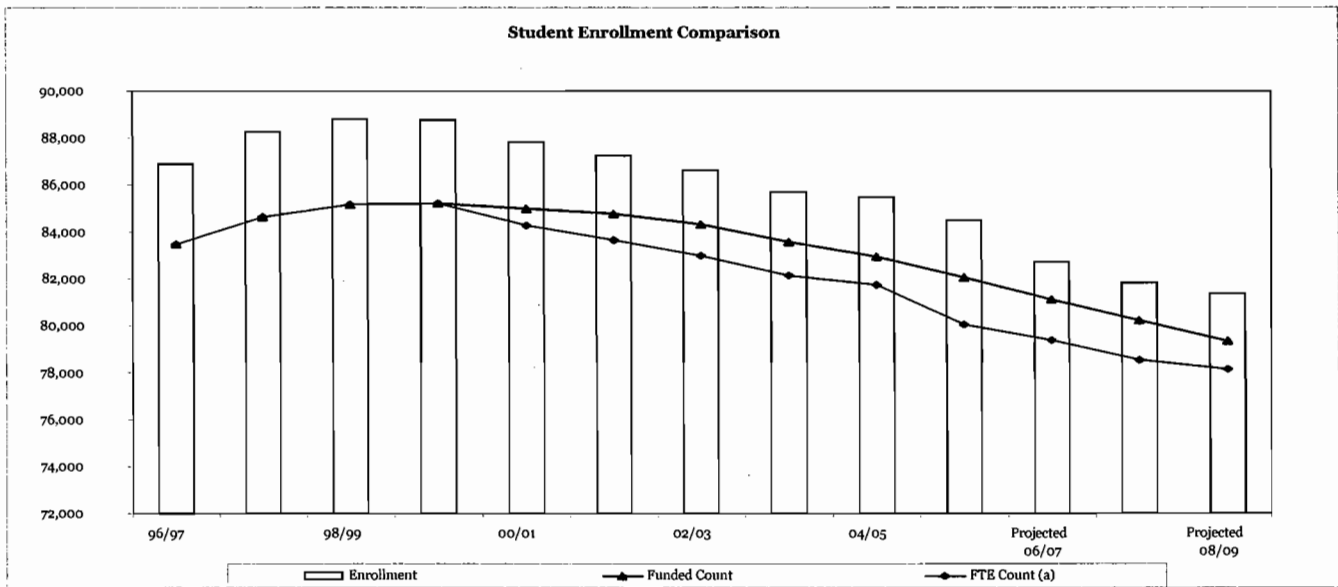
The District was formed in 1950 when 39 independent districts were consolidated into a countywide district encompassing the 785 square miles of Jefferson County, Colorado. The District operates under an elected five member Board of Education.

The District provides a full range of educational programs and services authorized by Colorado State statute to approximately 85,478 students. District programs and services include basic K-12 education in elementary, middle, high schools, option schools, special education, vocational education and numerous other programs. The District is a legally separate financial entity and is not included in any other entity's financial reports. There are eleven charter schools within the District that are legally separate entities. The charter schools are funded based on the Colorado Department of Education stated per pupil revenue. This revenue is directly allocated to each charter school. The Charter schools are disclosed as component units of the District.

Economic conditions and outlook

The outlook for the nation's economy has not substantially changed from 2004 to 2005. Consumer spending grew 3.4 percent in 2004 and is expected to grow to 3.5 percent in 2005. Inflation has also been moderate with a 2.7 percent increase in 2004 and an anticipated increase of 3.0 percent in 2005. The unemployment rate was 5.5 percent for 2004 and forecasted to drop to 5.1 percent in 2005. The Colorado economy continues to mirror the national trends with moderate growth. In 2004, Colorado added 27,600 jobs (1.3 percent growth) and is expected to add 2.3 percent new jobs in 2005 and 2.6 percent new jobs in 2006. Housing permits dropped from a 15.6 percent increase in 2004 to a 6.7 percent decrease in 2005, due to housing inventories and increased interest rates. The Denver-Boulder-Greeley consumer price index remained flat with a .1 percent increase in 2004 and is expected to increase 1.7 percent in 2005. The national and state economic recovery continues to be at risk from natural disasters and acts of terrorism. The District has been impacted directly with increased costs for construction, fuel and natural gas in the wakes of hurricanes Katrina and Rita. Events of this nature and their long range impacts are difficult to forecast.

The District has been experiencing declining enrollment since the school year 2000/2001. Funded pupil count is projected to decline by approximately 900 students in fiscal 2005/2006 from the prior year. The decrease in enrollment will result in a decrease in funding of \$5.4 million. Based on current county demographics, declining enrollment will continue for the next four years. The student count is not conducted until October 1 of each year. Per state statute, the budget may be adjusted until October 15 of each year to take into account the October count.



| School Year | Actual | | | | | | | | | Projected | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|--------|--------|--------|
| | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | 01/02 | 02/03 | 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 |
| Enrollment | 86,868 | 88,269 | 88,793 | 88,763 | 87,832 | 87,240 | 86,613 | 85,700 | 85,478 | 84,500 | 82,690 | 81,805 | 81,375 |
| FTE Count (a) | 83,463 | 84,609 | 85,141 | 85,206 | 84,287 | 83,660 | 82,981 | 82,134 | 81,719 | 80,059 | 79,382 | 78,533 | 78,120 |
| Funded Count | 83,463 | 84,609 | 85,141 | 85,206 | 84,993 | 84,747 | 84,321 | 83,572 | 82,930 | 82,030 | 81,131 | 80,230 | 79,331 |
| Change in Funded Count | | | | | | | | | | (900) | | | |

(a) In fiscal year 2003/2004, the calculation for averaging of funded students changed. Preschool pupils had been included in the average in prior years. Beginning in 2003/2004, preschool pupils are not included in the FTE counts therefore lowering the average for future year funded counts.

Notes:

Enrollment – Total students receiving services.

FTE Count – Calculation of total students with kindergarten and part-time students counted as one-half pupil.

Funded Count – Calculation of the FTE count based upon the higher of actual FTE count or the averages of two, three or four years.

The 1999 mill levy override approved by the voters provided the District an additional \$35.8 million annually. Although CSAP scores continue to improve for the District, the increase has not been enough to achieve the total voter approval override of \$45 million. There is no increase in funding anticipated in the 2005/2006 school year from this override.

On November 2, 2004, Jefferson County voters approved a mill levy override of \$38.5 million and a bond (debt) increase of \$323.8 million. The District will use the mill levy increases to maintain the high quality educational programs provided to each child. This includes decreasing class sizes in grades one through six, restoring safety programs and developing programs to meet new college requirements. The bond funds will be used to replace some older school buildings as well as complete other much needed capital improvements.

The budget issues affecting the State have potential to impact Colorado school districts, K-12 education amounts to 42 percent of the States overall budget. The State is limited by TABOR requirements that conflict with commitments with Amendment 23 which requires the State to fund public education at inflation plus 1.0 percent. The passage of Amendments C and D in fall 2005 would enable the State to continue to fulfill its funding requirements to school districts.

Major initiatives

Strategic plan

In 1998, Jeffco Schools adopted a strategic plan to define the mission of the District, support the Board of Education's ends policies, establish goals and objectives and provide measurable indicators. Each year, as part of the ongoing strategic planning process, the Strategic Planning Advisory Council meets to advise the District on setting priorities, allocating district funds and help with the strategic planning process. The Strategic Plan is designed to ensure that all members of the Jeffco team focus their work and resources in support of the Strategic Plan and core mission of the District.

The mission of Jeffco Schools is: To provide a quality education that prepares all children for a successful future;

With two goals;

- All students will graduate with meaningful choices for their future as a result of the quality instruction and rigorous curricula in Jeffco Schools.
- All employees will be efficient, welcoming, customer-oriented, and accountable for a high performing organization to ensure that all students graduate with meaningful choices.

The strategic plan has twelve objectives aligned under the Board of Education's adopted Ends Policies. All goals, objectives and Ends Policies ultimately focus on the District's mission.

Fiscal management and strategic policies

The District has adopted a conservative approach for long-range planning to improve the financial condition of the District. The following are the key components of this plan:

- The budget cycle for each budget year will begin in the spring to ensure adequate time for input and any program adjustments due to projected revenue increases or decreases.
- The District's annual budget is projected for the next four years to enable long-range planning, identify and correct possible issues and ensure fiscal responsibility.
- The District is continuing to support the internal audit department to provide site evaluations of accounting and internal control processes.
- An independent citizens Financial Oversight Committee meets to review District financial management practices, activities, make recommendations and report to the Board of Education.
- Quarterly financial reports are a Board of Education workshop agenda item requiring their approval. The reports are designed to meet the Colorado Revised Statute 22-45-102 requirements.
- All District financial policies are reviewed annually.
- Monthly budget reports to provide trend data to ensure District spending is monitored and within appropriated levels.

Budget development process

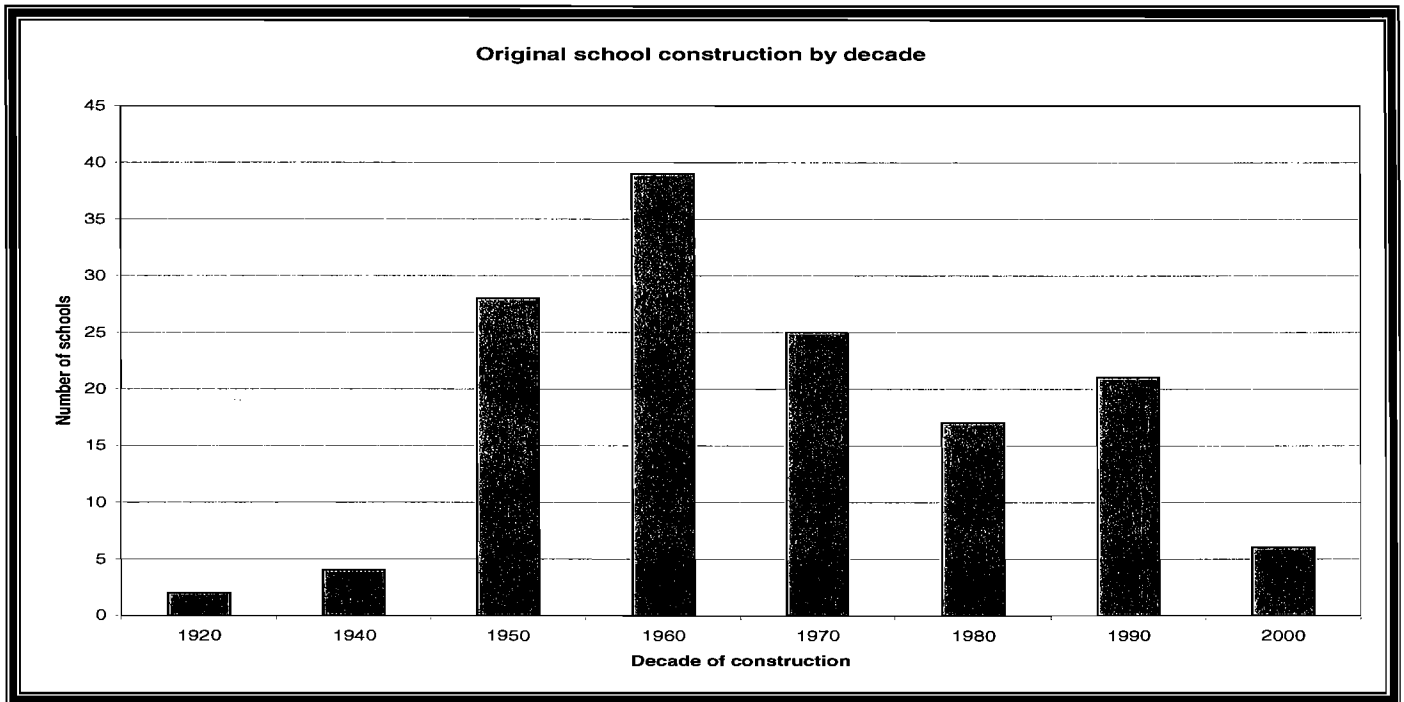
A community budget process was utilized in the development of the 2005/2006 budget. This thorough process was designed in response to the District's need for careful consideration of approved budget increases and recommended reductions. Budget workgroups, comprised of staff, employee association representatives, business community members and citizens, met in the summer of 2004 to research and report on potential spending reductions. Budget workgroups completed their reports and recommendations and submitted the results to the District's cabinet. For the 2006/2007 budgeting process, the District is implementing a new process for building the budget. This new process called Budgeting for Results will ensure funds are budgeted in a manner that supports the District's commitment to student achievement. The process will align resources with programs that make a difference in student achievement.

Student achievement

The District's focus on student achievement includes meeting the goals defined within three different accountability systems. The State Accreditation system is administered by the Colorado Department of Education. The accreditation process is a comprehensive system which reviews many performance indicators in schools, including academic achievement for all students in all curriculum areas. The School Accountability Report (SAR) system is also administered by the Colorado Department of Education. The SARs are a system of providing a single rating of schools based on student performance from the Colorado Student Assessment Program (CSAP) test scores. Each school receives a rating of "Excellent", "High", "Average", "Low" or "Unsatisfactory". The Federal Government mandated the No Child Left Behind (NCLB) act which requires states to set student achievement target goals for all public schools, also known as Adequate Yearly Progress. The goal is for 100 percent student proficiency in reading and math by the year 2013/2014. Colorado utilizes CSAP math and reading scores and participation to measure the progress of subgroups toward the targets.

Capital improvement program

The physical infrastructure is integral to the core mission of Jeffco Public Schools. The capital improvement program includes funding cycles, planning, design, construction and operation of assets. This process extends over multiple years to multiple decades and is measured in the context of long-term life-cycle management. The process of identifying, planning, designing, and constructing a new school requires approximately six years. Once constructed, a facility has a serviceable life of at least 40 years. The chart below shows the original construction date by decade of the District's schools (this does not include charter schools).



Bond and capital reserve proceeds and distribution

Since 1992, the District's policy for capital improvement funding has been that all capital improvement projects with an estimated useful life in excess of 20 years are financed through the use of general obligation bonds. Those projects include construction of new facilities, additions to existing facilities, major renovations, replacement of heating/ventilating, electrical and plumbing systems. All capital improvements with an estimated useful life of less than 20 years are financed from the capital reserve fund. Projects in this category include improvement or replacement of roofs, floor coverings, parking lots, tennis courts, site work and minor remodeling. This process was successfully used for the 1992-1997 capital improvement program. In November 1997, voters approved a \$265 million bond issue to construct and improve district facilities accounting for over 1,000 projects. At the end of 2002/2003 the bond proceeds were expended. With the successful passage of the voter-approved bond election on November 2, 2004, Jeffco schools has finished its first year of the 2005-2010 capital construction program. Cycle one projects were started in early 2005 and are well under way. Cycle two projects started in early spring 2005 and are also proceeding as scheduled. The Capital Improvement Program Oversight Committee is made up of independent citizens with experience in the construction industry. The committee provides guidance and advice to the District and the Board of Education on the management of the program.

Financial information

District management is responsible for establishing and maintaining internal controls designed to ensure the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single audit - As a recipient of federal and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by District management.

As a part of the District's single audit, tests are made to determine the adequacy of internal controls, including that portion related to federal award programs, as well as to determine that the government has complied with applicable laws, regulations, contracts and grants. The results of the District's single audit for the fiscal year ended June 30, 2005 provided no instances of material weaknesses or reportable conditions in internal controls or material violations of applicable laws, regulations, contracts and grants.

Budgeting controls - In addition, the District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. Activities of all funds are included in this report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and are generally re-established in the following year as an obligation against that year's appropriated budget. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The management's discussion and analysis found on pages 16-27 of this document highlight financial information.

Accounting policies - Detailed descriptions of the District's accounting policies are contained in the Notes to the Basic Financial Statements on pages 48-69, 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.

Independent audit

Under provisions of Article 29-1-603, Colorado Revised Statutes, 1973, an independent public accounting firm must perform an annual audit of the District's accounts. The accounting firm of Clifton Gunderson LLP was appointed by the Board of Education to perform the June 30, 2005 fiscal year audit. The independent auditors' report on the Basic Financial Statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Single Audit Section.

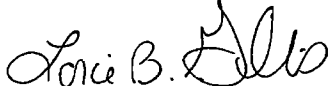
Recognition for financial reporting


The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Jefferson County School District, No. R-1, for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the twenty-second consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

We would like to thank Superintendent Cynthia Stevenson and the Board of Education for their interest and support in planning and conducting the financial operations of the Jefferson County School District in a responsible and professional manner. We would also like to express our appreciation to the District's independent auditors, Clifton Gunderson LLP, for the professional manner in which they have accomplished the audit.

Respectfully submitted,


Lorie Gillis
Chief Financial Officer


Kathleen Askelson
Director of Accounting



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jefferson County
School District No. R-1,
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



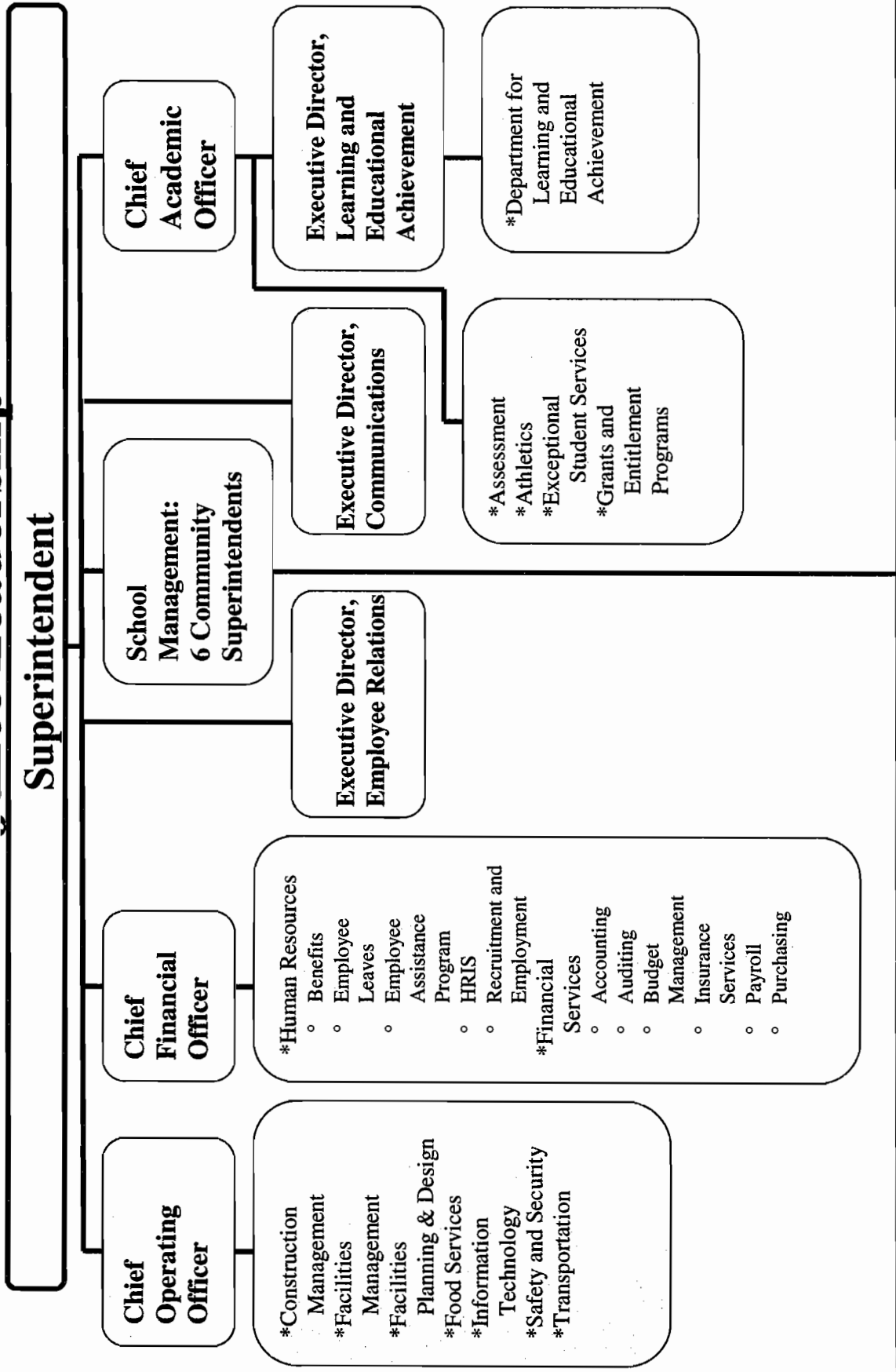
Nancy L. Ziehl

President

Jeffrey R. Emmer

Executive Director

Jeffco Leadership



Principals, Schools, and Communities

Superintendent's Cabinet

Cynthia Stevenson Superintendent

Helen Neal Manager

Sherida Peterson Chief Academic Officer

Ken Hoover Chief Operating Officer

Lorie Gillis Chief Financial Officer

Rick Kaufman Executive Director - Communications

Chrysann McBride Executive Director – Instructional Services

Marcia Anker Community Superintendent

George Diedrich Community Superintendent

Irene Griego Community Superintendent

Peg Kastberg Community Superintendent

Rick Myles Community Superintendent

Pat Olive..... Community Superintendent

Jean Kelley Principal, West Jefferson Middle School



Independent Auditor's Report

The Board of Education
Jefferson County School District No. R-1
Jefferson County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District No. R-1 as of and for the year ended June 30, 2005, which collectively comprise Jefferson County School District No. R-1's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jefferson County School District No. R-1's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District No. R-1 as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund 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 21, 2005 on our consideration of Jefferson County School District No. R-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 16 through 27 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County School District No. R-1's basic financial statements. The combining and individual fund financial statements and schedules and the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures listed in the table of contents are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

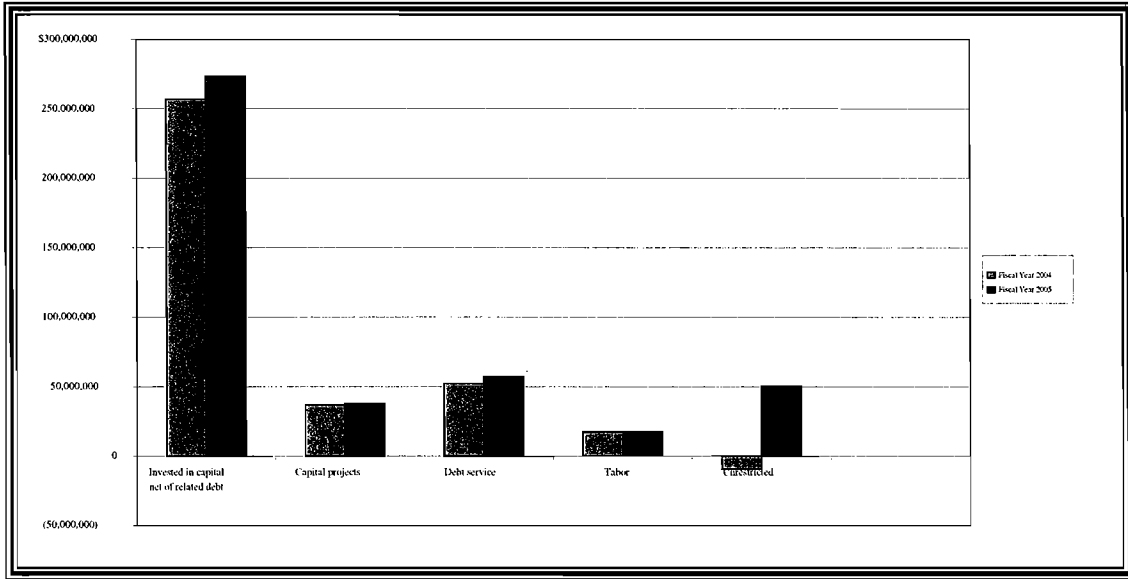
Clifton Henderson LLP

Greenwood Village, Colorado
October 21, 2005

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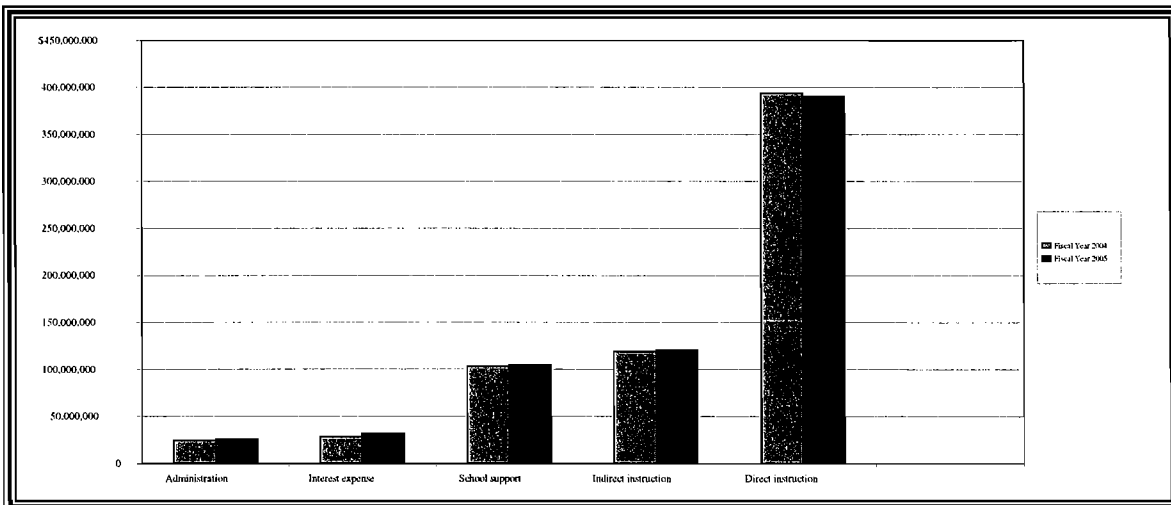
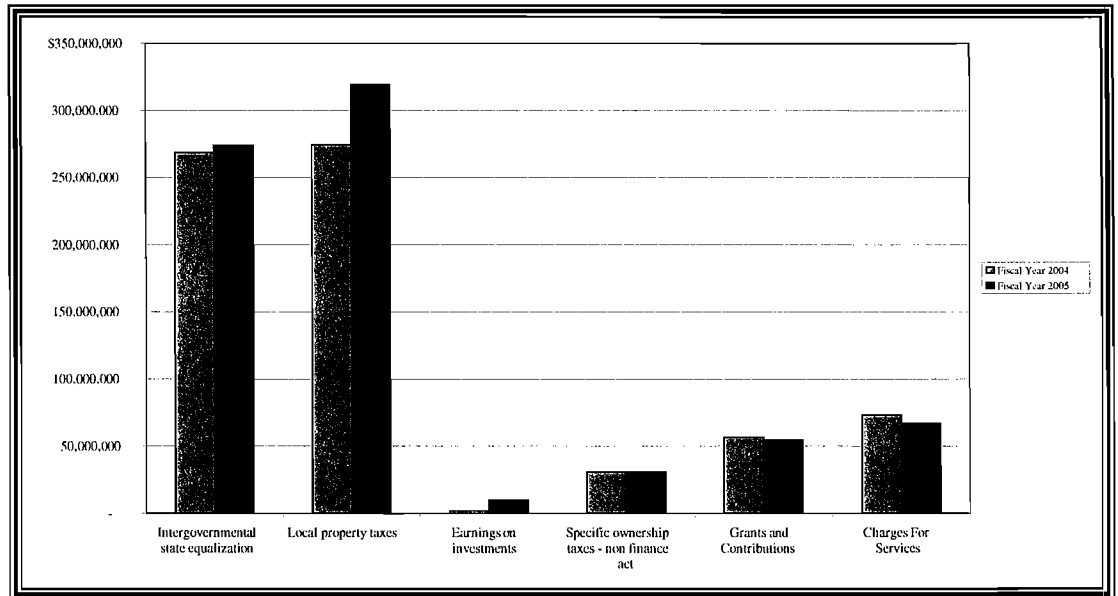
Management's Discussion and Analysis

**Jefferson County School District, No. R-1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2005**



Primary Government Government-wide Net Assets:
Increased \$83 million over prior year.

Primary Government Government-wide Revenues:
Increased \$48.9 million over prior year.



Primary Government Government-wide Expenses:
Increased \$2.6 million over prior year.

Jefferson County School District, No. R-1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2005

As management of the Jefferson County School District, No. R-1, Jefferson County, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the primary government for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 1-5.

Financial highlights

- The government-wide current assets increased \$329 million over the prior year. Investments increased \$264 million from the issuance of voter approved bonds for the six year capital construction program. Equity in pooled cash increased \$67 million from the prior year, \$36.9 million was received from the voter approved mill levy override.
- Construction in progress decreased \$94.5 million as completed construction projects were moved to the depreciable asset base.
- Government-wide current liabilities increased \$5.9 million over the prior year. Accounts payable increased with the new activity of the six year capital construction program in the Building Fund – Capital Projects.
- The District's noncurrent liabilities in the government-wide statement increased \$235 million from the prior year. This increase reflects the new liability of \$257 million of bonds issued in December 2004 netted with refundings and principal payments on previously existing debt.
- Government-wide net assets increased \$83 million from year 2004. The unrestricted portion of net assets increased \$58 million from the prior year, largely due to the mill levy override.
- Government-wide revenues increased \$48.9 million over the prior year. Property taxes increased \$44.5 million, Intergovernmental state equalization increased \$5 million and interest earnings increased \$7.9 million.
- Government-wide expenses increased \$2.6 million from the prior year due to an increase in depreciation on capital assets. The large transfer of assets from construction in progress assets to depreciable assets increased depreciation \$4 million.
- The \$324 million in net change fund balance for the District's governmental funds is due to the combination of the increase in property tax revenue and issuance of the 2004 bonds.

The District's financial position remained positive during fiscal 2005 as reflected by Standard & Poor's rating of AA- with a stable outlook and Moody's rating of A1.

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 30-69 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves on pages 74-97.

**Jefferson County School District, No. R-1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2005**

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 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 period.

The government-wide financial statements consolidate governmental and internal service activities that are supported from taxes and intergovernmental revenues and business-type activities that are intended to recover all or most of their costs from user fees and charges. Governmental activities consolidate governmental funds including the general fund, debt service, capital reserve capital projects fund, building fund capital projects and special revenue funds with internal services funds including the employee benefits fund, the risk management fund and the technology fund. Business-type activities consolidate funds that include the food service fund, the child care fund and property management fund.

The government-wide financial statements also include information on component units that are legally separate from the District (known as the primary government). At the close of the current fiscal year, the District has included information for two component units, the Jefferson County School Finance Corporation and Charter Schools.

The only activity of the District's Finance Corporation is to act as a conduit for the transfer of funds relating to the issuance and refunding of certificates of participation. The Corporation has no assets or liabilities at June 30, 2005, and therefore has no financial impact on the District. Financial information for the Charter Schools is presented separately from the primary government because the Charter Schools are financially accountable to the District and provide services to the District's students.

The government-wide financial statements can be found on pages 30-31.

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 objectives. Fund financial statements for the District include two of the three possible fund types. The fund types presented here are governmental funds and proprietary funds. The District currently does not use fiduciary fund types.

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 six different governmental funds. The major funds are the general fund, the capital reserve capital projects fund, the building fund capital projects and the bond redemption debt service fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled other governmental funds. Individual fund information for the non-major funds is presented as other supplemental information 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 fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information.

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The basic governmental fund financial statements can be found on pages 32-39.

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

The enterprise funds (Food Service Fund, Child Care Fund, and Property Management Fund) are listed individually and are considered to be major funds. Individual internal service fund information is presented as other supplemental information in this document. The District's internal service funds are the Central Services Fund, the Employee Benefits Fund, the Insurance Reserve Fund, the Fleet Maintenance Fund, the Technology Fund, the Utility Revolving Fund and Other Internal Services Fund.

The basic proprietary fund financial statements are presented on pages 40-45.

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 48-69 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental and internal service funds. Combining and individual fund statements and schedules can be found on pages 74-87 of this report.

Government-wide financial analysis

Government-wide net assets

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. A large portion of the current assets are the result of the property tax collection process; the District receives almost 60 percent of the annual property tax assessment in May and June. The investments from the bond issuance for the capital construction program of \$265 million account for 49 percent of the current assets.

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenue, interest payable, estimates for claims and premiums, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal 2006. Long-term liabilities such as long-term debt obligations, early retirement benefits and compensated absences will be liquidated from resources that will become available after fiscal 2006.

The assets of the primary government activities exceed liabilities by \$436 million with an unrestricted net asset balance of \$50 million.

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A net investment of \$273 million in land, buildings, equipment, and vehicles, net of debt, to provide the services to the District's 85,478 public school students represents 63 percent of the District's net assets. The capital projects net assets of \$38 million are restricted for construction projects. Debt service net assets of \$57 million have been accumulated due to voter approved bonded debt mill levy assessments have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The legally required TABOR reserve has also been restricted.

The \$61 million of accrued salaries as of June 30 includes \$55 million of earned but unpaid salaries associated with teacher contracts for the 2005 school year requiring resources from fiscal 2006 to liquidate.

**Comparative Summary of Net Assets
As of June 30, 2004 and 2005**

| | June 30, 2004 | | | June 30, 2005 | | |
|--|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Government Wide | Governmental Activities | Business-type Activities | Government Wide |
| Assets: | | | | | | |
| Total current assets | \$ 210,474,476 | \$ 5,409,103 | \$ 215,883,579 | \$ 537,550,657 | \$ 7,688,013 | \$ 545,238,670 |
| Capital assets: | | | | | | |
| Capital assets net of accumulated depreciation | <u>742,660,586</u> | <u>3,579,438</u> | <u>746,240,024</u> | <u>738,470,286</u> | <u>2,887,640</u> | <u>741,357,926</u> |
| Total assets | <u>\$ 953,135,062</u> | <u>\$ 8,988,541</u> | <u>\$ 962,123,603</u> | <u>\$ 1,276,020,943</u> | <u>\$ 10,575,653</u> | <u>\$ 1,286,596,596</u> |
| Liabilities: | | | | | | |
| Total current liabilities | \$ 143,954,148 | \$ 1,641,104 | \$ 145,595,252 | \$ 149,866,243 | \$ 1,680,122 | \$ 151,546,365 |
| Total noncurrent liabilities | <u>463,341,258</u> | <u>76,448</u> | <u>463,417,706</u> | <u>698,756,782</u> | <u>79,299</u> | <u>698,836,081</u> |
| Total liabilities | <u>607,295,406</u> | <u>1,717,552</u> | <u>609,012,958</u> | <u>848,623,025</u> | <u>1,759,421</u> | <u>850,382,446</u> |
| Net assets: | | | | | | |
| Invested in capital net of related debt | 253,475,823 | 3,399,394 | 256,875,217 | 270,489,848 | 2,887,640 | 273,377,488 |
| Restricted for: | | | | | | |
| Capital projects | 36,449,864 | - | 36,449,864 | 37,807,190 | - | 37,807,190 |
| Debt service | 51,075,203 | - | 51,075,203 | 57,407,112 | - | 57,407,112 |
| TABOR | 16,388,917 | 695,777 | 17,084,694 | 16,747,008 | 688,076 | 17,435,084 |
| Unrestricted | <u>(11,550,151)</u> | <u>3,175,818</u> | <u>(8,374,333)</u> | <u>44,946,760</u> | <u>5,240,516</u> | <u>50,187,276</u> |
| Total net assets | <u>345,839,656</u> | <u>7,270,989</u> | <u>353,110,645</u> | <u>427,397,918</u> | <u>8,816,232</u> | <u>436,214,150</u> |
| Total liabilities and net assets | <u>\$ 953,135,062</u> | <u>\$ 8,988,541</u> | <u>\$ 962,123,603</u> | <u>\$ 1,276,020,943</u> | <u>\$ 10,575,653</u> | <u>\$ 1,286,596,596</u> |

Investments in capital assets net of related debt for the District's governmental and business-type activities is computed as follows:

**Comparative Schedule of Capital Assets Net of Related Debt
As of June 30**

| | Fiscal Year 2004 | | Fiscal Year 2005 | |
|---|-------------------------|--------------------------|-------------------------|--------------------------|
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Capital assets, net of accumulated depreciation | \$ 742,660,586 | \$ 3,579,438 | \$ 738,470,286 | \$ 2,887,640 |
| Less: General obligation bonds | 478,352,086 | - | 717,762,295 | - |
| Certificates of participation | 9,409,751 | - | 9,603,750 | - |
| Capital leases | 1,422,926 | 180,045 | 763,744 | - |
| Add: Unspent proceeds from 2004 bonds | - | - | <u>260,149,351</u> | - |
| Invested in capital net of related debt | <u>\$ 253,475,823</u> | <u>\$ 3,399,394</u> | <u>\$ 270,489,848</u> | <u>\$ 2,887,640</u> |

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Government-wide activities

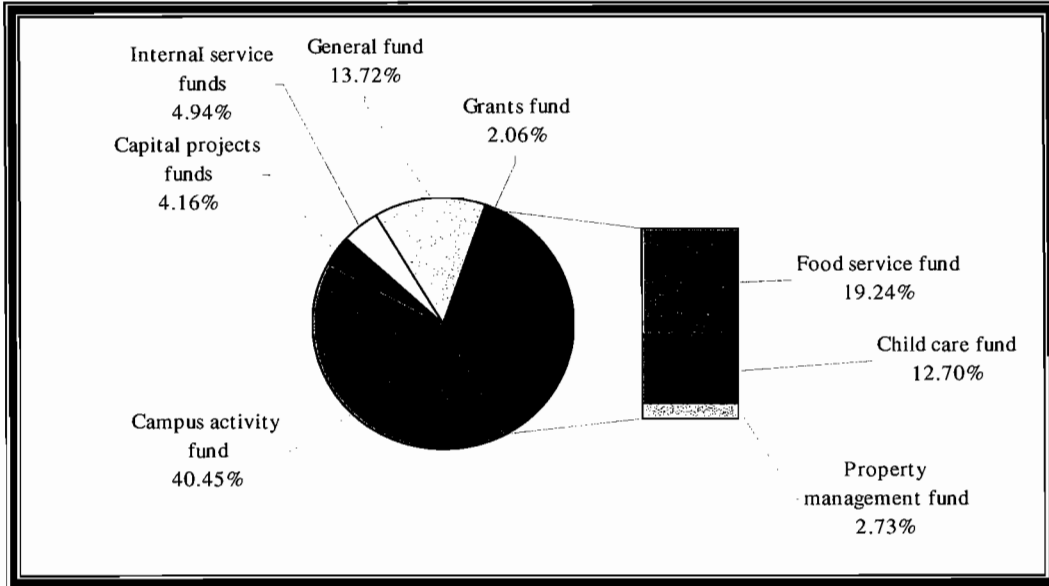
Government-wide activities increased the net assets of the District by \$83 million during the year ended June 30, 2005. Revenues increased \$48.9 million from the prior year; \$44.5 million in property tax, \$5 million in intergovernmental state equalization and \$7.9 in interest earnings.

Comparative Schedule of Changes in Net Assets
For the fiscal years ended June 30, 2004 and 2005

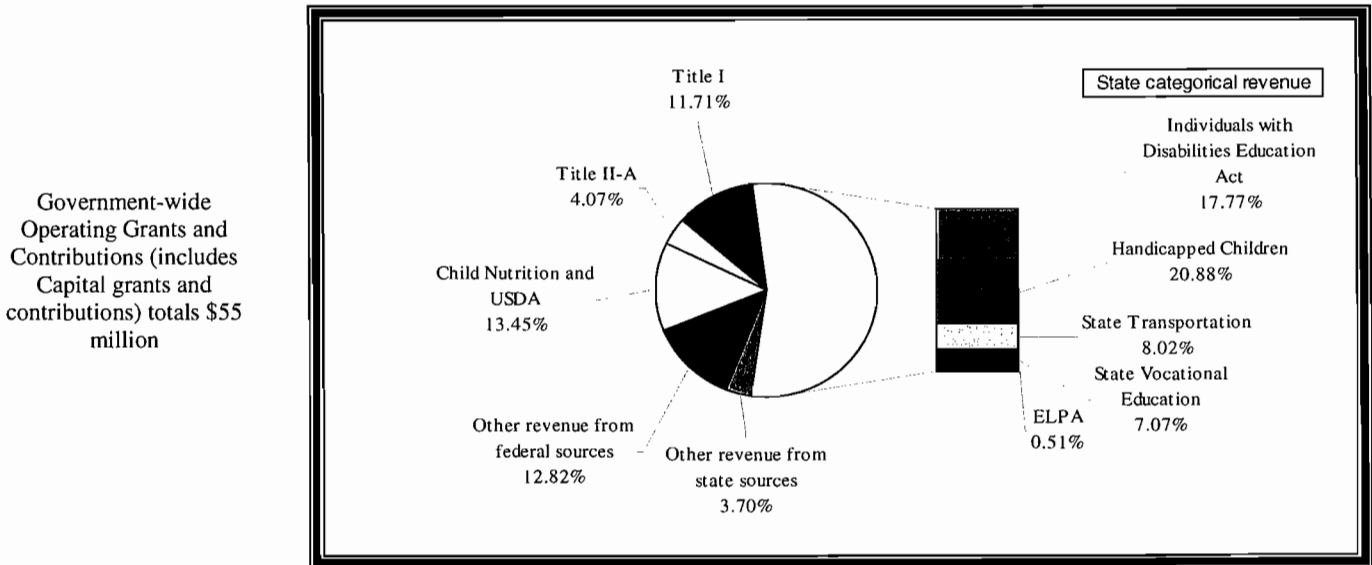
| | Fiscal Year 2004 | | | Fiscal Year 2005 | | |
|--|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Government Wide | Governmental Activities | Business-type Activities | Government Wide |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 50,024,525 | \$ 23,095,573 | \$ 73,120,098 | \$ 43,139,868 | \$ 22,891,139 | \$ 66,031,007 |
| Operating grants and contributions | 49,644,360 | 5,809,925 | 55,454,285 | 47,437,286 | 6,360,540 | 53,797,826 |
| Capital grants and contributions | - | 1,257,672 | 1,257,672 | - | 1,011,907 | 1,011,907 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Local property taxes | 274,625,109 | - | 274,625,109 | 319,150,542 | - | 319,150,542 |
| Specific ownership taxes | 30,794,472 | - | 30,794,472 | 30,817,445 | - | 30,817,445 |
| Intergovernmental state equalization | 268,567,509 | - | 268,567,509 | 273,963,074 | - | 273,963,074 |
| Earnings on investments | <u>2,023,751</u> | <u>2,016</u> | <u>2,025,767</u> | <u>9,924,454</u> | <u>44,723</u> | <u>9,969,177</u> |
| Total revenues | <u>675,679,726</u> | <u>30,165,186</u> | <u>705,844,912</u> | <u>724,432,669</u> | <u>30,308,309</u> | <u>754,740,978</u> |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| Direct instruction | 393,967,062 | - | 393,967,062 | 389,330,732 | - | 389,330,732 |
| Indirect instruction | 119,072,440 | - | 119,072,440 | 120,382,252 | - | 120,382,252 |
| Transportation | 16,503,065 | - | 16,503,065 | 17,269,372 | - | 17,269,372 |
| Custodial services | 22,871,857 | - | 22,871,857 | 23,354,067 | - | 23,354,067 |
| Field services | 19,278,349 | - | 19,278,349 | 18,665,080 | - | 18,665,080 |
| Telecommunications, networking and utilities | 15,351,982 | - | 15,351,982 | 16,500,402 | - | 16,500,402 |
| Support services | 17,279,408 | - | 17,279,408 | 18,753,372 | - | 18,753,372 |
| General administration | 2,146,565 | - | 2,146,565 | 2,859,645 | - | 2,859,645 |
| District-wide | 3,659,049 | - | 3,659,049 | 2,374,468 | - | 2,374,468 |
| Interest expense, unallocated | 28,086,956 | - | 28,086,956 | 31,651,073 | - | 31,651,073 |
| Food services | - | 19,804,428 | 19,804,428 | - | 19,130,176 | 19,130,176 |
| Child care | - | 9,691,422 | 9,691,422 | - | 9,899,843 | 9,899,843 |
| Property management | - | <u>1,307,756</u> | <u>1,307,756</u> | - | <u>1,466,991</u> | <u>1,466,991</u> |
| Total expenses | <u>638,216,733</u> | <u>30,803,606</u> | <u>669,020,339</u> | <u>641,140,463</u> | <u>30,497,010</u> | <u>671,637,473</u> |
| Increase (decrease) in net assets before transfers | <u>37,462,993</u> | <u>(638,420)</u> | <u>36,824,573</u> | <u>83,292,206</u> | <u>(188,701)</u> | <u>83,103,505</u> |
| Transfers | <u>(891,052)</u> | <u>891,052</u> | <u>-</u> | <u>(1,733,944)</u> | <u>1,733,944</u> | <u>-</u> |
| Increase in net assets | 36,571,941 | 252,632 | 36,824,573 | 81,558,262 | 1,545,243 | 83,103,505 |
| Net assets, July 1 | <u>309,267,715</u> | <u>7,018,357</u> | <u>316,286,072</u> | <u>345,839,656</u> | <u>7,270,989</u> | <u>353,110,645</u> |
| Net assets, June 30 | <u>\$ 345,839,656</u> | <u>\$ 7,270,989</u> | <u>\$ 353,110,645</u> | <u>\$ 427,397,918</u> | <u>\$ 8,816,232</u> | <u>\$ 436,214,150</u> |

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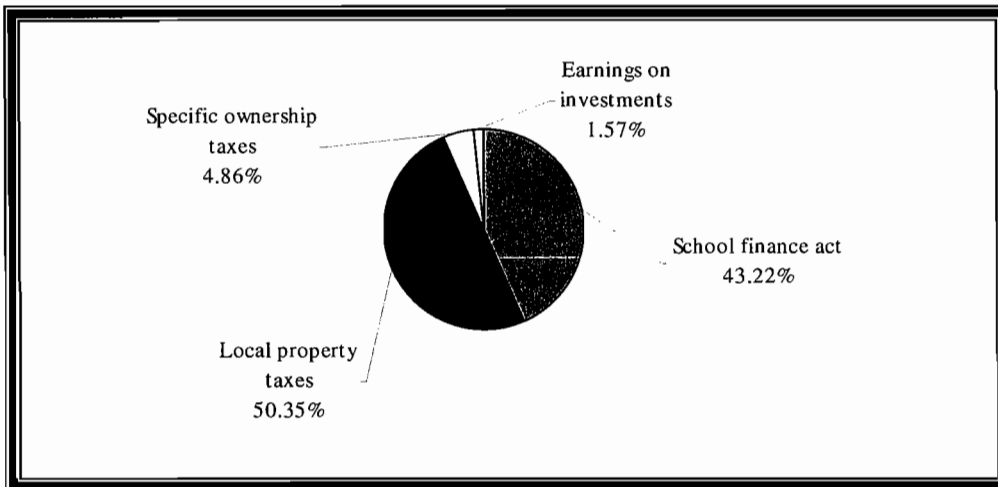
Analysis of Revenues



Government-wide
Charges for Services
totals
\$66 million



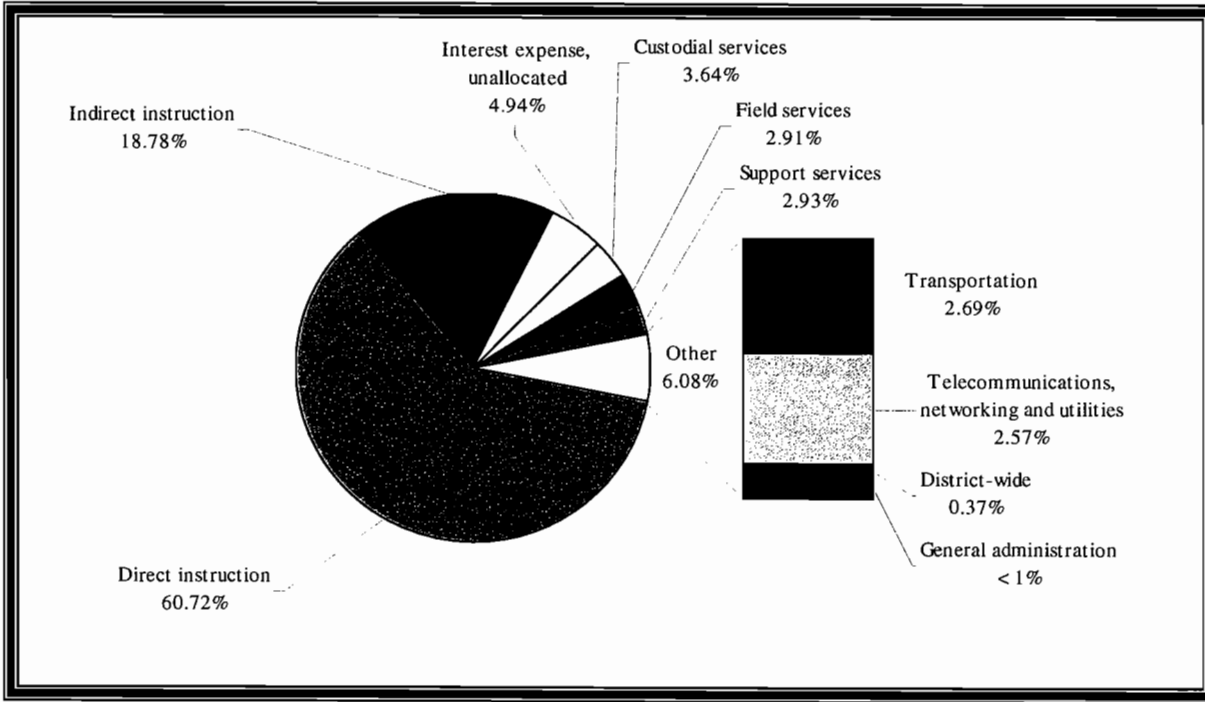
Government-wide
Operating Grants and
Contributions (includes
Capital grants and
contributions) totals \$55
million



Total general
revenues of
\$634 million

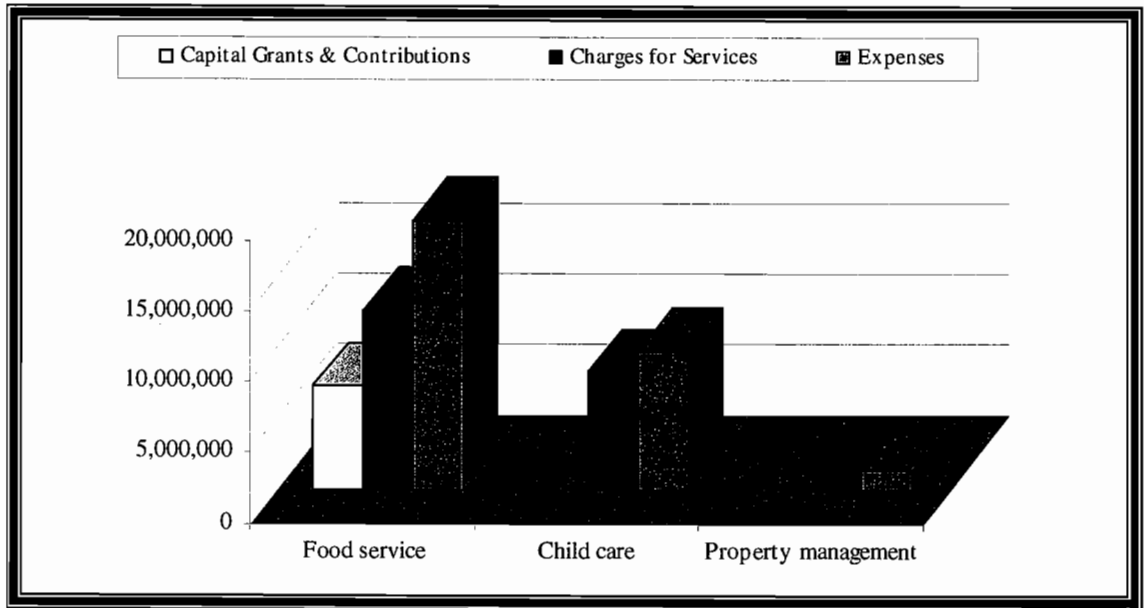
**Jefferson County School District, No. R-1
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Analysis of Expenditures



Governmental activities
Expenditures total
\$641 million

Business-type activities
Expenses and Program revenue



Jefferson County School District, No. R-1
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Proprietary funds

Governmental activities – Internal Service Funds for the District provide greater detail of the same information presented in the government – wide financial statements. Combining fund financial statements of the internal service funds can be found on pages 82-87 of this report. Following are highlights of activity in the District's internal service funds for fiscal year 2005.

- The central services fund increased net assets by \$3,534. The copier replacement program was impacted by the increase in the capital asset threshold thus lowering the net income for 2005 as compared to 2004. Rates and replacement schedules have been adjusted to coordinate with the new policy.
- The employee benefits fund increased net assets by \$787,409. This fund is operating as anticipated.
- The insurance reserve fund increased net assets by \$840,661. Claim settlements for the year were lower than planned due to timing.
- The fleet maintenance fund was closed at the end of 2005 and the activity moved to the general fund.
- The technology fund increased net assets by \$2,573,090, which are planned to be spent down in future years for technology initiatives.
- The utility revolving fund reported an increase in net assets of \$96,646. This fund will close in fiscal year 2006.
- The other internal services fund closed at the end of 2005 and the activity moved to the general fund.

The District's business-type activities increased net assets by \$1,545,243. Key elements that highlight the activities in fiscal year 2005 are as follows.

- The food services fund reported an increase in net assets in the amount of \$957,560. Federal reimbursement claims increased by \$550,615 compared to 2004. Purchased food expense decreased \$476,055 from the prior year.
- The child care fund reported an increase in net assets of \$240,365 at the end of the fiscal year. The fund is performing as planned.
- The property management fund increased net assets by \$347,318, lower than the prior year by \$641,255 due to reduced building rental revenues and increased administrative expenditures from retirements.

Financial analysis of the District's governmental funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with GAAP, the School Finance Act and other related legal requirements.

The governmental funds of the District provide information on near – term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unreserved fund balance, in particular, measures the District's net resources available for spending at the end of the fiscal year.

Unreserved fund balance for the District at the end of the fiscal year includes a combination of the unreserved balance for the general fund of \$22,912,895 and an unreserved fund balance of \$6,625,601 for other governmental funds.

The general fund is the primary operating fund of the District with the majority of funding based on School Finance Act per pupil revenue. Student enrollment decreased by 222 students during the fiscal year. This reduction amounts to approximately \$1.3 million in decreases from the state's School Finance Act funding. The immediate effect of this decrease is softened by the four-year average calculation used by the Colorado Department of Education.

The bond redemption debt service fund has adequate resources accumulated to make the December 2005 principal and interest payments. The mill levy to accumulate resources for the June 2006 principal and interest payments will be certified in December 2005. In compliance with Senate Bill 237 the District has contracted with a third party custodian to administer bond principal and interest payments.

The capital reserve capital projects fund has begun building reserves that will be used in the latter part of the 2005-2010 capital improvement program. The building fund capital projects fund was started in fiscal year 2005 with the issuance of the 2004 general obligation bond proceeds. This fund will be used to account for resources from the 2004 voter approved bond for the capital improvement program.

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General fund budgetary highlights

The final budget of the general fund increased the anticipated excess of revenues over expenditures by \$37.5 million in comparison to the original budget. The major adjustments to the budget are as follows:

- Increase to property tax revenue from the mill levy override \$38.8 million.
- Decrease to state equalization to reflect direct allocation for charter school revenue \$19.4 million.
- Increase to automotive ownership taxes \$500,000.
- Increase to total expenditures of \$2 million
- Decrease to transfers to reflect direct allocation for charter school revenue \$19.4 million.

The unreserved fund balance for the general fund at the end of the fiscal year is \$22,912,895. For budgetary purposes, however, the current available resources for the general fund can be computed as follows:

| | |
|---|----------------------|
| Fund balance-GAAP basis | \$ 42,930,834 |
| Add: Effect of salaries earned but unpaid | 55,366,359 |
| Total fund balance (Budgetary basis) | \$ 98,297,193 |
| Less reserved for: TABOR | 15,778,843 |
| Board of education contingency | 10,791,500 |
| School carry forward | 8,243,827 |
| Additional 2% reserve | 2,200,000 |
| Maintenance operations | 5,000,000 |
| School operations | 7,500,000 |
| Unreserved fund balance (Budgetary basis) | <u>\$ 48,783,023</u> |

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total fund expenditures. Actual budget basis expenditures of the general fund including other financing uses - transfers out amounted to \$539,591,495. Unreserved fund balance (budgetary basis) represents 9 percent of expenditures while total fund balance (budgetary basis) represents 18 percent of budget based expenditures. This is a percentage increase from the prior year of 8.2 percent and 10.6 percent, respectively.

Capital assets and debt administration

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2005 decreased to \$741,357,926 (net of accumulated depreciation). Capital assets include land, buildings, construction in progress, vehicles, and equipment.

Major capital events during the year include the following:

- D'Evelyn Jr/Sr replacement school for \$22,835,036.
- Arvada West HS addition for \$10,851,313.
- Bear Creek K-8 addition for \$8,364,659.
- Drake Middle school addition for \$7,960,178.
- Blue Heron Elementary new school for \$7,937,613.
- Depreciation of \$47,006,565 for governmental activities and \$838,584 for business-type activities.

| | Fiscal Year 2004 | | Fiscal Year 2005 | |
|---------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Non-depreciable assets: | | | | - |
| Land | \$ 38,167,381 | - | \$ 42,291,174 | - |
| Construction in progress | <u>152,412,968</u> | <u>-</u> | <u>57,905,680</u> | <u>-</u> |
| Total non-depreciable assets | 190,580,349 | - | 100,196,854 | - |
| Depreciable assets: | | | | |
| Buildings and site improvements | 507,998,051 | - | 597,698,544 | - |
| Equipment and vehicles | <u>44,082,186</u> | <u>\$ 3,579,438</u> | <u>40,574,888</u> | <u>\$ 2,887,640</u> |
| Total depreciable assets | <u>552,080,237</u> | <u>3,579,438</u> | <u>638,273,432</u> | <u>2,887,640</u> |
| Total assets: | <u>\$ 742,660,586</u> | <u>\$ 3,579,438</u> | <u>\$ 738,470,286</u> | <u>\$ 2,887,640</u> |

Additional information on the District's capital assets can be found in note 8 on pages 58-60 of this report.

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At June 30, 2005, the District had total bonded debt outstanding of \$700,940,289 backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for capital leases and certificates of participation in the amount of \$10,588,744 for governmental activities still outstanding at the end of the current fiscal year.

**Jefferson County Public Schools
General Obligation Bonds, Capital Leases and Certificates of Participation**

| | Fiscal Year 2004 | | | Fiscal Year 2005 | | |
|----------------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Totals | Governmental Activities | Business-type Activities | Totals |
| General obligation bonds | \$ 480,392,738 | - | \$ 480,392,738 | \$ 700,940,289 | - | \$ 700,940,289 |
| Certificates of participation | 10,930,000 | - | 10,930,000 | 9,825,000 | - | 9,825,000 |
| Capital leases | <u>1,422,926</u> | <u>\$ 180,045</u> | <u>1,602,971</u> | <u>763,744</u> | <u>-</u> | <u>763,744</u> |
| Total outstanding long-term debt | <u>\$ 492,745,664</u> | <u>\$ 180,045</u> | <u>\$ 492,925,709</u> | <u>\$ 711,529,033</u> | <u>-</u> | <u>\$ 711,529,033</u> |

Long-term debt for the District increased \$257,000,000 from the prior year with the issuance of the Series 2004 bonds. These were the first portion of bonds issued under the voter approved bond election for a total of \$323.8 million.

During the fiscal year, the District refinanced some of its existing debt to take advantage of favorable interest rates. The District issued Series 2004A and Series 2005A general obligation bonds to refinance portions of the 1998 Series A bonds. The refunding resulted in overall future debt service savings of \$3.4 million.

The District maintains an "A1" rating from Moody's and an "AA- stable" with Standard & Poor's for general obligation debt.

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 \$1,263,992,262 and the legal debt margin was \$620,459,085.

Additional information on the District's long-term obligations can be found in notes 11 and 12 on pages 61-65.

General budgetary highlights and economic factors

For the 2005-2006 budget, the Board of Education established parameters to be met by the budget process. They determined that the budget would:

- Not exceed anticipated revenues.
- Comply with all state, federal and local statutes and regulations.
- Support necessary capital improvements and maintain existing capital investments.
- Comply with relevant Executive Limitations.
- Be aware of public perception and expectations.
- Identify major resource reallocations.
- Identify all changes from the current year's budget.
- Help meet performance and financial objectives.
- Consider reserve balances at the fund level and set appropriations to ensure positive reserves.
- Include adequate funding for internal controls and management of District assets.
- Ensure long-term financial impacts are considered when adding, modifying or eliminating District programs.

Several factors impact the Districts Adopted Budget and are considered when making budget assumptions; student enrollment declined by 222 students, salary and benefit costs increased and fuel and utility costs increased in fiscal year 2005. During 2005 the District received the first year of mill levy override property taxes of \$36.9 million and issued \$257 million of the voter approved capital improvement bonds. The 2006 Adopted Budget includes the spending of these funds towards quality commitments and one-time usage expenditures. Through appropriate, conscientious planning the use of the available fund balance will maintain a balanced budget while restoring teachers in classrooms and providing additional support to schools. These factors were considered in preparing the District's budget for the 2006 school year.

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Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2005**

The budget cycle begins in July and ends in June with the Board adopting the budget. The cycle includes review of all program and department budgets to help establish the budget assumptions. Economic conditions are factored in with the demographic changes for the District. Budget workgroups that involve the community provide significant and valuable input to the process. An in depth perspective of the budget process is available in the adopted budget.

Requests for information

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

Kathleen Askelson, Director of Accounting
Jefferson County School District, No. R-1
1829 Denver West Drive, Building 27
Golden, Colorado 80401



Basic Financial Statements

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Net Assets
June 30, 2005

| | Primary Government | | Component Units | |
|--|----------------------------|-----------------------------|-------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Charter Schools |
| Assets | | | | |
| Current assets: | | | | |
| Cash (note 6) | \$ 1,475,824 | \$ 13,392 | \$ 1,489,216 | \$ 108,513 |
| Restricted cash (note 1G) | 225,122 | - | 225,122 | 6,651,217 |
| Restricted cash TABOR (note 1L) | - | - | - | 794,555 |
| Cash held by county treasurer (note 6) | 5,176,279 | - | 5,176,279 | - |
| Equity in pooled cash and temporary investments (note 6) | 150,449,576 | 5,498,044 | 155,947,620 | 3,006,326 |
| Investments (notes 6 and 1F) | 347,126,979 | - | 347,126,979 | - |
| Property taxes receivable | 11,281,673 | - | 11,281,673 | - |
| Accounts receivable | 2,167,631 | 189,261 | 2,356,892 | 10,932 |
| Intergovernmental receivable (note 1H) | 4,258,627 | 777,641 | 5,036,268 | - |
| Due from component units (notes 2 and 9) | 118,075 | - | 118,075 | - |
| Inventories (note 1I) | 1,698,801 | 1,168,309 | 2,867,110 | - |
| Prepaid expenses | 13,572,070 | 41,366 | 13,613,436 | - |
| Total current assets | <u>537,550,657</u> | <u>7,688,013</u> | <u>545,238,670</u> | <u>10,571,543</u> |
| Capital assets: | | | | |
| Land and construction in progress (note 8) | 100,196,854 | - | 100,196,854 | 5,988,162 |
| Depreciable assets (note 8) | 1,119,071,027 | 10,421,814 | 1,129,492,841 | 24,021,794 |
| Accumulated depreciation (note 8) | (480,797,595) | (7,534,174) | (488,331,769) | (1,994,483) |
| Capital assets, net of depreciation | <u>738,470,286</u> | <u>2,887,640</u> | <u>741,357,926</u> | <u>28,015,473</u> |
| Total assets | <u>\$ 1,276,020,943</u> | <u>\$ 10,575,653</u> | <u>\$ 1,286,596,596</u> | <u>\$ 38,587,016</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 12,253,443 | \$ 169,100 | \$ 12,422,543 | \$ 196,912 |
| Accrued salaries and benefits (note 1N) | 60,405,531 | 752,262 | 61,157,793 | 928,807 |
| Payroll withholding | 14,438,114 | - | 14,438,114 | - |
| Due to primary government (notes 2 and 9) | - | - | - | 118,075 |
| Unearned revenue | 10,131,300 | 758,760 | 10,890,060 | 143,521 |
| Liability claims/premiums (note 14) | 12,284,913 | - | 12,284,913 | - |
| Interest payable | 1,593,386 | - | 1,593,386 | 357,976 |
| General obligation bonds (note 12) | 37,233,185 | - | 37,233,185 | - |
| Certificates of participation (note 11) | 1,125,000 | - | 1,125,000 | - |
| Capital leases (note 11) | 401,371 | - | 401,371 | 666,766 |
| Total current liabilities | <u>149,866,243</u> | <u>1,680,122</u> | <u>151,546,365</u> | <u>2,412,057</u> |
| Noncurrent liabilities: | | | | |
| General obligation bonds (note 12) | 680,529,110 | - | 680,529,110 | - |
| Certificates of participation (note 11) | 8,478,750 | - | 8,478,750 | - |
| Early retirement (notes 1N and 17) | 6,500,000 | - | 6,500,000 | - |
| Capital leases (note 11) | 362,373 | - | 362,373 | 36,256,345 |
| Compensated absences (note 1N) | 2,886,549 | 79,299 | 2,965,848 | - |
| Total noncurrent liabilities | <u>698,756,782</u> | <u>79,299</u> | <u>698,836,081</u> | <u>36,256,345</u> |
| Total liabilities | <u>848,623,025</u> | <u>1,759,421</u> | <u>850,382,446</u> | <u>38,668,402</u> |
| Net assets (note 4) | | | | |
| Invested in capital assets, net of related debt | 270,489,848 | 2,887,640 | 273,377,488 | (4,690,692) |
| Restricted for: | | | | |
| Capital projects | 37,807,190 | - | 37,807,190 | 3,124,231 |
| Debt service | 57,407,112 | - | 57,407,112 | 4,101,972 |
| TABOR (note 1L) | 16,747,008 | 688,076 | 17,435,084 | 794,555 |
| Unrestricted | 44,946,760 | 5,240,516 | 50,187,276 | (3,411,452) |
| Total net assets | <u>427,397,918</u> | <u>8,816,232</u> | <u>436,214,150</u> | <u>(81,386)</u> |
| Total liabilities and net assets | <u>\$ 1,276,020,943</u> | <u>\$ 10,575,653</u> | <u>\$ 1,286,596,596</u> | <u>\$ 38,587,016</u> |

See accompanying notes to basic financial statements.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Activities
Fiscal year ended June 30, 2005

| Functions/Programs | Net (Expenses) Revenue and Changes in Net Assets | | | | | | |
|--|--|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|-------------------------|
| | Program Revenues | | | Primary Government | | Component Units | |
| | Expenses | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | TOTAL |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| Direct instruction | \$ 389,330,732 | \$ 4,366,210 | \$ 37,005,381 | - | \$ (347,959,141) | - | \$ (347,959,141) |
| Indirect instruction | 120,382,252 | 32,540,920 | 6,038,113 | - | (81,803,219) | - | (81,803,219) |
| Transportation | 17,269,372 | 229,677 | 4,393,792 | - | (12,645,903) | - | (12,645,903) |
| Custodial services | 23,354,067 | - | - | - | (23,354,067) | - | (23,354,067) |
| Field services | 18,665,080 | 3,258,778 | - | - | (15,406,302) | - | (15,406,302) |
| Telecommunications, networking and utilities | 16,500,402 | - | - | - | (16,500,402) | - | (16,500,402) |
| Support services | 18,753,372 | - | - | - | (18,753,372) | - | (18,753,372) |
| General administration | 2,859,645 | - | - | - | (2,859,645) | - | (2,859,645) |
| District-wide | 2,374,468 | 2,744,283 | - | - | 369,815 | - | 369,815 |
| Interest expense, unallocated | 31,651,073 | - | - | - | (31,651,073) | - | (31,651,073) |
| Total governmental activities | 641,140,463 | 43,139,868 | 47,437,286 | - | (550,563,309) | - | (550,563,309) |
| Business-type Activities: | | | | | | | |
| Food services | 19,130,176 | 12,705,589 | 6,360,540 | \$ 1,011,907 | - | \$ 947,860 | 947,860 |
| Child care | 9,899,843 | 8,383,059 | - | - | - | (1,516,784) | (1,516,784) |
| Property management | 1,466,991 | 1,802,491 | - | - | - | 335,500 | 335,500 |
| Total business-type activities | 30,497,010 | 22,891,139 | 6,360,540 | 1,011,907 | - | (233,424) | (233,424) |
| Total primary government | \$ 671,637,473 | \$ 66,031,007 | \$ 53,797,826 | \$ 1,011,907 | \$ (550,563,309) | \$ (233,424) | \$ (550,796,733) |
| Component units-Charter schools | \$ 26,943,365 | \$ 4,217,302 | | | | | \$ (22,726,063) |
| General revenues | | | | | | | |
| Taxes: | | | | | | | |
| Local property taxes | | | | | 319,150,542 | - | 319,150,542 |
| Specific ownership taxes | | | | | 30,817,445 | - | 30,817,445 |
| Intergovernmental state equalization | | | | | 273,963,074 | - | 273,963,074 |
| Investment income | | | | | 9,924,454 | 44,723 | 9,969,177 |
| Transfers | | | | | (1,733,944) | 1,733,944 | - |
| Total general revenues and transfers | | | | | 632,121,571 | 1,778,667 | 633,900,238 |
| Change in net assets | | | | | 81,558,262 | 1,545,243 | 83,103,505 |
| Net assets July 1, 2004 | | | | | 345,839,656 | 7,270,989 | 353,110,645 |
| Net assets June 30, 2005 | | | | | \$ 427,397,918 | \$ 8,816,232 | \$ 436,214,150 |
| | | | | | | | \$ (734,825) |
| | | | | | | | (81,386) |

See accompanying notes to basic financial statements.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Balance Sheet
Governmental Funds

June 30, 2005

| | General | Bond Redemption Debt Service |
|--|----------------|---------------------------------------|
| Assets | | |
| Cash (note 6) | \$ 1,750 | - |
| Restricted Cash (note 1G) | - | - |
| Cash held by county treasurer (note 6) | 4,643,517 | \$ 532,762 |
| Equity in pooled cash and temporary investments (note 6) | 96,070,932 | - |
| Investments (notes 6 and 1F) | - | 55,962,868 |
| Property taxes receivable, net of allowance for doubtful collections of \$6,458,748 | 8,795,401 | 2,486,272 |
| Accounts, notes, contracts, and interest receivable | 1,603,081 | - |
| Intergovernmental receivables (note 1H) | - | - |
| Due from other funds (notes 2 and 9) | 2,913,101 | - |
| Due from component units (notes 2 and 9) | 118,075 | - |
| Inventories (note 1I) | 1,169,977 | - |
| Prepaid items | 184,383 | - |
| Total assets | \$ 115,500,217 | \$ 58,981,902 |
| Liabilities and Fund Balances (Deficit) | | |
| Liabilities: | | |
| Accounts and retainages payable | \$ 2,957,305 | - |
| Accrued salaries, benefits, and compensated absences (note 1N) | 55,366,359 | - |
| Due to other funds (notes 2 and 9) | - | - |
| Unearned property tax revenues | 5,575,826 | \$ 1,574,790 |
| Other unearned revenues | 8,669,893 | - |
| Total liabilities | 72,569,383 | 1,574,790 |
| Fund balances (note 5): | | |
| Reserved for: | | |
| TABOR (note 1L) | 15,778,843 | - |
| Grants | - | - |
| Inventory | 1,169,977 | - |
| Encumbrances | 3,069,119 | - |
| Debt service | - | 57,407,112 |
| Construction | - | - |
| Unreserved, reported in: | | |
| General fund | 22,912,895 | - |
| Special revenue funds | - | - |
| Total fund balances | 42,930,834 | 57,407,112 |
| Total liabilities and fund balances | \$ 115,500,217 | \$ 58,981,902 |

See accompanying notes to basic financial statements.

| Capital Reserve Capital Projects | Building Fund Capital Projects | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|--------------------------------|--------------------------|--------------------------|
| \$ 600 | \$ 1,358,664 | \$ 101,101 | \$ 1,462,115 |
| 173,814 | 51,308 | - | 225,122 |
| - | - | - | 5,176,279 |
| 12,881,246 | - | 9,170,585 | 118,122,763 |
| 26,589,601 | 264,574,510 | - | 347,126,979 |
| - | - | - | 11,281,673 |
| 523,177 | 24,231 | 10,885 | 2,161,374 |
| - | - | 4,258,627 | 4,258,627 |
| 1,448,723 | - | - | 4,361,824 |
| - | - | - | 118,075 |
| - | - | 389,782 | 1,559,759 |
| - | - | - | 184,383 |
| <u>\$ 41,617,161</u> | <u>\$ 266,008,713</u> | <u>\$ 13,930,980</u> | <u>\$ 496,038,973</u> |
| | | | |
| \$ 3,637,421 | \$ 4,410,640 | \$ 490,024 | \$ 11,495,390 |
| 44,280 | - | 1,802,765 | 57,213,404 |
| - | 1,448,723 | 792,128 | 2,240,851 |
| - | - | - | 7,150,616 |
| - | - | 456,713 | 9,126,606 |
| <u>3,681,701</u> | <u>5,859,363</u> | <u>3,541,630</u> | <u>87,226,867</u> |
| | | | |
| 128,270 | - | 742,132 | 16,649,245 |
| - | - | 1,393,503 | 1,393,503 |
| - | - | 389,782 | 1,559,759 |
| - | - | 1,238,332 | 4,307,451 |
| - | - | - | 57,407,112 |
| 37,807,190 | 260,149,350 | - | 297,956,540 |
| - | - | - | 22,912,895 |
| - | - | 6,625,601 | 6,625,601 |
| <u>37,935,460</u> | <u>260,149,350</u> | <u>10,389,350</u> | <u>408,812,106</u> |
| | | | |
| <u>\$ 41,617,161</u> | <u>\$ 266,008,713</u> | <u>\$ 13,930,980</u> | <u>\$ 496,038,973</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Reconciliation of governmental funds balance sheet to statement of net assets
 June 30, 2005

| | | |
|---|-----------|--------------------|
| Governmental funds total fund balances | \$ | 408,812,106 |
| Add: | | |
| Unearned property tax revenue: Revenues that do not provide current financial resources are unearned on the governmental fund financial statements but recognized on the government-wide financial statements. | | 7,150,616 |
| Capital assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds. (note 8) | | 1,181,952,829 |
| Net pension assets are not considered current financial resources, therefore, not reported in the governmental funds. The net pension asset is recorded in the current asset section on the prepaid expense line. (note 17) | | 11,830,617 |
| Internal service funds are used by management to charge costs of various activities to the general and other funds. The net asset deficit of the internal service funds are included in the governmental activities statement of net assets. | | 8,654,642 |
| Less: | | |
| Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition. Internal service funds include depreciation. (note 8) | | 453,099,707 |
| Long-term liabilities for general obligation debt, net of discounts and premiums (\$717,762,295), certificates of participation net of discounts and premiums (\$9,603,750), early retirement estimate (\$6,500,000), and compensated absences (\$2,484,170) are not due and payable in the current period and, therefore, not reported in the funds. (notes 1n, 11 and 12) | | 736,350,215 |
| Interest payable on certificates of participation and general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term. | | 1,552,970 |
| Governmental activities net assets | <u>\$</u> | <u>427,397,918</u> |

See accompanying notes to basic financial statements.



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Governmental Funds
Fiscal Year Ended June 30, 2005

| | General | Bond Redemption Debt Service | Capital Reserve Capital Projects |
|--|----------------------|---------------------------------------|---|
| Revenues: | | | |
| Taxes | \$ 281,179,724 | \$ 70,761,987 | - |
| Intergovernmental | 293,954,391 | - | - |
| Investment income | 3,916,574 | 53,134 | \$ 1,531,393 |
| Other | 17,055,867 | - | 2,744,283 |
| Total revenues | 596,106,556 | 70,815,121 | 4,275,676 |
| Expenditures (note 4): | | | |
| Current: | | | |
| Direct instruction | 336,917,690 | - | - |
| Indirect instruction | 82,697,002 | - | - |
| Transportation | 17,027,582 | - | - |
| Custodial services | 23,053,952 | - | - |
| Field services | 16,600,149 | - | - |
| Telecommunications, networking and utilities | 16,424,892 | - | - |
| Support services | 16,297,504 | - | - |
| General administration | 2,721,353 | - | - |
| Districtwide | 678,239 | - | - |
| Capital outlay | - | - | 21,715,089 |
| Debt Service: | | | |
| Principal retirements (notes 11 and 12) | - | 35,110,000 | 1,105,000 |
| Interest and fiscal charges (notes 11 and 12) | - | 39,478,549 | 302,543 |
| Total expenditures | 512,418,363 | 74,588,549 | 23,122,632 |
| Excess (deficiency) of revenues over (under) expenditures | 83,688,193 | (3,773,428) | (18,846,956) |
| Other Financing Sources (Uses): | | | |
| General obligation bond proceeds | - | 103,035,000 | - |
| Payment to refunded bond escrow agent | - | (104,775,000) | - |
| Premium from refunding bonds | - | 10,712,281 | - |
| Transfers out (note 10) | (27,642,544) | - | - |
| Transfers in (note 10) | 580,015 | - | 20,158,000 |
| Total other financing sources (uses) | (27,062,529) | 8,972,281 | 20,158,000 |
| Net change in fund balances | 56,625,664 | 5,198,853 | 1,311,044 |
| Fund balances (deficit) - July 1, 2004, as restated | (13,694,830) | 52,208,259 | 36,624,416 |
| Fund balances - June 30, 2005 | \$ 42,930,834 | \$ 57,407,112 | \$ 37,935,460 |

See accompanying notes to basic financial statements.

| Building Fund Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|--------------------------------|--------------------------------|
| - | - | \$ 351,941,711 |
| - | \$ 27,445,969 | 321,400,360 |
| \$ 4,413,333 | 10,020 | 9,924,454 |
| - | 28,075,493 | 47,875,643 |
| <u>4,413,333</u> | <u>55,531,482</u> | <u>731,142,168</u> |
| - | 21,700,385 | 358,618,075 |
| - | 32,705,440 | 115,402,442 |
| - | - | 17,027,582 |
| - | - | 23,053,952 |
| - | - | 16,600,149 |
| - | - | 16,424,892 |
| - | - | 16,297,504 |
| - | - | 2,721,353 |
| - | - | 678,239 |
| 20,792,267 | - | 42,507,356 |
| - | - | 36,215,000 |
| - | - | 39,781,092 |
| <u>20,792,267</u> | <u>54,405,825</u> | <u>685,327,636</u> |
| (16,378,934) | 1,125,657 | 45,814,532 |
| 257,000,000 | - | 360,035,000 |
| - | - | (104,775,000) |
| 19,528,284 | - | 30,240,565 |
| - | - | (27,642,544) |
| - | - | 20,738,015 |
| <u>276,528,284</u> | <u>-</u> | <u>278,596,036</u> |
| 260,149,350 | 1,125,657 | 324,410,568 |
| - | 9,263,693 | 84,401,538 |
| <u>\$ 260,149,350</u> | <u>\$ 10,389,350</u> | <u>\$ 408,812,106</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the
 Statement of Activities
 Fiscal year ended June 30, 2005

| | | |
|--|----|-------------|
| Governmental funds changes in fund balances | \$ | 324,410,568 |
| Add: | | |
| Unearned property tax revenue: Revenues that do not provide current financial resources are unearned on the governmental fund financial statements but recognized on the government-wide financial statements. | | 7,150,616 |
| Principal retirements (net of amortization of discounts): Retirements of principal outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these reductions against the long-term liabilities. (notes 11 and 12) | | 140,921,535 |
| Reverse the prior year interest payable accrued to offset current year expenditures. | | 1,121,038 |
| Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income of the internal service funds are included in the statement of activities. | | 3,712,778 |
| Less: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period | | 4,093,552 |
| Loss on disposals: The net effect of transactions involving these capital assets is to reduce net assets. (note 8) | | 1,462,192 |
| Unearned property taxes of the prior year: Property taxes unearned in the prior year and received in the current year are recognized in the prior year net assets on the statement of activities. | | 9,124,339 |
| Interest payable on certificates of participation and general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term. | | 1,552,970 |
| Additional amount of long term compensated absences accrued for the current year. (note 1N) | | 35,681 |
| New and refunding issues for debt and related issuance costs, discounts and premiums are recognized in the fund statement but restated as liabilities and offsets for the government-wide. (notes 11 and 12) | | 379,256,244 |
| Governmental funds report pension funding in excess of the annual required contribution as expenditures. However, in the statement of activities the cost of pension funding in excess of the annual required contribution should be reported as an asset. (note 17) | | 233,295 |
| Governmental activities change in net assets | \$ | 81,558,262 |

See accompanying notes to basic financial statements.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual (Budget Basis)
General Fund
Fiscal Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Budget Basis | Variance with Final Budget Positive (Negative) |
|---|---------------------|----------------------|------------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 210,715,300 | \$ 249,586,000 | \$ 250,362,279 | \$ 776,279 |
| Automotive ownership taxes | 30,300,000 | 30,800,000 | 30,817,445 | 17,445 |
| Total Taxes | 241,015,300 | 280,386,000 | 281,179,724 | 793,724 |
| State of Colorado: | | | | |
| State equalization | 291,551,100 | 272,063,100 | 273,963,074 | 1,899,974 |
| Education of handicapped | 11,318,200 | 11,318,200 | 11,443,438 | 125,238 |
| Transportation | 4,329,400 | 4,329,400 | 4,393,792 | 64,392 |
| Vocational education | 4,590,300 | 4,590,300 | 3,874,006 | (716,294) |
| Other | 1,063,400 | 1,063,400 | 280,081 | (783,319) |
| Total State of Colorado | 312,852,400 | 293,364,400 | 293,954,391 | 589,991 |
| Investment income | 1,700,000 | 1,700,000 | 3,916,574 | 2,216,574 |
| Other | 16,767,700 | 16,767,700 | 17,055,867 | 288,167 |
| Total revenues | 572,335,400 | 592,218,100 | 596,106,556 | 3,888,456 |
| Expenditures: (note 4) | | | | |
| Current: | | | | |
| Direct instruction | 341,559,885 | 344,302,249 | 336,732,361 | 7,569,888 |
| Indirect instruction | 86,210,376 | 84,907,300 | 82,504,875 | 2,402,425 |
| Transportation | 16,545,428 | 16,926,429 | 16,919,820 | 6,609 |
| Custodial services | 23,454,027 | 23,103,877 | 23,024,008 | 79,869 |
| Field services and property management | 17,612,652 | 17,844,708 | 16,615,726 | 1,228,982 |
| Telecommunications, network and utilities | 17,556,600 | 17,556,975 | 16,424,892 | 1,132,083 |
| Support services | 16,679,798 | 17,258,780 | 16,315,439 | 943,341 |
| General administration | 2,880,631 | 2,957,099 | 2,721,040 | 236,059 |
| District-wide | 1,009,603 | 1,011,683 | 690,790 | 320,893 |
| Total expenditures | 523,509,000 | 525,869,100 | 511,948,951 | 13,920,149 |
| Excess of revenues over expenditures | 48,826,400 | 66,349,000 | 84,157,605 | 17,808,605 |
| Other financing sources (uses) - | | | | |
| Transfers out (note 10) | (47,675,100) | (27,640,000) | (27,642,544) | (2,544) |
| Transfers in (note 10) | - | - | 580,015 | 580,015 |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | \$ 1,151,300 | \$ 38,709,000 | 57,095,076 | \$ 18,386,076 |
| Salaries, benefits, and compensated absences earned but unpaid: July 1, 2004 | | | 54,896,947 | |
| June 30, 2005 | | | (55,366,359) | |
| Fund deficit - July 1, 2004, as restated | | | (13,694,830) | |
| Fund balance - June 30, 2005 | | | <u>\$ 42,930,834</u> | |

See accompanying notes to basic financial statements.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Statement of Net Assets

Proprietary Funds

June 30, 2005

| Assets | Business-Type Activities | |
|--|--------------------------|-----------------------|
| | Enterprise Funds | |
| | Food Services Fund | Child Care Fund |
| Current assets: | | |
| Cash (note 6) | \$ 10,616 | \$ 2,776 |
| Equity in pooled cash and temporary investments (note 6) | 1,731,616 | 2,380,786 |
| Accounts and other receivable | 75,979 | 4,446 |
| Intergovernmental receivables (note 1H) | 777,641 | - |
| Inventories (note 1I) | 1,168,309 | - |
| Prepaid items | 41,366 | - |
| Total current assets | <u>3,805,527</u> | <u>2,388,008</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Vehicles and equipment (note 8) | 6,828,171 | 683,264 |
| Less accumulated depreciation (note 8) | (4,681,538) | (539,375) |
| Total capital assets, net of accumulated depreciation | <u>2,146,633</u> | <u>143,889</u> |
| Total assets | <u>\$ 5,952,160</u> | <u>\$ 2,531,897</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 140,916 | \$ 28,184 |
| Accrued salaries, benefits, and compensated absences | 547,498 | 202,789 |
| Payroll withholding | - | - |
| Interest Payable | - | - |
| Due to other funds (note 9) | - | - |
| Other unearned revenues | 483,802 | 274,958 |
| Current capital lease obligations (note 11) | - | - |
| Estimated liability for premiums and claims (note 14) | - | - |
| Total current liabilities | <u>1,172,216</u> | <u>505,931</u> |
| Non-current liabilities: | | |
| Compensated absences (note 1N) | 71,484 | 3,865 |
| Long-term capital lease obligations (note 11) | - | - |
| Total noncurrent liabilities | <u>71,484</u> | <u>3,865</u> |
| Total liabilities | <u>1,243,700</u> | <u>509,796</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 2,146,633 | 143,889 |
| Restricted for: | | |
| TABOR (note 1L) | 381,459 | 252,188 |
| Unrestricted | 2,180,368 | 1,626,024 |
| Total net assets | <u>4,708,460</u> | <u>2,022,101</u> |
| Total liabilities and net assets | <u>\$ 5,952,160</u> | <u>\$ 2,531,897</u> |

See accompanying notes to basic financial statements.

| Business-Type Activities Enterprise Funds | | Governmental Activities - Internal Service Funds |
|--|----------------------|---|
| Property Management Fund | Totals | Funds |
| - | \$ 13,392 | \$ 13,709 |
| \$ 1,385,642 | 5,498,044 | 32,326,814 |
| 108,836 | 189,261 | 6,257 |
| - | 777,641 | - |
| - | 1,168,309 | 139,042 |
| - | 41,366 | 1,557,070 |
| <u>1,494,478</u> | <u>7,688,013</u> | <u>34,042,892</u> |
| 2,910,379 | 10,421,814 | 37,315,052 |
| (2,313,261) | (7,534,174) | (27,697,888) |
| 597,118 | 2,887,640 | 9,617,164 |
| <u>\$ 2,091,596</u> | <u>\$ 10,575,653</u> | <u>\$ 43,660,056</u> |
| - | \$ 169,100 | \$ 758,054 |
| \$ 1,975 | 752,262 | 3,192,127 |
| - | - | 14,438,114 |
| - | - | 40,416 |
| - | - | 2,120,973 |
| - | 758,760 | 1,004,694 |
| - | - | 401,371 |
| - | - | 12,284,913 |
| <u>1,975</u> | <u>1,680,122</u> | <u>34,240,662</u> |
| 3,950 | 79,299 | 402,379 |
| - | - | 362,373 |
| <u>3,950</u> | <u>79,299</u> | <u>764,752</u> |
| <u>5,925</u> | <u>1,759,421</u> | <u>35,005,414</u> |
| 597,118 | 2,887,640 | 8,853,419 |
| 54,429 | 688,076 | 97,763 |
| 1,434,124 | 5,240,516 | (296,540) |
| <u>2,085,671</u> | <u>8,816,232</u> | <u>8,654,642</u> |
| <u>\$ 2,091,596</u> | <u>\$ 10,575,653</u> | <u>\$ 43,660,056</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2005

| | Business-Type Activities | |
|--|--------------------------|-----------------------|
| | Enterprise Funds | |
| | Food Services Fund | Child Care Fund |
| Operating Revenues: | | |
| Food sales | \$ 12,473,794 | - |
| Insurance premiums | - | - |
| Service contracts | 231,795 | \$ 1,487,499 |
| Tuition | - | 6,895,560 |
| Total operating revenues | 12,705,589 | 8,383,059 |
| Operating Expenses: | | |
| Purchased food | 7,524,016 | - |
| USDA commodities | 1,011,907 | - |
| Salaries and employee benefits | 7,403,606 | 7,642,722 |
| Administration services | 1,497,224 | 888,605 |
| Utilities | 244,357 | 12,243 |
| Supplies | 728,018 | 454,221 |
| Repairs and maintenance | 131,647 | 9,631 |
| Rent | - | 829,971 |
| Depreciation | 452,480 | 53,071 |
| Other | 131,835 | 3,901 |
| Claim losses | - | - |
| Premiums paid | - | - |
| Total operating expenses | 19,125,090 | 9,894,365 |
| Income (loss) from operations | (6,419,501) | (1,511,306) |
| Non-operating revenues (expenses): | | |
| USDA commodities | 1,011,907 | - |
| Reimbursement from government sponsored programs | 6,360,540 | - |
| Investment income | 9,700 | 23,205 |
| Interest expense | (5,086) | (270) |
| Gain (loss) on sale of fixed assets | - | (5,208) |
| Total non-operating revenues (expenses) | 7,377,061 | 17,727 |
| Income (loss) before transfers | 957,560 | (1,493,579) |
| Capital Contributions | - | - |
| Transfers in from other funds (note 10) | - | 1,733,944 |
| Transfers out to other funds (note 10) | - | - |
| Change in net assets | 957,560 | 240,365 |
| Total net assets - July 1, 2004 | 3,750,900 | 1,781,736 |
| Total net assets - June 30, 2005 | \$ 4,708,460 | \$ 2,022,101 |

See accompanying notes to basic financial statements.

| Business-Type Activities Enterprise Funds | | Governmental Activities - Internal Service Funds |
|--|---------------------|--|
| Property Management Fund | Totals | |
| - | \$ 12,473,794 | - |
| - | - | \$ 58,195,757 |
| \$ 1,802,491 | 3,521,785 | 22,678,043 |
| - | 6,895,560 | - |
| <u>1,802,491</u> | <u>22,891,139</u> | <u>80,873,800</u> |
| - | 7,524,016 | - |
| - | 1,011,907 | - |
| - | 15,046,328 | 8,941,994 |
| 934,482 | 3,320,311 | 5,185,234 |
| 181,567 | 438,167 | 99,947 |
| - | 1,182,239 | 4,033,321 |
| - | 141,278 | 1,512,196 |
| - | 829,971 | 85,252 |
| 329,351 | 834,902 | 2,703,957 |
| 21,591 | 157,327 | 194,812 |
| - | - | 9,616,264 |
| - | - | 50,858,760 |
| <u>1,466,991</u> | <u>30,486,446</u> | <u>83,231,737</u> |
| <u>335,500</u> | <u>(7,595,307)</u> | <u>(2,357,937)</u> |
| - | 1,011,907 | - |
| - | 6,360,540 | - |
| 11,818 | 44,723 | 135,933 |
| - | (5,356) | (148,719) |
| - | (5,208) | (484,894) |
| <u>11,818</u> | <u>7,406,606</u> | <u>(497,680)</u> |
| 347,318 | (188,701) | (2,855,617) |
| - | - | 1,397,810 |
| - | 1,733,944 | 5,750,600 |
| - | - | (580,015) |
| <u>347,318</u> | <u>1,545,243</u> | <u>3,712,778</u> |
| 1,738,353 | 7,270,989 | 4,941,864 |
| <u>\$ 2,085,671</u> | <u>\$ 8,816,232</u> | <u>\$ 8,654,642</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended June 30, 2005

| | Business-Type Activities | |
|---|--------------------------|-----------------------|
| | Enterprise Funds | |
| | Food Services Fund | Child Care Fund |
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 12,479,147 | \$ 8,530,555 |
| Payments to employees | (8,599,733) | (7,650,550) |
| Payments to vendors | (9,986,980) | (2,192,456) |
| Net cash provided by (used for) operating activities | (6,107,566) | (1,312,451) |
| Cash flows from noncapital financing activities: | | |
| Transfers received | - | 1,733,944 |
| Federal reimbursements | 7,372,448 | - |
| Net cash provided by noncapital financing activities | 7,372,448 | 1,733,944 |
| Cash flows from capital and related financing activities: | | |
| Purchase of capital assets | - | - |
| Capital contributions | - | - |
| Principal payments | (180,045) | - |
| Interest payments | (5,086) | (270) |
| Net cash used for capital and related financing activities | (185,131) | (270) |
| Cash flows from investing activities: | | |
| Interest received | 9,700 | 23,205 |
| Sale of investments | - | - |
| Net cash provided by (used for) noncapital financing activities | 9,700 | 23,205 |
| Net increase(decrease) in cash and cash equivalents | 1,089,451 | 444,428 |
| Cash and cash equivalents - July 1, 2004 | 652,781 | 1,939,134 |
| Cash and cash equivalents - June 30, 2005 | \$ 1,742,232 | \$ 2,383,562 |
| Reconciliation of cash flows from operating activities: | | |
| Operating Income (Loss) | \$ (6,419,501) | \$ (1,511,306) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 452,480 | 53,071 |
| Loss on disposal of capital assets | - | - |
| (Increase) decrease intergovernmental and other receivables | (206,500) | (3,671) |
| Decrease in prepaid items | 11,291 | - |
| Decrease in USDA commodities inventories | 49,387 | - |
| (Increase) in purchased food and supplies inventories | (73,326) | - |
| (Increase) decrease in other inventories | - | - |
| Increase (decrease) in accounts payable | 101,984 | 6,112 |
| Increase (decrease) in accrued salaries, benefits, and compensated absences | (3,439) | (7,828) |
| Increase in payroll withholding | - | - |
| Increase (decrease) in interest payable | - | - |
| Increase (decrease) in due to other funds | - | - |
| Increase (decrease) in unearned revenues | (19,942) | 151,171 |
| Increase in estimated liability for premiums and claims | - | - |
| Net cash provided by (used for) operating activities | \$ (6,107,566) | \$ (1,312,451) |
| Noncash investing, capital, and financing activities: | | |
| Donated commodities acquired and used from USDA | \$ 1,011,907 | - |
| Disposal and write off of capital assets | 250,483 | \$ 37,073 |

See accompanying notes to basic financial statements.

| Business-Type Activities Enterprise Funds | | Governmental Activities - Internal Service Funds |
|--|-----------------------|--|
| Property Management Fund | Totals | |
| \$ 1,881,821 | \$ 22,891,523 | \$ 80,936,272 |
| (777,644) | (17,027,927) | (10,270,014) |
| (366,141) | (12,545,577) | (69,961,243) |
| <u>738,036</u> | <u>(6,681,981)</u> | <u>705,015</u> |
| - | 1,733,944 | 5,170,585 |
| - | 7,372,448 | - |
| - | <u>9,106,392</u> | <u>5,170,585</u> |
| (148,311) | (148,311) | (4,387,708) |
| - | - | 1,397,810 |
| - | (180,045) | (659,182) |
| - | (5,356) | (148,719) |
| <u>(148,311)</u> | <u>(333,712)</u> | <u>(3,797,799)</u> |
| 11,818 | 44,723 | 135,933 |
| - | - | 129,280 |
| <u>11,818</u> | <u>44,723</u> | <u>265,213</u> |
| 601,543 | 2,135,422 | 2,343,014 |
| 784,099 | 3,376,014 | 29,997,509 |
| <u>\$ 1,385,642</u> | <u>\$ 5,511,436</u> | <u>\$ 32,340,523</u> |
| \$ 335,500 | \$ (7,595,307) | \$ (2,357,937) |
| 329,351 | 834,902 | 2,703,957 |
| - | - | (166,587) |
| 79,330 | (130,841) | 36,943 |
| - | 11,291 | 2,455 |
| - | 49,387 | - |
| - | (73,326) | - |
| - | - | 515,824 |
| - | 108,096 | (17,543) |
| (6,145) | (17,412) | 166,293 |
| - | - | 106,929 |
| - | - | 28,398 |
| - | - | (725,611) |
| - | 131,229 | 25,533 |
| - | - | 386,361 |
| <u>\$ 738,036</u> | <u>\$ (6,681,981)</u> | <u>\$ 705,015</u> |
| - | \$ 1,011,907 | - |
| - | 287,556 | \$ 1,924,915 |



Notes to Basic Financial Statements

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

June 30, 2005

1. Summary of significant accounting policies

The Jefferson County School District, No. R-1 (the District) was formed in 1950 when 39 independent districts were consolidated into a countywide district encompassing the 785 square miles of Jefferson County, Colorado. The District operates under an elected Board of Education with five members and provides educational services to approximately 85,478 students.

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

A) Reporting entity

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

The District is not included in any other governmental "reporting entity" as defined in GASB No. 14. As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the nature and significance of their operational or financial relationships with the District. None of the component units are considered to be a major fund.

Discretely presented component units - charter schools

The State of Colorado Legislature in 1993 enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101." 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, property taxes and from revenues generated by the charter school, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the Jefferson County School District's Board of Education must approve all Charter School applications and budgets. The Charter Schools are discretely presented component units because the District is financially accountable for them. Charter schools have the option to issue separate financial statements. Center for Discovery Learning, Collegiate Academy, Free Horizon, Lincoln Academy, Rocky Mountain Academy of Evergreen and Rocky Mountain Deaf Schools did not issue separate statements for fiscal year 2004.

Blended component unit - Jefferson County School District Finance Corporation

The purpose of the Jefferson County School Finance Corporation (the Corporation) is to provide a mechanism to issue certificates of participation. Because the Board of Directors is appointed by the Board of Education and must obtain the Board of Education's approval for renovation and expansion decisions, issuance of debt, disbursements of funds, and any amendments to the articles of incorporation, the Corporation is considered to be a part of the District.

B) GASB statement No. 20

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

Notes to Basic Financial Statements

C) Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Bond Redemption Debt Service Fund, Capital Reserve Capital Projects Fund and Building Fund – Capital Projects) and individual enterprise funds (Food Services Fund, Child Care Fund and Property Management Fund) are reported as separate columns in the fund financial statements.

D) Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

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

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

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

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

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

E) Fund accounting

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

• **Major governmental funds**

1. General fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Bond redemption debt service fund - used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Capital reserve capital projects - used to account for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
4. Building fund – Capital projects – used to account for resources to be used from the 2004 voter approved bond for a six-year capital improvement program.

• **Major proprietary funds-business-type activities**

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

1. Food services fund: This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.
2. Child care fund: This fund accounts for all financial activities associated with the District's school-age child care, preschool, and extended day kindergarten classes.
3. Property management fund: This fund accounts for all financial activities associated with the District's facilities.

• **Internal service funds**

Internal service funds account for central services, employee benefits, insurance reserve, fleet maintenance (closed), technology operations, utility improvements and classroom relocations (closed). These services are provided to other funds of the District on a cost reimbursement basis.

Notes to Basic Financial Statements

F) Cash and investments

The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U. S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from the investment of pooled cash balances are allocated to the various funds based on their anticipated respective average periodic equity in pooled cash. For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Effective July 1, 2002, the District adopted statement number 40 of the Governmental Accounting Standards Board (GASB). Statement 40 is titled *Deposit and Investment Risk Disclosures*. The required implementation date for GASB statement 40 is for periods beginning after June 15, 2004.

G) Restricted cash

Certain assets of the Capital Reserve Capital Projects, Building Fund – Capital Projects and Component Units are classified as restricted because their use is restricted to liabilities relating to deposits and capital leases.

H) Receivables

Property taxes levied in 2004 but not yet collected in 2005 are identified as property taxes receivable and unearned revenues at June 30, 2005, and are presented net of an allowance for uncollectable taxes. Intergovernmental receivables of \$5,036,268 include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2005, the District had \$5,012,268 and \$24,000 due from the Federal and State government, respectively, reflected as intergovernmental receivables in the accompanying basic financial statements.

I) Inventories and prepaid items

Materials and supplies inventories are stated at average cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. Purchased inventories are stated at average cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed. Fund balance is reserved for the inventory balances as follows: General Fund - \$1,169,977 and Special Revenue Funds - \$389,782.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J) Capital assets

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

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

As of July 1, 2004, the monetary threshold for capitalization of assets increased from \$1,000 to \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used by proprietary funds is charged as an expense against their operations. No depreciation is recorded in the year of acquisition with the remaining depreciation being recorded in the year of disposition. Estimated useful lives are:

| | |
|----------------------------|----------------|
| Motor vehicles | 5 to 7 years |
| Equipment, built-in | 8 to 20 years |
| Equipment, movable | 3 to 20 years |
| Buildings and improvements | 30 to 40 years |

K) Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The District records long-term debt of governmental funds at the face value. Currently, the District has no zero coupon bonds. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the Capital Reserve Fund and component units. The long-term accumulated unpaid vacation, accrued sick and personal leave, and estimated liability for insurance claims (note 14) are serviced from property taxes and other revenues by the respective fund type from future appropriations.

L) Constitutional amendment

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

On November 2, 1999, the District conducted a TABOR revenue and expenditure override election and the Jefferson County voters approved the measure exempting the District from the TABOR revenue and expenditure limits. Management believes it is in compliance with the provisions of TABOR. However, the provisions are complex and subject to interpretation. Many of the provisions may require judicial interpretation.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2005, for budgetary purposes the District reserved \$18,229,639 (\$15,778,843 in the General Fund, \$742,132 in the Campus Activity Special Revenue Fund, \$128,270 in the Capital Reserve Fund, \$381,459 in the Food Service Enterprise Fund, \$252,188 in the Child Care Enterprise Fund, \$54,429 in the Property Management Enterprise Fund, \$1,860 in the Central Services Internal Service Fund, \$64,583 in the Employee Benefits Internal Service Fund, \$19,278 in the Insurance Reserve Internal Service Fund, \$12,042 in the Technology Internal Service Fund and \$794,555 in the Component Units Charter Schools) for this purpose.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

M) Property taxes

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

| | |
|------------------------|-------------|
| Levy date | December 2 |
| Lien date | January 1 |
| Tax bills mailed | January 1 |
| First installment due | February 28 |
| Second installment due | June 15 |
| If paid in full, due | April 30 |

On September 2, 2004, the District issued \$84,000,000 of Tax Anticipation Notes with an interest rate of 3 percent which yielded 1.50 and 1.51 percent. The note matured and the debt was paid on June 30, 2005 in the amount of \$86,008,999.

N) Accumulated sick and personal leave and vacation

District policy allows unlimited accumulation of sick and personal leave, and accumulation of vacation to a maximum of 40 days. Accrued vacation is paid to employees upon termination of employment. Payment for unused sick and personal leave days is made upon an employee's early retirement at the rate of .0015 times annual rate of pay times accumulated days. Each fund liquidates the accrued vacation, personal and sick leave for it's respective liabilities.

As of June 30, 2005, accumulated unused benefits are as follows:

| Fund Types | Accumulated Vacation | | |
|----------------------|----------------------------------|---------------------|---------------------|
| | Current (Due within one year) | Long-term | Total |
| <i>Governmental:</i> | | | |
| General | \$ 1,173,750 | \$ 2,347,534 | \$ 3,521,284 |
| Special revenue | 24,037 | 48,074 | 72,111 |
| Capital projects | 44,280 | 88,562 | 132,842 |
| | <u>1,242,067</u> | <u>2,484,170</u> | <u>3,726,237</u> |
| <i>Proprietary:</i> | | | |
| Enterprise | 39,649 | 79,299 | 118,948 |
| Internal service | 201,186 | 402,379 | 603,565 |
| | <u>240,835</u> | <u>481,678</u> | <u>722,513</u> |
| Total | <u>\$1,482,902</u> | <u>\$ 2,965,848</u> | <u>\$ 4,448,750</u> |

A summary of changes in accumulated long-term vacation is as follows:

| Fund | Balance July 1, 2004 | Additions | Deletions | Balance June 30, 2005 |
|------------------|-------------------------|-------------------|---------------------|--------------------------|
| General | \$ 2,279,283 | \$ 479,131 | \$ (410,880) | \$ 2,347,534 |
| Special revenue | 56,296 | 9,157 | (17,379) | 48,074 |
| Capital projects | 112,910 | 21,474 | (45,822) | 88,562 |
| Enterprise | 76,448 | 17,584 | (14,733) | 79,299 |
| Internal service | 450,240 | 90,783 | (138,644) | 402,379 |
| | <u>\$ 2,975,177</u> | <u>\$ 618,129</u> | <u>\$ (627,458)</u> | <u>\$ 2,965,848</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Accumulated vacation pay is recorded as accrued salaries, benefits and compensated absences with the current portion reported as current liabilities in the government-wide financial statements. The long-term portion is included in the District's long-term liabilities in the government-wide financial statements.

O) Fund equity

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

2. Reconciliation of government-wide and fund financial statements

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

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

| | |
|--|--------------------|
| Due to the general fund from other funds – fund statements | \$ 3,031,176 |
| Elimination of governmental and internal service interfund activity | <u>(2,913,101)</u> |
| Due to the general fund from component units – governmental activities | <u>\$ 118,075</u> |

3. Budgetary information

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Within the third quarter of the fiscal year, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings and citizen reviews are conducted at special meetings and at regular Board of Education meetings to obtain taxpayer comments.
3. Prior to June 30, the budget is legally adopted by the Board of Education.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Fund, Proprietary Funds, and Internal Service Funds.
5. The District issues a separate budget document after it is approved by the Board of Education.

Budgets are adopted on a basis consistent with generally accepted accounting principles except that expenditures for budgetary purposes exclude amounts for salaries and benefits earned but unpaid and the accrual for compensated absences for the Governmental Fund types except for the Grants Fund (see note 4).

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

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

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

Individual amendments in the General Fund were not material in relation to the original appropriation. The budget for the Grants Fund includes the adopted budget and additional expenditures and grants approved by the Board of Education. The budget and actuals for the Proprietary Funds and Internal Service Funds at June 30, 2005 are as follows:

| | <u>Budget</u> | | <u>Actuals</u> | <u>Variance</u> |
|-----------------------------|-----------------|---------------|----------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| Food services fund | \$ 19,902,600 | \$ 19,902,600 | \$ 19,130,176 | \$ 772,424 |
| Child care fund | 9,903,500 | 9,903,500 | 9,899,843 | 3,657 |
| Property management fund | 1,331,900 | 1,500,000 | 1,466,991 | 33,009 |
| Central services fund | 3,509,600 | 3,509,600 | 3,398,035 | 111,565 |
| Employee benefits fund | 61,401,000 | 61,401,000 | 56,569,174 | 4,831,826 |
| Insurance reserve fund | 6,380,500 | 6,680,500 | 6,190,181 | 490,319 |
| Fleet maintenance fund | 4,753,200 | 5,263,229 | 5,258,766 | 4,463 |
| Technology fund | 11,626,700 | 12,026,700 | 10,872,484 | 1,154,216 |
| Utility revolving fund | 290,600 | 290,600 | 278,354 | 12,246 |
| Other internal service fund | 971,000 | 1,716,233 | 1,298,356 | 417,877 |

4. Budget/GAAP reporting differences

The accompanying statement of revenues, expenditures, and changes in fund balance (deficit) for the general fund budget and actual has been prepared on a legally prescribed basis of accounting, which differs from GAAP. The following Expenditure (excluding other financing uses) and Fund Balance Schedules identify these differences for the governmental activities, business-type activities and component units:

Expenditure Schedule

| <u>Governmental Fund Type</u> | <u>Expenditures Reported on a GAAP Basis</u> | <u>Effect of: Salaries and Benefits Earned but Unpaid</u> | <u>Compensated Absences</u> | <u>Expenditures Reported on a Budget Basis</u> |
|------------------------------------|--|---|-----------------------------|--|
| General fund | \$ 512,418,363 | \$ (435,286) | \$ (34,126) | \$ 511,948,951 |
| Capital reserve fund | \$ 23,122,632 | \$ _____ | \$ 12,174 | \$ 23,134,806 |
| Component units (charter schools): | | | | |
| Center for Discovery Learning | \$ 1,502,493 | \$ 54,060 | - | \$ 1,556,553 |
| Collegiate Academy of Colorado | 3,473,217 | 12,583 | - | 3,485,800 |
| Compass Montessori | 4,141,755 | 38,112 | - | 4,179,867 |
| Excel | 3,183,436 | (18,779) | - | 3,164,657 |
| Free Horizon | 1,136,188 | 6,858 | - | 1,143,046 |
| Jefferson | 4,460,139 | 5,678 | - | 4,465,817 |
| Lincoln Academy | 3,267,713 | (15,765) | - | 3,251,948 |
| Montessori Peaks | 2,424,095 | (5,738) | - | 2,418,357 |
| Rocky Mtn. Academy | 1,550,540 | (9,320) | - | 1,541,220 |
| Rocky Mtn. Deaf School | 813,249 | (4,128) | - | 809,121 |
| Woodrow Wilson | 5,438,233 | (9,116) | - | 5,429,117 |
| Total component units | \$ 31,391,058 | \$ 54,445 | \$ - | \$ 31,445,503 |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

| Governmental Fund Type | Fund Balance (Deficit) Reported on a GAAP Basis | Plus effect of accrued salaries, benefits and compensated absences earned but unpaid | Fund Balance on a Budgetary Basis |
|--|---|---|--------------------------------------|
| General Fund | \$ 42,930,834 | \$ 55,366,359 | \$ 98,297,193 |
| Capital reserve/Building capital projects funds | <u>37,935,460</u> | <u>44,280</u> | <u>37,979,740</u> |
| Total governmental funds | <u>\$ 80,866,294</u> | <u>\$ 55,410,639</u> | <u>\$ 136,276,933</u> |

| Governmental Fund Type | Fund Balance (deficit) Reported on a GAAP Basis | Plus effect of accrued salaries, benefits and compensated absences earned but unpaid | Fund Balance on a Budgetary Basis |
|--------------------------------|---|---|--------------------------------------|
| Component units: | | | |
| Center for Discovery Learning | - | - | - |
| Collegiate Academy of Colorado | \$ 971,598 | \$ 125,230 | \$ 1,096,828 |
| Compass Montessori | 670,105 | 166,459 | 836,564 |
| Excel | 1,533,316 | 65,464 | 1,598,780 |
| Free Horizon | (39,856) | 41,181 | 1,325 |
| Jefferson | 524,112 | 193,934 | 718,046 |
| Lincoln Academy | 1,330,124 | 87,594 | 1,417,718 |
| Montessori Peaks | 618,094 | 85,074 | 703,168 |
| Rocky Mtn. Academy | 60,311 | 56,365 | 116,676 |
| Rocky Mtn. Deaf School | (127,568) | 68,563 | (59,005) |
| Woodrow Wilson | <u>3,643,992</u> | <u>38,944</u> | <u>3,682,936</u> |
| Total component units | <u>\$ 9,184,228</u> | <u>\$ 928,808</u> | <u>\$ 10,113,036</u> |

Salaries of teachers and certain other employees are paid over a 12-month period ending August 31; however, most salaries are earned over the traditional school year of September through May. For financial reporting purposes, these salaries have been recorded as expenditures of the District in the year earned rather than the year paid.

Salaries and benefits earned but unpaid at June 30, 2005, including accrued vacation pay, are not required to be funded by Colorado State law. Accordingly, for budgetary purposes, the District considers accrued salaries, benefits and compensated absences amounting to \$56,339,447 to be permanently deferred and therefore available for budgetary purposes.

5. Excess expenditures over appropriations and deficit fund equity

As of June 30, 2005, two Component Unit Charter Schools had accumulated deficits, unreserved, of \$167,424. The charter schools review their budgets with management and are monitored closely.

6. Deposits and investments

Deposits:

The District and the discretely presented component unit's investment policies are approved by the Board of Education and governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another financial institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District and the discretely presented component units do not have a deposit policy for custodial credit risk. As of June 30, 2005, \$6,736,197 of the District and the discretely presented component unit’s bank balance of \$7,153,142 was exposed to custodial credit risk. Deposits exposed to credit risk of \$6,736,197 are collateralized with securities held by the pledging financial institution through PDPA.

Cash held in trust:

As of June 30, 2005 the District had \$5,176,279 held in trust. Jefferson County collects the property taxes for the school district and holds the funds in trust until sent to the District monthly.

Investments:

As of June 30, 2005, the District had the following investments. Investments held in the guaranteed investment contract are not a part of pooled cash until drawn. All other deposits and investments are internally pooled to maximize investment safety, liquidity, and interest yield.

| <u>Investments</u> | <u>Maturities</u> | <u>Fair Value</u> |
|---|--------------------------------|----------------------|
| American National Bank (forward delivery agreement) | 07/01/2005 | \$ 26,589,601 |
| Colorado Surplus Asset Fund Trust (external investment pool) | Weighted average under 60 days | 35,776,537 |
| Smith Barney Citigroup (money market) | Dollar average under 90 days | 5,976,210 |
| Colostrust (external investment pool) | Less than 1 year | 88,854,204 |
| Bank One – JP Morgan (forward delivery agreement) | 12/15/2017 | 55,962,868 |
| MBIA (U.S Treasuries) | Weighted average of 166 days | 3,109,937 |
| MBIA (U.S. Instrumentality) | Weighted average of 493 days | 8,540,299 |
| U.S. Bank (Repurchase agreement) | Overnight Sweep | 15,706,488 |
| FSA Capital Management Services (Guaranteed Investment Contract) | 06/04/2008 | 264,574,510 |
| | | |
| Total Investments: | | \$505,090,654 |

Interest rate risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Forward delivery agreements – The District has entered into two forward delivery agreements with outside parties. The forward delivery with American National Bank matures on July 1, 2005. The agreement with JP Morgan has a maturity date of December 15, 2017, but the District has the option of canceling the agreement prior to that date. The District has received interest in advance on the investment which is recorded in deferred revenue in the General Fund. If the District cancelled the agreement prior to the December 15, 2017 date, an amount calculated at that date would be returned to JP Morgan.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Credit risk - State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency. Colorado Surplus Asset Fund Trust (CSAFE) and Colotrust are rated AAAM by Standard & Poors. They are regulated by the Colorado Division of Securities and the District's position in the pools is the same as the value of the pool shares. Smith Barney Citigroup is not rated. MBIA is rated AAA by Standard & Poors and Aaa by Moody's. The FSA Capital Management Guaranteed Investment Contract is not rated but the provider must maintain a rating of Aaa by Moody's and AAA by Standard & Poors.

7. Receivables - Lessor lease

As of November 1, 2004, the lease agreement with the National Renewable Energy Laboratories ended. The District has not entered into any other lease agreements as a lessor.

8. Capital assets

A summary of changes in capital assets is as follows:

Governmental Activities

| | Balance <u>June 30, 2004</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>June 30, 2005</u> |
|---|---------------------------------|------------------------|-------------------------|---------------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 38,167,381 | \$ 4,249,652 | \$ (125,859) | \$ 42,291,174 |
| Construction in progress | <u>152,412,968</u> | <u>34,954,620</u> | <u>(129,461,908)</u> | <u>57,905,680</u> |
| Total Non-depreciable assets | <u>\$ 190,580,349</u> | <u>\$ 39,204,272</u> | <u>\$(129,587,767)</u> | <u>\$ 100,196,854</u> |
| Depreciable assets: | | | | |
| Buildings and site improvements | \$ 866,324,407 | \$ 127,245,181 | \$ (737,776) | \$ 992,831,812 |
| Equipment and vehicles – Internal service funds | 34,852,259 | 4,387,708 | (1,924,915) | 37,315,052 |
| Equipment and vehicles | <u>90,800,373</u> | <u>3,221,512</u> | <u>(5,097,722)</u> | <u>88,924,163</u> |
| Total Depreciable assets | <u>\$ 991,977,039</u> | <u>\$ 134,854,401</u> | <u>\$ (7,760,413)</u> | <u>\$1,119,071,027</u> |
| Less accumulated depreciation for: | | | | |
| Building and site improvements | \$ (358,326,356) | \$ (37,377,852) | \$ 570,940 | \$ (395,133,268) |
| Equipment and vehicles – Internal service funds | (26,600,538) | (2,703,957) | 1,606,607 | (27,697,888) |
| Equipment and vehicles | <u>(54,969,908)</u> | <u>(6,924,756)</u> | <u>3,928,225</u> | <u>(57,966,439)</u> |
| Total Accumulated depreciation | <u>\$ (439,896,802)</u> | <u>\$ (47,006,565)</u> | <u>\$ 6,105,772</u> | <u>\$ (480,797,595)</u> |
| Total capital assets, net | <u>\$ 742,660,586</u> | <u>\$ 127,052,108</u> | <u>\$ (131,242,408)</u> | <u>\$ 738,470,286</u> |

Note: In the reconciliation of governmental funds balance sheet to statement of net assets on page 34, internal service funds will be a reconciling item with the capital assets added.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Business-type activities

A summary of changes in Food services fund capital assets is as follows:

| | Balance June 30, 2004 | Additions | Deletions | Balance June 30, 2005 |
|--------------------------|--------------------------|---------------------|----------------|--------------------------|
| Equipment | \$ 7,078,654 | - | \$ (250,483) | \$ 6,828,171 |
| Accumulated depreciation | <u>(4,479,541)</u> | <u>\$ (452,480)</u> | <u>250,483</u> | <u>(4,681,538)</u> |
| Total | <u>\$ 2,599,113</u> | <u>\$ (452,480)</u> | <u>\$ -</u> | <u>\$ 2,146,633</u> |

A summary of changes in Child care fund capital assets is as follows:

| | Balance June 30, 2004 | Additions | Deletions | Balance June 30, 2005 |
|--------------------------|--------------------------|--------------------|-------------------|--------------------------|
| Equipment | \$ 716,653 | \$ 3,684 | \$ (37,073) | \$ 683,264 |
| Accumulated depreciation | <u>(514,485)</u> | <u>(56,754)</u> | <u>31,864</u> | <u>(539,375)</u> |
| Total | <u>\$ 202,168</u> | <u>\$ (53,070)</u> | <u>\$ (5,209)</u> | <u>\$ 143,889</u> |

A summary of changes in Property management fund capital assets is as follows:

| | Balance June 30, 2004 | Additions | Deletions | Balance June 30, 2005 |
|--------------------------|--------------------------|---------------------|-------------|--------------------------|
| Equipment | \$ 2,762,068 | \$ 148,311 | \$ - | \$ 2,910,379 |
| Accumulated depreciation | <u>(1,983,911)</u> | <u>(329,350)</u> | <u>-</u> | <u>(2,313,261)</u> |
| Total | <u>\$ 778,157</u> | <u>\$ (181,039)</u> | <u>\$ -</u> | <u>\$ 597,118</u> |

| | |
|--|---------------------|
| Total capital assets being depreciated, business-type activities | \$ 10,421,814 |
| Accumulated depreciation | <u>(7,534,174)</u> |
| Business-type activities capital assets, net | <u>\$ 2,887,640</u> |

Discretely presented component units

A summary of changes in Component unit charter schools capital assets is as follows:

| | Balance July 1, 2004 | Additions | Deletions | Balance June 30, 2005 |
|-------------------------------|-------------------------|---------------------|-----------------------|--------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 2,662,738 | \$ 235,981 | - | \$ 2,898,719 |
| Construction in progress | <u>4,761,434</u> | <u>3,089,443</u> | <u>\$ (4,761,434)</u> | <u>3,089,443</u> |
| Total Non-depreciable assets: | <u>\$ 7,424,172</u> | <u>\$ 3,325,424</u> | <u>\$ (4,761,434)</u> | <u>\$ 5,988,162</u> |
| Depreciable assets: | | | | |
| Buildings and equipment | \$ 20,546,038 | \$ 5,380,050 | \$ (1,904,294) | \$ 24,021,794 |
| Accumulated depreciation | <u>(1,423,652)</u> | <u>(832,329)</u> | <u>261,498</u> | <u>(1,994,483)</u> |
| Total | <u>\$ 26,546,558</u> | <u>\$ 7,873,145</u> | <u>\$ (6,404,230)</u> | <u>\$ 28,015,473</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

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

| | |
|--|----------------------|
| <u>Governmental activities:</u> | |
| Direct instruction | \$ 31,538,856 |
| Indirect instruction | 6,424,246 |
| Field services | 4,179,764 |
| Support services | 104,820 |
| General administration | 118,840 |
| District-wide (Non-departmental) | 1,936,082 |
| Capital assets held by the District's internal service funds | <u>2,703,957</u> |
| Total depreciation expense – governmental activities | <u>\$ 47,006,565</u> |
| <u>Business-type activities:</u> | |
| Food services | \$ 452,480 |
| Child care | 56,754 |
| Property management | <u>329,350</u> |
| Total depreciation expense – business-type activities | <u>\$ 838,584</u> |

Construction commitments

The District has active construction projects as of June 30, 2005. The projects include renovations and site improvements. At year end, commitments with contractors on all projects are too numerous to list. All accumulated resources for capital projects are reserved for construction commitments. A list of significant commitments as of June 30, 2005 are as follows:

| | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|--|----------------------|---------------------------------|
| Dunstan MS replacement | \$ 4,261,044 | \$ 13,375,905 |
| Wayne Carle MS new school | 9,873,127 | 8,018,569 |
| Golden HS replacement | 403,509 | 2,022,700 |
| Lakewood HS addition | 11,643 | 1,835,000 |
| Arvada West HS addition | 304,760 | 1,536,567 |
| Bear Creek ES replacement | 486,384 | 833,939 |
| Evergreen HS synthetic turf | 229,323 | 607,634 |
| 6 th and Kipling bus pavement | 1,090,345 | 550,760 |
| Al Meikeljohn ES new school | 277,089 | 506,546 |
| Conifer HS synthetic turf | 221,574 | 495,576 |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

9. Interfund receivables and payables

The following identifies amounts due to and from individual funds at June 30, 2005:

| Fund | Due To | Due From |
|------------------------------------|---------------------|---------------------|
| General fund | \$ 3,031,176 | - |
| Special revenue: | | |
| Grants | - | \$ 792,128 |
| Internal service funds: | | |
| Central services | - | 48,186 |
| Technology fund | - | 1,930,430 |
| Utility revolving fund | - | 142,357 |
| | <u>\$ 3,031,176</u> | <u>\$ 2,913,101</u> |
| Reporting entity – Component units | | |
| Montessori Peaks | - | 27,463 |
| Rocky Mountain Deaf School | - | 90,612 |
| | <u>-</u> | <u>\$ 118,075</u> |
| | <u>\$ 3,031,176</u> | <u>\$ 3,031,176</u> |
| Capital reserve capital projects | \$ 1,448,723 | |
| Building fund capital projects | | \$ 1,448,723 |

Internal services internal balances with the general government are not included in the total for the statement of net assets (see note 2). Interfund balances are used to account for the pooled cash investing of the District.

10. Transfers

The District transfers amounts from the General Fund to other funds to meet their operational needs and legal requirements. The Fleet Maintenance and Other Internal Service Funds were closed in fiscal year 2005 and the respective programs were transferred to the General Fund. At June 30, 2005 the detail for these transfers is as follows:

General Fund Transfers

| | |
|---|----------------------|
| Capital reserve fund | <u>\$ 20,158,000</u> |
| Net transfers within the governmental funds | 20,158,000 |
| Child care fund | 1,733,944 |
| Insurance reserve fund | 5,750,600 |
| Fleet maintenance fund | (185,994) |
| Other internal service fund | <u>(394,021)</u> |
| Net transfers from outside the governmental funds | 6,904,529 |
| Total transfers from the General fund | <u>\$ 27,062,529</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

11. Capital leases and certificates of participation

Certificates of Participation (COPs) are used to facilitate the retirement of certain debt of the District and to fund capital improvements.

School buses were used as collateral in the Refunding COPs Series 2003, included in the District's capital assets, the net book value at June 30, 2005 was \$10,625,630.

The District has entered into several capital lease agreements for the purchase of copiers and computers. The lease terms are generally three to five years with interest ranging from 4.65 percent to 8 percent. Certificates of participation terms are ten years with interest ranging from 2 percent to 3.75 percent. Certificates of participation and capital lease obligations for the fiscal year ended June 30, 2005, are comprised of the following:

| | Balance July 1, 2004 | Additions | Retirements | Outstanding June 30, 2005 | Current Portion |
|---|-------------------------|---------------------|-----------------------|------------------------------|---------------------|
| <u>Governmental activities</u> | | | | | |
| Bus – 2003 COP's | \$ 10,930,000 | - | \$ (1,105,000) | \$ 9,825,000 | \$ 1,125,000 |
| Less deferred amounts: | | | | | |
| For issuance costs | <u>(250,750)</u> | <u>-</u> | <u>29,500</u> | <u>(221,250)</u> | <u>-</u> |
| Total COP's | <u>\$ 10,679,250</u> | <u>-</u> | <u>\$ (1,075,500)</u> | <u>\$ 9,603,750</u> | <u>\$ 1,125,000</u> |
| Internal service funds – capital leases: | | | | | |
| Copiers | \$ 474,536 | - | \$ (260,893) | \$ 213,643 | \$ 161,386 |
| Computers | 791,401 | - | (267,968) | 523,433 | 213,317 |
| Utility lighting retro-fit | <u>156,989</u> | <u>-</u> | <u>(130,321)</u> | <u>26,668</u> | <u>26,668</u> |
| Subtotal - Internal service funds | <u>1,422,926</u> | <u>-</u> | <u>(659,182)</u> | <u>763,744</u> | <u>401,371</u> |
| Governmental activity long-term liabilities | <u>\$ 12,102,176</u> | <u>-</u> | <u>\$ (1,734,682)</u> | <u>\$ 10,367,494</u> | <u>\$ 1,526,371</u> |
| <u>Business-type activities:</u> | | | | | |
| Computer hardware and software – capital | <u>\$ 180,045</u> | <u>-</u> | <u>\$ (180,045)</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Component unit activities:</u> | | | | | |
| Component units – Buildings/Capital leases | \$ 34,255,000 | \$ 8,745,000 | \$ (4,730,000) | \$ 38,270,000 | \$ 440,000 |
| Less deferred amounts: | | | | | |
| For issuance costs | <u>(1,708,315)</u> | <u>(380,430)</u> | <u>296,831</u> | <u>(1,791,914)</u> | <u>-</u> |
| Total Component unit capital lease | <u>\$ 32,546,685</u> | <u>\$ 8,364,570</u> | <u>\$ (4,433,169)</u> | <u>\$ 36,478,086</u> | <u>\$ 440,000</u> |
| Component Units - Promissory notes | <u>\$ 355,344</u> | <u>\$ 20,458</u> | <u>\$ (130,777)</u> | <u>\$ 445,025</u> | <u>\$ 226,766</u> |

For financial reporting purposes, the District follows the requirements of FASB Statement No. 13; i.e., under certain circumstances, for capital leases, the present value of future minimum lease payments should be shown as a liability and related assets should be capitalized in the basic financial statements. It is the expectation that the leases will be renewed annually until title to the related property is acquired pursuant to the leases.

The assets acquired through capital leases excluding COP's and Component Units are as follows:

| | |
|--------------------------------|---------------------|
| Asset: | |
| Equipment and vehicles | \$ 5,644,573 |
| Less: Accumulated depreciation | <u>(4,056,001)</u> |
| Total: | <u>\$ 1,588,572</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Certificates of Participation (COPs) and capital leases have the following minimum annual lease payments:

Capital leases

| Fiscal Year Ending June 30 | Governmental Activities COP'S | | Governmental Activities Internal Service Funds | | Component Units Charter Schools | |
|----------------------------------|----------------------------------|---------------------------|---|-------------------------|------------------------------------|----------------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | 2006 | \$ 1,125,000 | \$ 280,243 | \$ 401,371 | \$ 19,090 | \$ 440,000 |
| 2007 | 1,145,000 | 257,542 | 205,843 | 7,772 | 600,000 | 2,380,189 |
| 2008 | 1,170,000 | 232,053 | 156,530 | 3,000 | 670,000 | 2,350,288 |
| 2009 | 1,200,000 | 200,912 | - | - | 700,000 | 2,318,265 |
| 2010 | 1,235,000 | 164,053 | - | - | 735,000 | 2,284,253 |
| 2011-2015 | 3,950,000 | 223,176 | - | - | 4,240,000 | 10,774,359 |
| 2016-2020 | - | - | - | - | 5,260,000 | 9,397,764 |
| 2021-2025 | - | - | - | - | 6,840,000 | 7,531,329 |
| 2026-2030 | - | - | - | - | 10,715,000 | 4,687,138 |
| 2031-2035 | - | - | - | - | 8,070,000 | 1,155,038 |
| Total | <u>\$9,825,000</u> | <u>\$1,357,979</u> | <u>\$763,744</u> | <u>\$ 29,862</u> | <u>\$38,270,000</u> | <u>\$45,266,528</u> |

Promissory note

| Fiscal Year Ending June 30 | Component Units Charter Schools | |
|----------------------------------|------------------------------------|-------------------------|
| | Principal | Interest |
| | 2006 | \$ 226,766 |
| 2007 | 143,008 | 13,548 |
| 2008 | 71,927 | 3,418 |
| 2009 | <u>3,324</u> | <u>99</u> |
| Total | <u>\$ 445,025</u> | <u>\$ 46,231</u> |

The District has appropriated amounts from 2006 revenues in the Capital Reserve Fund to meet the lease payments for the buses which are due in 2005. Appropriations for the 2005 copier lease payments have been made in the Central Services Fund for 2005. Appropriations for the 2005 computer lease payments have been made in the Technology Fund for 2005. Appropriations for the 2005 utility lighting retrofit lease payments have been made in the Utility Revolving Fund for 2005.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

12. General obligation bonds payable

General obligation bonds payable and payments on the bonds for the fiscal year ended June 30, 2005 are comprised of the following:

\$39,595,000 2005 Series A Refunding Bonds due in semi-annual installments with annual payments of \$453,701 to \$20,484,625 through December 15, 2017. Interest rate: 3.00% to 5.00%. \$ 39,595,000

\$257,000,000 2004 Series Bonds due in semi-annual installments with annual payments of \$5,883,963 to \$38,601,125 through December 15, 2024. Interest rate: 3.50% to 5.00%. 257,000,000

\$63,440,000 2004 Series A Refunding Bonds due in semi-annual installments with annual payments of \$1,680,989 to \$18,711,375 through December 15, 2015. Interest rate: 2.00% to 5.25%. 62,680,000

\$48,315,000 2003 Series Refunding Bonds due in semi-annual installments with annual payments of \$430,000 to \$18,130,000 through December 15, 2014. Interest rate: 3.00% to 5.00%. 48,315,000

\$2,230,000 in registered coupons for 2003 due in semi-annual installments of \$110,000 to \$1,425,000 through December 15, 2009. 690,000

\$200,000,000 1998 Series A Bonds due in semi-annual installments with annual payments of \$8,676,000 to \$13,304,925 through December 15, 2008. Interest rate: 4.20% to 7.00%. \$48,310,000 of these bonds were refunded and defeased with the 2003 series refunding bonds, and \$103,035,000 were refunded and defeased with the 2004 and 2005 series refunding bonds. (See note 13) 46,900,000

\$65,000,000 1998 Series B Bonds due in semi-annual installments with annual payments of \$10,689,000 to \$13,018,000 through December 15, 2004. Interest rate: 5.00%. -

\$309,885,000 1997 Series Refunding Bonds due in semi-annual installments with annual payments of \$15,689,000 to \$39,673,000 through December 15, 2012. Interest rate: 4.30% to 6.50%. 239,200,000

\$7,670,000 1992 Series Capital Appreciation Bonds discounted at 6.35%, due December 15, 2007; net of unamortized discount of \$2,561,105 6,560,289

Total \$ 700,940,289

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

| | Balance July 1, <u>2004</u> | New and Refunding <u>Issues</u> | Payments & Amortization <u>of Discount</u> | Balance June 30, <u>2005</u> | Current <u>Portion</u> |
|---|-----------------------------------|---------------------------------------|--|------------------------------------|---------------------------|
| General obligation bonds: | | | | | |
| Refunding - 2005 | - | \$ 39,595,000 | - | \$ 39,595,000 | \$ 575,000 |
| Construction - 2005 | - | 257,000,000 | - | 257,000,000 | - |
| Refunding - 2004 | - | 63,440,000 | \$ (760,000) | 62,680,000 | - |
| Refunding - 2003 | \$ 48,315,000 | - | - | 48,315,000 | - |
| Registered coupons 2003 | 805,000 | - | (115,000) | 690,000 | 115,000 |
| Construction - 1998A | 151,680,000 | - | (104,780,000) | 46,900,000 | 10,695,000 |
| Construction - 1998B | 10,185,000 | - | (10,185,000) | - | - |
| Refunding - 1997 | 263,245,000 | - | (24,045,000) | 239,200,000 | 25,425,000 |
| Capital appreciation - 1992 | 6,162,738 | - | 397,551 | 6,560,289 | 423,185 |
| Less deferred amounts: | | | | | |
| On refunding discounts, premiums and issue costs | <u>(2,040,652)</u> | <u>19,221,244</u> | <u>(358,586)</u> | <u>16,822,006</u> | <u>-</u> |
| | <u>\$ 478,352,086</u> | <u>\$ 379,256,244</u> | <u>\$ (139,846,035)</u> | <u>\$ 717,762,295</u> | <u>\$ 37,233,185</u> |

Future years general obligation bonds repayment schedule:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------------|-----------------------|-----------------------|
| 2006 | \$ 37,233,185 | \$ 36,604,144 |
| 2007 | 38,635,505 | 34,532,000 |
| 2008 | 38,281,599 | 32,371,100 |
| 2009 | 42,385,000 | 29,916,163 |
| 2010 | 45,120,000 | 27,229,425 |
| 2011-2015 | 195,675,000 | 97,241,119 |
| 2016-2020 | 132,380,000 | 60,033,750 |
| 2021-2025 | <u>171,230,000</u> | <u>22,188,750</u> |
| Total | <u>\$ 700,940,289</u> | <u>\$ 340,116,451</u> |

The Series 2003 Registered Coupons were issued June 1, 2003 in the amount of \$2,230,000. The Coupons do not constitute a general obligation or other indebtedness of the District under Colorado statute, but have been reflected as long-term debt under generally accepted accounting principles in the financial statements.

The bonds are secured by the District's covenant to certify a rate of levy sufficient to meet the principal and interest payments with respect to the bonds.

Payment of principal and interest for general obligation bonds is made from the Bond Redemption Fund. The legal debt limit and debt margin as of June 30, 2005, are \$1,263,992,262 and \$620,459,085, respectively. The District is in compliance with the legal debt limit.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

13. Defeased debt

In the current and prior years, the District has issued bonds for the purpose of refunding portions of the 1998A bonds. In fiscal year 2005, the Series 2004 refunding issue of \$64 million reduced aggregate debt service by almost \$2.5 million over the next 11 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$2 million. Also in fiscal year 2005, the Series 2005 refunding issue of \$40 million reduced aggregate debt service by almost \$2 million over the next 12 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$1.4 million. The proceeds of these bonds were placed in an irrevocable trust to provide the future debt service payments on the old bonds. The trust account assets and the liabilities for the defeased bonds are not included in the District's basic financial statements. At June 30, 2005 the defeased debt and respective assets and liabilities are as follows:

| <u>Refunding Series</u> | <u>Amount Financed</u> | <u>Escrow Disbursement Completion</u> | <u>Assets in Trust</u> | <u>Principal Outstanding</u> |
|-------------------------|------------------------|---------------------------------------|------------------------|------------------------------|
| 2003 | \$48,310,000 | December, 2008 | \$52,177,445 | \$48,310,000 |
| 2004 | 64,450,000 | December, 2008 | 68,573,224 | 64,450,000 |
| 2005 | 40,325,000 | December, 2008 | 42,281,740 | 40,325,000 |

14. Risk management

The Employee Benefits Fund and Insurance Reserve Fund are provided to maintain and account for insurance reserves on a self-insurance basis and other benefits provided to employees. The Insurance Reserve Fund was established in 1981 by the Colorado Legislature to provide insurance reserves to fund certain liability, property and workers' compensation claims, including estimates for incurred but not reported claims, premiums and applicable administrative costs. The Insurance Reserve Fund allows the District to manage its exposure to risk, i.e., loss of assets by fire, weather, etc., loss through third party litigation, and obligations based on statutory requirements imposed by the Workers' Compensation Act. This is accomplished by self-insuring the retention of risk and the purchase of excess insurance coverage.

The District retains the first \$100,000 of any property loss, the first \$500,000 of auto and general liability losses, the first \$500,000 of workers' compensation losses, and the first \$500,000 of errors and omissions claims. In order to minimize expenditures for self-insured losses and for excess premiums, the District adjusts its own workers' compensation claims and manages the handling of all other claims.

The District manages a loss control program and maintains a security system, which provides for around-the-clock computerized monitoring of District facilities for intrusion and fire.

The cost of Insurance Reserve Fund claims and premiums are recorded when incurred. Estimates for unsettled and incurred but not reported claims in the amount of \$5,695,659 are included as an estimated liability in the Insurance Reserve Fund as of June 30, 2005. Claim liabilities are calculated considering the effects of inflation and claim settlement trends that include such factors as pay-out amounts and economic and social indicators. The incurred but not reported amount was calculated by the Mercer Firm at the request of the District. It is contained in the Unpaid Loss and Allocated Loss Adjustment Expense Reserve Review as of June 30, 2005 for Jefferson County School District.

The change in the Insurance Reserve Fund estimates for unsettled and incurred but not reported claims are:

| | |
|--|---------------------|
| Balance July 1, 2004 | \$ 5,242,832 |
| Increase (Decrease) in estimated claims: | |
| Estimated property claims | (14,005) |
| Errors and omissions claims | 190,362 |
| Automobile claims | (51,326) |
| General liability claims | 153,942 |
| Workers' compensation claims | <u>173,854</u> |
| Balance June 30, 2005 | <u>\$ 5,695,659</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

The following is a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year:

| | <u>2004</u> | <u>2005</u> |
|---|---------------------|---------------------|
| Amount of claims liabilities at July 1 | \$ 4,769,321 | \$5,242,832 |
| Incurred claims and change in reserve | 5,229,008 | 4,358,405 |
| Payments on claims | <u>(4,755,497)</u> | <u>(3,905,578)</u> |
| Amount of claims liabilities at June 30 | <u>\$ 5,242,832</u> | <u>\$ 5,695,659</u> |

The Employee Benefits Fund was established in 1984 to account for the District's previous self-insured medical plan and retired paid-up life insurance programs for eligible employees, retirees, dependents, and other approved individuals. On January 1, 1995, the self-insured medical plan was replaced with a third-party insured medical plan, no claims are outstanding on the old self-insured medical plan as of June 30, 2005. The Employee Benefits Fund is reimbursed by the other funds based on predetermined rates or allowances. Included in the current liability total in the Employee Benefits Fund is \$718,800 and \$122,900 to cover the estimated cost of claims incurred but not paid or reported as of June 30, 2005, related to the District's self-insured dental and vision plans respectively and \$5,747,554 for medical insurance premiums.

15. Commitments and contingencies

A number of claims are presently pending against the District, but management believes final settlement of these matters will not result in any material adverse effect on the financial operations of the District. The District receives revenues from various federal and state grant programs subject to final review and approval as to allowability of expenditures by the respective grantor agencies. District management believes that disallowances, if any, will be immaterial to the basic financial statements. From time to time, the District enters into long-term construction contracts for which future commitments may exist.

16. Pension plan

All District full-time employees are members of the Public Employees' Retirement Association of Colorado (PERA). The District contributes to the Combined State and School Division Trust Fund (CSSDTF) within PERA. PERA administers this cost-sharing multiple-employer defined benefit plan (the Plan). Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the CSSDTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Plan members and the District are required to contribute to the CSSDTF 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 CRS, as amended. The contribution rate for members is 8.0 percent and for the District it is 10.15 percent. Also, a portion of the District's contribution (1.02 percent of covered salary) is allocated for the Health Care Trust Fund (see below). The District's contributions to CSSDTF for the years ending June 30, 2003, 2004 and 2005 were \$41,740,138, \$40,450,862, and \$43,416,333.91, respectively, equal to their required contributions for each year.

The District also contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The Health Fund provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. The District is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contributions requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District's contributions to HCTF for the years ending June 30, 2003, 2004 and 2005 were \$5,702,055, \$4,383,832, and \$4,361,922, respectively, equal to their required contributions for each year.

Additionally, Trust members for the District may voluntarily contribute to the Voluntary Investment Program (VIP), an internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary and contributions are separate from others made to PERA. Statutes have assigned the State Legislature the authority to establish VIP plan provisions. The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$12,000 in 2003, \$13,000 in 2004, and \$14,000 in 2005).

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

17. Early, supplemental and post retirement benefits

Plan Description - On October 15, 1998, the District obtained approval from the Board of Education (the Board) to revise its early retirement plan. Subsequently, the Board adopted the Supplemental Retirement Plan effective August 31, 1999 and amended and restated the plan effective December 9, 1999. The supplemental retirement plan is a single employer defined benefit plan qualified under Section 401(a) of the Internal Revenue Service Code. Covered employees are those that were actively employed by the District on August 31, 1999. A person reaches normal retirement date when they have reached 55 years of age or have attained 20 years of service. An employee may elect early retirement if they have attained 20 years of service at any age. The monthly-accrued benefit that an employee may receive is .257 percent of monthly salary multiplied by years of service as of August 31, 1999 up to a maximum of 20 years. The monthly benefit is payable as a life annuity with three optional forms of payment: 100 percent Joint and Survivor Annuity, 50 percent Joint and Survivor Annuity, 10-Year Certain Payment Only. The board approves funding of the plan each year with the budget adoption. The plan financials are included in the statements of Key Bank. To obtain a copy, contact Key Bank at 1674 Broadway, Suite 300, Denver, Colorado 80202, or telephone 720-904-4321.

Funding Policy - The District is required to contribute annually to the plan using the actuarial basis specified by the Supplemental Retirement Plan. Active members of the plan are not permitted to make contributions.

Annual pension cost and net pension obligation (asset) - The District's annual pension cost and net pension asset from the plan for the current year were as follows:

| | |
|--|------------------------|
| Annual required contributions (ARC) | \$ 3,546,389 |
| Contributions made for fiscal year 2005 | <u>3,351,265</u> |
| Increase in net pension obligation (Asset) | 195,124 |
| Interest on net pension obligation | (1,055,592) |
| Adjustment on annual required contribution | 1,093,765 |
| Net pension asset, beginning of year | <u>(12,063,914)</u> |
| Net pension asset, end of year | <u>\$ (11,830,617)</u> |

The annual required contribution for the current year was determined as part of the September 1, 2004 actuarial valuation prepared by Mellon, using the unit credit actuarial cost method and an amortization method of a 40 year open period. The actuarial assumptions include (a) 8.75 percent investment rate of return, (b) inflation at 4.5 percent, and no projected salary or cost of living increases. The actuarial value of assets was equal to market value. The net pension asset is recorded as prepaid expense in the government-wide statements.

Trend information -

| Fiscal Year Ended | Annual Pension Cost (APC) | Actual Contributions | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|-------------------|---------------------------|----------------------|-------------------------------|--------------------------------|
| August 31, 2002 | \$3,531,924 | \$5,749,862 | 194.0% | \$ (11,168,604) |
| August 31, 2003 | 3,395,114 | 6,842,575 | 126.0 | (12,063,914) |
| August 31, 2004 | 3,584,562 | 3,351,265 | 93.5 | (11,830,616) |

Schedule of funding progress

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|---|--------------|-----------------|--------------------------------|
| August 31, 2002 | \$15,335,657 | \$55,989,288 | \$40,653,631 | 27.4% | \$213,890,768 | 19.0% |
| August 31, 2003 | 17,704,428 | 57,918,504 | 40,214,076 | 30.6 | 189,293,462 | 21.2 |
| August 31, 2004 | 18,333,937 | 58,094,029 | 39,760,092 | 31.6 | 158,996,444 | 25.0 |

Payment of unused sick and personal leave in the amount of \$2,948,435 was paid to 267 early retirees in fiscal year 2005.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

The Board has appropriated \$6,500,000 for its early retirement programs to be paid in Fiscal year 2006. It is anticipated expenditures for health/group life and sick/personal leaves for Fiscal year 2006 will be \$2,513,099. The remaining \$3,986,901 will be paid to the supplemental retirement program.

A District-paid \$2,000 life insurance policy is provided each retiree upon reaching age 65 and is accounted for through a retired life insurance program in the Employee Benefits Fund.

18. Prior period adjustment

The prior period adjustment was made as follows:

On the statement of revenues, expenditures and changes for governmental funds, statement of revenues, expenditures and changes in fund balance general fund and grants fund statement, a prior period adjustment of \$907,790 was made to transfer residual equity from the grants fund to the general fund from a previous year, increasing the general fund net assets and decreasing the grants fund net assets.

| | |
|--|-----------------------|
| General fund net assets (prior to restatement) | \$(14,602,620) |
| Prior period adjustment | <u>907,790</u> |
| General fund net assets (restated) | <u>\$(13,694,830)</u> |
| | |
| Grants fund balance (prior to restatement) | \$ 1,733,183 |
| Prior period adjustment | <u>(907,790)</u> |
| Grants fund net assets (restated) | <u>\$ 825,393</u> |



Supplemental Information

The Combining Financial Statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Grants Fund – This fund is used to account for federal, state, or private sector grant programs.

Campus Activity Fund – This fund is used to account for revenues collected on behalf of the participants who will benefit from the expenditures.

Major Governmental Funds

Bond Redemption Debt Service

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

Capital Projects

Capital Reserve Capital Projects Fund – This fund is authorized by Colorado School Law and is used to fund ongoing capital needs such as site acquisition, building additions and equipment purchases.

Building Fund – Capital Projects – This fund is used to account for resources from the 2004 voter approved bond for a six-year capital improvement program.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
June 30, 2005

| | <u>Special Revenue Funds</u> | | <u>Total Nonmajor Governmental Funds</u> |
|---|------------------------------|-------------------------------------|--|
| | <u>Grants Fund</u> | <u>Campus Activity Fund</u> | |
| Assets | | | |
| Cash | - | \$ 101,101 | \$ 101,101 |
| Equity in pooled cash and temporary investments | - | 9,170,585 | 9,170,585 |
| Accounts and interest receivable | \$ 719 | 10,166 | 10,885 |
| Intergovernmental receivables: | | | |
| From the federal government | 4,234,627 | - | 4,234,627 |
| From the state government | 24,000 | - | 24,000 |
| Inventories | - | 389,782 | 389,782 |
| Total assets | \$ 4,259,346 | \$ 9,671,634 | \$ 13,930,980 |
| Liabilities | | | |
| Accounts payable | \$ 280,348 | \$ 209,676 | \$ 490,024 |
| Accrued salaries and benefits | 1,793,367 | 9,398 | 1,802,765 |
| Due to other funds | 792,128 | - | 792,128 |
| Unearned revenues | - | 456,713 | 456,713 |
| Total liabilities | 2,865,843 | 675,787 | 3,541,630 |
| Fund Balance: | | | |
| Reserved for TABOR | - | 742,132 | 742,132 |
| Reserved for designated purpose grants | 1,393,503 | - | 1,393,503 |
| Reserved for inventory | - | 389,782 | 389,782 |
| Reserved for encumbrances | - | 1,238,332 | 1,238,332 |
| Unreserved, designated for subsequent year budget | - | 6,625,601 | 6,625,601 |
| Total fund balance | 1,393,503 | 8,995,847 | 10,389,350 |
| Total liabilities and fund balances | \$ 4,259,346 | \$ 9,671,634 | \$ 13,930,980 |

See accompanying independent auditors' report.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2005

| | Special Revenue Funds | | Total |
|--|-----------------------|----------------------------|-----------------------------------|
| | Grants Fund | Campus Activity Fund | Nonmajor Governmental Funds |
| Revenues: | | | |
| Intergovernmental: | | | |
| Federal government | \$ 25,418,495 | - | \$ 25,418,495 |
| State of Colorado | 2,027,474 | - | 2,027,474 |
| Other: | | | |
| Interest | - | \$ 10,020 | 10,020 |
| Gifts and grants | 1,363,400 | - | 1,363,400 |
| Student activities | - | 8,099,443 | 8,099,443 |
| Fund raising | - | 5,354,912 | 5,354,912 |
| Fees and dues | - | 5,637,804 | 5,637,804 |
| Donations | - | 1,984,386 | 1,984,386 |
| Miscellaneous | - | 5,635,548 | 5,635,548 |
| Total revenues | <u>28,809,369</u> | <u>26,722,113</u> | <u>55,531,482</u> |
| Expenditures: | | | |
| Current: | | | |
| Elementary instruction | 8,727,443 | - | 8,727,443 |
| Middle level instruction | 729,078 | - | 729,078 |
| Senior high instruction | 512,658 | - | 512,658 |
| Athletics and activities | - | 26,164,566 | 26,164,566 |
| Instructional services | 6,540,874 | - | 6,540,874 |
| Intervention services | 11,731,206 | - | 11,731,206 |
| Total expenditures | <u>28,241,259</u> | <u>26,164,566</u> | <u>54,405,825</u> |
| Excess of revenues over (under) expenditures | 568,110 | 557,547 | 1,125,657 |
| Fund balances - July 1, 2004, as restated | 825,393 | 8,438,300 | 9,263,693 |
| Funds balances - June 30, 2005 | <u>\$ 1,393,503</u> | <u>\$ 8,995,847</u> | <u>\$ 10,389,350</u> |

See accompanying independent auditors' report.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Bond Redemption Debt Service Fund
Fiscal Year Ended June 30, 2005

| Debt Service Fund | | | | |
|---|-------------------|---------------------|------------------------|---|
| | Budgeted Amounts | | Actual Budget Basis | Variance with Final Budget - Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 60,500,000 | \$ 70,900,000 | \$ 70,761,987 | \$ (138,013) |
| Interest | 200,000 | 200,000 | 53,134 | (146,866) |
| Total taxes | 60,700,000 | 71,100,000 | 70,815,121 | (284,879) |
| Expenditures: | | | | |
| Debt Service | | | | |
| Principal retirement | 34,350,000 | 35,150,000 | 35,110,000 | 40,000 |
| Interest and fiscal charges | 25,903,900 | 39,603,900 | 39,478,549 | 125,351 |
| Total Expenditures | 60,253,900 | 74,753,900 | 74,588,549 | 165,351 |
| Excess of revenues over (under) expenditures | 446,100 | (3,653,900) | (3,773,428) | (119,528) |
| Other Financing Sources (uses): | | | | |
| General obligation bond proceeds | - | 103,000,000 | 103,035,000 | 35,000 |
| Payment to refunded bond escrow agent | - | (104,900,000) | (104,775,000) | 125,000 |
| Premium from refunding bonds | - | 10,700,000 | 10,712,281 | 12,281 |
| Excess of revenues and other financing sources over (under) expenditures | \$ 446,100 | \$ 5,146,100 | 5,198,853 | \$ 52,753 |
| Fund balances - July 1, 2004 | | | 52,208,259 | |
| Fund balances - June 30, 2005 | | | <u>\$ 57,407,112</u> | |

See accompanying independent auditors' report.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Capital Reserve Capital Projects Fund
Fiscal Year Ended June 30, 2005

| | Capital Reserve Fund | | |
|---|---|------------------------|---|
| | Original and Final Budget Amounts | Actual Budget Basis | Variance with Final Budget - Positive (Negative) |
| Revenues: | | | |
| Interest | \$ 100,000 | \$ 1,531,393 | \$ 1,431,393 |
| Other | 1,000,000 | 2,744,283 | 1,744,283 |
| Total revenues | 1,100,000 | 4,275,676 | 3,175,676 |
| Expenditures: | | | |
| Capital outlay: | | | |
| New buildings and land | - | 10,450,317 | (10,450,317) |
| School additions and improvements | 25,738,000 | 3,226,359 | 22,511,641 |
| Building repairs | - | 483,434 | (483,434) |
| Grounds improvements | - | 1,309,564 | (1,309,564) |
| Mechanical and electrical improvements | - | 2,304,749 | (2,304,749) |
| Roof replacement | - | 2,222,629 | (2,222,629) |
| Utilities and street improvements | - | 2,336 | (2,336) |
| Energy conservation | - | 1,240 | (1,240) |
| Vehicles and large equipment | 1,092,500 | 1,872,382 | (779,882) |
| Debt Service: | | | |
| Principal retirements | 1,105,000 | 1,105,000 | - |
| Interest | 302,500 | 156,796 | 145,704 |
| Total expenditures | 28,238,000 | 23,134,806 | 5,103,194 |
| Excess of revenues over (under) expenditures | (27,138,000) | (18,859,130) | 8,278,870 |
| Other Financing Sources: | | | |
| Transfers in | 20,158,000 | 20,158,000 | - |
| Total other financing sources (uses) | 20,158,000 | 20,158,000 | - |
| Excess of revenues and other financing sources over (under) expenditures | \$ (6,980,000) | 1,298,870 | \$ 8,278,870 |
| Salaries, benefits, and compensated absences earned but unpaid: | | | |
| July 1, 2004 | | 56,454 | |
| June 30, 2005 | | (44,280) | |
| Fund balance - July 1, 2004 | | 36,624,416 | |
| Fund balance - June 30, 2005 | | \$ 37,935,460 | |

See accompanying independent auditors' report.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Building Fund - Capital Projects
Fiscal Year Ended June 30, 2005

| Building Fund - Capital Projects | | | |
|---|---|------------------------|---|
| | Original and Final Budget Amounts | Actual Budget Basis | Variance with Final Budget - Positive (Negative) |
| Revenues: | | | |
| Interest | \$ 4,000,000 | \$ 4,413,333 | \$ 413,333 |
| Total revenues | 4,000,000 | 4,413,333 | 413,333 |
| Expenditures: | | | |
| Capital outlay: | | | |
| New buildings and land | 35,000,000 | 11,043,044 | 23,956,956 |
| School additions and improvements | - | 7,665,898 | (7,665,898) |
| Grounds improvements | - | 233,503 | (233,503) |
| Mechanical and electrical improvements | - | 252,669 | (252,669) |
| Roof replacement | - | 1,594,293 | (1,594,293) |
| Energy conservation | - | 2,860 | (2,860) |
| Total expenditures | 35,000,000 | 20,792,267 | 14,207,733 |
| Excess of revenues over (under) expenditures | (31,000,000) | (16,378,934) | 14,621,066 |
| Other Financing Sources: | | | |
| General obligation bond proceeds | 257,000,000 | 257,000,000 | - |
| Premium from refunding bonds | 19,500,000 | 19,528,284 | 28,284 |
| Total other financing sources | 276,500,000 | 276,528,284 | 28,284 |
| Excess of revenues and other financing sources over (under) expenditures | \$ 245,500,000 | 260,149,350 | \$ 14,649,350 |
| Fund balance - July 1, 2004 | | - | |
| Fund balance - June 30, 2005 | | \$ 260,149,350 | |

See accompanying independent auditors' report.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedules of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Grants Special Revenue Fund
Fiscal Year Ended June 30, 2005

| | Grants Fund | | | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|------------------------|---|
| | Budget Amounts | | Actual Budget Basis | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Federal government | \$ 25,200,000 | \$ 28,171,306 | \$ 25,418,495 | \$ (2,752,811) |
| State of Colorado | 2,000,000 | 1,805,409 | 2,027,474 | 222,065 |
| Other: | | | | |
| Gifts and grants | 500,000 | 233,771 | 1,363,400 | 1,129,629 |
| Total revenues | <u>27,700,000</u> | <u>30,210,486</u> | <u>28,809,369</u> | <u>(1,401,117)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Elementary instruction | 9,400,000 | 10,455,852 | 8,727,443 | 1,728,409 |
| Middle level instruction | 450,000 | 703,551 | 729,078 | (25,527) |
| Senior high instruction | 350,000 | 545,658 | 512,658 | 33,000 |
| Instructional services | 5,300,000 | 4,816,155 | 6,540,874 | (1,724,719) |
| Intervention services | 12,000,000 | 13,689,270 | 11,731,206 | 1,958,064 |
| Total expenditures | <u>27,500,000</u> | <u>30,210,486</u> | <u>28,241,259</u> | <u>1,969,227</u> |
| Excess of revenues and other financing sources over (under) expenditures | <u>\$ 200,000</u> | <u>\$ -</u> | 568,110 | <u>\$ 568,110</u> |
| Fund balance - July 1, 2004, as restated | | | <u>825,393</u> | |
| Fund balance - June 30, 2005 | | | <u>\$ 1,393,503</u> | |

See accompanying independent auditors' report.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual (Budget Basis)
Campus Activity Special Revenue Fund
Fiscal Year Ended June 30, 2005

| | Campus Activity Fund | | | |
|---|----------------------|------------|------------------------|---|
| | Budget Amounts | | Actual Budget Basis | Variance with Final Budget - Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Interest | \$ 10,000 | \$ 10,000 | \$ 10,020 | \$ 20 |
| Student activities | 8,000,000 | 8,000,000 | 8,099,443 | 99,443 |
| Fund raising | 4,250,000 | 5,300,000 | 5,354,912 | 54,912 |
| Fees and dues | 5,600,000 | 5,600,000 | 5,637,804 | 37,804 |
| Donations | 1,500,000 | 2,000,000 | 1,984,386 | (15,614) |
| Miscellaneous | 5,300,000 | 5,600,000 | 5,635,548 | 35,548 |
| Carryforward | - | 1,250,000 | - | (1,250,000) |
| Total revenues | 24,660,000 | 27,760,000 | 26,722,113 | (1,037,887) |
| Expenditures: | | | | |
| Current: | | | | |
| Athletics and activities | 24,500,000 | 27,750,000 | 26,164,566 | 1,585,434 |
| Total expenditures | 24,500,000 | 27,750,000 | 26,164,566 | 1,585,434 |
| Excess of revenues over expenditures | \$ 160,000 | \$ 10,000 | 557,547 | \$ 547,547 |
| Fund balance - July 1, 2004 | | | 8,438,300 | |
| Fund balance - June 30, 2005 | | | \$ 8,995,847 | |

See accompanying independent auditors' report.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments and schools on a cost-reimbursement basis.

Central Services Fund – This fund accounts for costs of operations to various users. Costs of operations include all direct costs plus depreciation, space rental, utilities, interest, and maintenance costs. Programs include: Copier, Printing, and Equipment Repair.

Employee Benefits Fund – This fund manages the current medical plans, and the life and retired life insurance programs.

Insurance Reserve Fund – This fund is authorized by state law to allow the District to maintain an insurance reserve for self-insurance purposes and to fund liability, workers' compensation, and property insurance premiums.

Fleet Maintenance Fund – This fund is designed to allocate all costs for maintenance of District vehicles to the appropriate users. Costs are allocated based on actual repair services plus costs of fuel used. This fund was closed at the end of fiscal year 2005.

Technology Fund – This fund is used to allocate the costs for the various technology-related activities to schools and departments.

Utility Revolving Fund – This fund is used to self-fund energy saving capital improvements with the savings achieved from the improvements combined with rebates provided by the Public Service Company Demand Site Management program.

Other Internal Services Fund – This fund accounts for the temporary classroom relocations and funded work order activities provided for the District. This fund was closed at the end of fiscal year 2005.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Net Assets (Deficit)
Internal Service Funds
June 30, 2005

| <u>Assets</u> | Central Services Fund | Employee Benefits Fund | Insurance Reserve Fund |
|--|-----------------------------|------------------------------|------------------------------|
| Current assets: | | | |
| Cash | \$ 300 | \$ 13,409 | - |
| Equity in pooled cash and temporary investments | - | 26,416,042 | \$ 5,910,772 |
| Accounts and other receivable | 1,041 | 165 | 5,051 |
| Inventories | 111,624 | - | - |
| Prepaid items | - | 171,652 | 933,308 |
| Total current assets | <u>112,965</u> | <u>26,601,268</u> | <u>6,849,131</u> |
| Capital assets: | | | |
| Vehicles and equipment | 4,036,387 | - | 445,435 |
| Less: Accumulated depreciation | <u>(2,799,395)</u> | <u>-</u> | <u>(373,887)</u> |
| Total capital assets net of accumulated depreciation | 1,236,992 | - | 71,548 |
| Total assets | <u>\$ 1,349,957</u> | <u>\$ 26,601,268</u> | <u>\$ 6,920,679</u> |
| <u>Liabilities and Net Assets</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 109,532 | - | \$ 280,509 |
| Accrued salaries, benefits, and compensated absences | 18,524 | \$ 2,990,992 | 32,845 |
| Payroll withholding | - | 14,438,114 | - |
| Interest Payable | 1,964 | - | - |
| Due to other funds | 48,186 | - | - |
| Other unearned revenues | - | - | - |
| Current capital lease obligations | 161,386 | - | - |
| Estimated liability for premiums and claims | - | 6,589,254 | 5,695,659 |
| Total current liabilities | <u>339,592</u> | <u>24,018,360</u> | <u>6,009,013</u> |
| Non-current liabilities: | | | |
| Compensated absences | 37,049 | 910 | 65,691 |
| Long-term capital lease obligations | <u>52,257</u> | <u>-</u> | <u>-</u> |
| Total non-current liabilities | 89,306 | 910 | 65,691 |
| Total liabilities | <u>428,898</u> | <u>24,019,270</u> | <u>6,074,704</u> |
| <u>Net Assets</u> | | | |
| Invested in capital assets net of related debt | 1,023,349 | - | 71,548 |
| Restricted for: | | | |
| TABOR | 1,860 | 64,583 | 19,278 |
| Unrestricted | <u>(104,150)</u> | <u>2,517,415</u> | <u>755,149</u> |
| Total net assets | 921,059 | 2,581,998 | 845,975 |
| Total liabilities and net assets (deficit) | <u>\$ 1,349,957</u> | <u>\$ 26,601,268</u> | <u>\$ 6,920,679</u> |

See accompanying independent auditors' report.

| Fleet Maintenance Fund | Technology Fund | Utility Revolving Fund | Other Internal Services Fund | Total Governmental Activities - Internal Service Funds |
|------------------------------|---------------------|------------------------------|------------------------------------|--|
| \$ - | - | - | - | \$ 13,709 |
| - | - | - | \$ - | 32,326,814 |
| - | - | - | - | 6,257 |
| - | \$ 27,418 | - | - | 139,042 |
| - | 452,110 | - | - | 1,557,070 |
| - | 479,528 | - | - | 34,042,892 |
| - | 28,629,614 | \$ 4,203,616 | - | 37,315,052 |
| - | (20,628,019) | (3,896,587) | - | (27,697,888) |
| - | 8,001,595 | 307,029 | - | 9,617,164 |
| <u>\$ -</u> | <u>\$ 8,481,123</u> | <u>\$ 307,029</u> | <u>\$ -</u> | <u>\$ 43,660,056</u> |
| \$ - | \$ 368,013 | - | \$ - | \$ 758,054 |
| - | 149,766 | - | - | 3,192,127 |
| - | - | - | - | 14,438,114 |
| - | 38,452 | - | - | 40,416 |
| - | 1,930,430 | \$ 142,357 | - | 2,120,973 |
| - | 1,004,694 | - | - | 1,004,694 |
| - | 213,316 | 26,669 | - | 401,371 |
| - | - | - | - | 12,284,913 |
| - | 3,704,671 | 169,026 | - | 34,240,662 |
| - | 298,729 | - | - | 402,379 |
| - | 310,116 | - | - | 362,373 |
| - | 608,845 | - | - | 764,752 |
| - | 4,313,516 | 169,026 | - | 35,005,414 |
| - | 7,478,162 | 280,360 | - | 8,853,419 |
| - | 12,042 | - | - | 97,763 |
| - | (3,322,597) | (142,357) | - | (296,540) |
| - | 4,167,607 | 138,003 | - | 8,654,642 |
| <u>\$ -</u> | <u>\$ 8,481,123</u> | <u>\$ 307,029</u> | <u>\$ -</u> | <u>\$ 43,660,056</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Fiscal Year Ended June 30, 2005

| | Central Services Fund | Employee Benefits Fund | Insurance Reserve Fund |
|---|-----------------------------|------------------------------|------------------------------|
| Revenues: | | | |
| Insurance premiums | - | \$ 57,273,366 | \$ 922,391 |
| Service contracts | \$ 3,401,569 | - | 305,135 |
| Total revenues | <u>3,401,569</u> | <u>57,273,366</u> | <u>1,227,526</u> |
| Expenses: | | | |
| Salaries and employee benefits | 999,514 | - | - |
| Administration services | 387,279 | 452,555 | 1,750,446 |
| Utilities | 3,380 | - | - |
| Supplies | 1,210,317 | - | - |
| Repairs and maintenance | 307,970 | - | - |
| Rent | 10,800 | - | - |
| Depreciation | 443,941 | - | 79,433 |
| Other | 3,097 | - | - |
| Claim losses | - | 5,257,859 | 4,358,405 |
| Premiums paid | - | 50,858,760 | - |
| Total expenses | <u>3,366,298</u> | <u>56,569,174</u> | <u>6,188,284</u> |
| Income (loss) from operations | <u>35,271</u> | <u>704,192</u> | <u>(4,960,758)</u> |
| Non-operating revenues (expenses): | | | |
| Interest revenues | - | 83,217 | 52,716 |
| Interest expense | (27,817) | - | - |
| Gain (loss) on sale of fixed assets | (3,920) | - | (1,897) |
| Total non-operating revenues (expenses) | <u>(31,737)</u> | <u>83,217</u> | <u>50,819</u> |
| Income (loss) before transfers and capital contributions | <u>3,534</u> | <u>787,409</u> | <u>(4,909,939)</u> |
| Capital contributions | - | - | - |
| Transfers from the general fund | - | - | 5,750,600 |
| Transfers out to general fund | - | - | - |
| Change in net assets | <u>3,534</u> | <u>787,409</u> | <u>840,661</u> |
| Net assets - July 1, 2004 | 917,525 | 1,794,589 | 5,314 |
| Net assets - June 30, 2005 | <u>\$ 921,059</u> | <u>\$ 2,581,998</u> | <u>\$ 845,975</u> |

See accompanying independent auditors' report.

| Fleet Maintenance Fund | Technology Fund | Utility Revolving Fund | Other Internal Services Fund | Total Governmental Activities - Internal Service Funds |
|------------------------------|---------------------|------------------------------|------------------------------------|--|
| - | - | - | - | \$ 58,195,757 |
| \$ 5,265,131 | \$ 12,047,764 | \$ 375,000 | \$ 1,283,444 | 22,678,043 |
| <u>5,265,131</u> | <u>12,047,764</u> | <u>375,000</u> | <u>1,283,444</u> | <u>80,873,800</u> |
| 1,802,608 | 5,815,445 | - | 324,427 | 8,941,994 |
| 255,054 | 1,792,416 | 12,835 | 534,649 | 5,185,234 |
| 41,513 | 55,054 | - | - | 99,947 |
| 2,471,155 | 168,532 | - | 183,317 | 4,033,321 |
| 45 | 1,089,413 | - | 114,768 | 1,512,196 |
| - | - | - | 74,452 | 85,252 |
| 80,935 | 1,838,396 | 252,925 | 8,327 | 2,703,957 |
| 186,320 | 4,920 | - | 475 | 194,812 |
| - | - | - | - | 9,616,264 |
| - | - | - | - | 50,858,760 |
| <u>4,837,630</u> | <u>10,764,176</u> | <u>265,760</u> | <u>1,240,415</u> | <u>83,231,737</u> |
| <u>427,501</u> | <u>1,283,588</u> | <u>109,240</u> | <u>43,029</u> | <u>(2,357,937)</u> |
| - | - | - | - | 135,933 |
| - | (108,308) | (12,594) | - | (148,719) |
| <u>(421,136)</u> | <u>-</u> | <u>-</u> | <u>(57,941)</u> | <u>(484,894)</u> |
| <u>(421,136)</u> | <u>(108,308)</u> | <u>(12,594)</u> | <u>(57,941)</u> | <u>(497,680)</u> |
| 6,365 | 1,175,280 | 96,646 | (14,912) | (2,855,617) |
| - | 1,397,810 | - | - | 1,397,810 |
| - | - | - | - | 5,750,600 |
| <u>(185,994)</u> | <u>-</u> | <u>-</u> | <u>(394,021)</u> | <u>(580,015)</u> |
| <u>(179,629)</u> | <u>2,573,090</u> | <u>96,646</u> | <u>(408,933)</u> | <u>3,712,778</u> |
| 179,629 | 1,594,517 | 41,357 | 408,933 | 4,941,864 |
| <u>\$ -</u> | <u>\$ 4,167,607</u> | <u>\$ 138,003</u> | <u>\$ -</u> | <u>\$ 8,654,642</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2005

| | Central Services Fund | Employee Benefits Fund | Insurance Reserve Fund |
|---|-----------------------------|------------------------------|------------------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 3,405,415 | \$ 57,282,168 | \$ 1,231,132 |
| Cash paid to employees | (998,661) | (43,580) | (1,188,269) |
| Cash paid to vendors | (1,856,590) | (56,374,181) | (4,277,621) |
| Net cash provided by (used for) in operating activities | <u>550,164</u> | <u>864,407</u> | <u>(4,234,758)</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in and (out) | - | - | 5,750,600 |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>-</u> | <u>5,750,600</u> |
| Cash flows from capital and related financing activities: | | | |
| Purchase of capital assets | (261,454) | - | (38,093) |
| Capital contributions | - | - | - |
| Principal payments | (260,893) | - | - |
| Interest payments | (27,817) | - | - |
| Net cash (used for) in capital and related financing activities | <u>(550,164)</u> | <u>-</u> | <u>(38,093)</u> |
| Cash flows from investing activities: | | | |
| Interest received | - | 83,217 | 52,716 |
| Purchase of investments | - | 129,280 | - |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>212,497</u> | <u>52,716</u> |
| Net increase in cash and cash equivalents | - | 1,076,904 | 1,530,465 |
| Cash and cash equivalents - July 1, 2004 | 300 | 25,352,547 | 4,380,307 |
| Cash and cash equivalents - June 30, 2005 | <u>\$ 300</u> | <u>\$ 26,429,451</u> | <u>\$ 5,910,772</u> |
| Reconciliation of cash flows from operating activities: | | | |
| Income (Loss) from operations | \$ 35,271 | \$ 704,192 | \$ (4,960,758) |
| Cash flows from operating activities: | | | |
| Depreciation | 443,941 | - | 79,433 |
| Loss on disposal of assets | - | - | - |
| (Increase) decrease intergovernmental and other receivables | 3,847 | 8,803 | 3,606 |
| (Increase) decrease in prepaid items | - | (132,939) | 20,374 |
| (Increase) decrease in other inventories | 57,477 | - | - |
| Increase (decrease) in accounts payable | 42,757 | - | 151,184 |
| Increase (decrease) in accrued salaries, benefits, and compensated and compensated balances | 853 | 243,888 | 18,576 |
| Increase in payroll withholding | - | 106,929 | - |
| Increase (decrease) in interest payable | (3,752) | - | - |
| Increase (decrease) in due to other funds | (30,230) | - | - |
| Increase in deferred revenues | - | - | - |
| Increase (decrease) in estimated liability for premiums and claims | - | (66,466) | 452,827 |
| Net cash provided by (used for) in operating activities | <u>\$ 550,164</u> | <u>\$ 864,407</u> | <u>\$ (4,234,758)</u> |
| Noncash investing, capital, and financing activities: | | | |
| Disposal and write off of capital assets | \$ 210,031 | \$ - | \$ 22,769 |

See accompanying independent auditors' report.

| Fleet Maintenance Fund | Technology Fund | Utility Revolving Fund | Other Internal Services Fund | Governmental Activities - Internal Service Funds |
|------------------------------|--------------------|------------------------------|------------------------------------|--|
| \$ 5,270,755 | \$ 12,088,360 | \$ 375,000 | \$ 1,283,442 | \$ 80,936,272 |
| (1,932,696) | (5,763,121) | - | (343,687) | (10,270,014) |
| (3,152,565) | (3,258,612) | (232,085) | (809,589) | (69,961,243) |
| 185,494 | 3,066,627 | 142,915 | 130,166 | 705,015 |
| (185,994) | - | - | (394,021) | 5,170,585 |
| (185,994) | - | - | (394,021) | 5,170,585 |
| - | (4,088,161) | - | - | (4,387,708) |
| - | 1,397,810 | - | - | 1,397,810 |
| - | (267,968) | (130,321) | - | (659,182) |
| - | (108,308) | (12,594) | - | (148,719) |
| - | (3,066,627) | (142,915) | - | (3,797,799) |
| - | - | - | - | 135,933 |
| - | - | - | - | 129,280 |
| - | - | - | - | 265,213 |
| (500) | - | - | (263,855) | 2,343,014 |
| 500 | - | - | 263,855 | 29,997,509 |
| \$ - | \$ - | \$ - | \$ - | \$ 32,340,523 |
| \$ 427,501 | \$ 1,283,588 | \$ 109,240 | \$ 43,029 | \$ (2,357,937) |
| 80,935 | 1,838,396 | 252,925 | 8,327 | 2,703,957 |
| (139,877) | - | - | (26,710) | (166,587) |
| 5,624 | 15,063 | - | - | 36,943 |
| - | (84,955) | - | 199,975 | 2,455 |
| 457,457 | 890 | - | - | 515,824 |
| (145,496) | 9,207 | - | (75,195) | (17,543) |
| (130,088) | 52,324 | - | (19,260) | 166,293 |
| - | - | - | - | 106,929 |
| - | 32,619 | (469) | - | 28,398 |
| (370,562) | (106,038) | (218,781) | - | (725,611) |
| - | 25,533 | - | - | 25,533 |
| - | - | - | - | 386,361 |
| \$ 185,494 | \$ 3,066,627 | \$ 142,915 | \$ 130,166 | \$ 705,015 |
| \$ 1,513,193 | \$ 8,957 | \$ - | \$ 169,965 | \$ 1,924,915 |



Component Units

The component units consist of eleven charter school administrative units: Center for Discovery Learning (closed fiscal year 2005), Collegiate Academy of Colorado, Compass Montessori, Excel, Free Horizon, Jefferson Academy, Lincoln Academy, Montessori Peaks, Rocky Mountain Academy Evergreen, Rocky Mountain Deaf School and Woodrow Wilson Charter Schools. The schools have separate governing boards but are dependent upon the District for the majority of their funding.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Net Assets
Component Units
June 30, 2005

| | Center for Discovery Learning | Collegiate Academy of Colorado | Compass Montessori | Excel Charter School | Free Horizon |
|---|-------------------------------------|--------------------------------------|-----------------------|-------------------------|-------------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash | \$ - | \$ 1,300 | \$ 49,816 | \$ 37,510 | \$ 1,257 |
| Restricted cash | - | 684,565 | 706,951 | 638,808 | - |
| Restricted cash for TABOR | - | 103,909 | 118,080 | 75,403 | 34,534 |
| Equity in pooled cash and temporary investments | - | 325,003 | 70,621 | 846,382 | 26,278 |
| Accounts receivable | - | 40 | 160 | 676 | - |
| Prepaid items | - | - | - | - | - |
| Total current assets: | - | 1,114,817 | 945,628 | 1,598,779 | 62,069 |
| Noncurrent assets: | | | | | |
| Nondepreciable assets | - | 650,000 | 913,509 | 235,981 | - |
| Depreciable assets | - | 5,207,337 | 3,506,329 | 5,034,543 | 368,565 |
| Accumulated depreciation | - | (534,436) | (135,504) | (26,802) | - |
| Total noncurrent assets: | - | 5,322,901 | 4,284,334 | 5,243,722 | 368,565 |
| Total assets | \$ - | \$ 6,437,718 | \$ 5,229,962 | \$ 6,842,501 | \$ 430,634 |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ - | \$ 17,714 | \$ 24,362 | - | \$ 9,040 |
| Accrued salaries and benefits | - | 125,230 | 166,459 | 65,463 | 41,181 |
| Due to the general fund | - | - | - | - | - |
| Unearned revenues | - | 275 | 84,702 | - | 51,704 |
| Accrued interest | - | 16,437 | 170,128 | 42,260 | - |
| Current capital leases | - | 190,087 | 183,043 | - | 31,762 |
| Total current liabilities: | - | 349,743 | 628,694 | 107,723 | 133,687 |
| Noncurrent liabilities: | | | | | |
| Capital Leases | - | 7,661,665 | 5,408,335 | 6,438,309 | 36,110 |
| Total Noncurrent liabilities: | - | 7,661,665 | 5,408,335 | 6,438,309 | 36,110 |
| Total liabilities | - | 8,011,408 | 6,037,029 | 6,546,032 | 169,797 |
| Net Assets | | | | | |
| Invested in capital net of debt | - | (2,528,851) | (1,307,044) | 473,115 | 300,693 |
| Restricted for: | | | | | |
| Capital projects | - | - | - | 225,600 | 34,537 |
| Debt service | - | 684,565 | 706,951 | 638,808 | - |
| TABOR | - | 103,909 | 118,080 | 75,403 | 34,534 |
| Unrestricted | - | 166,687 | (325,054) | (1,116,457) | (108,927) |
| Total net assets | - | (1,573,690) | (807,067) | 296,469 | 260,837 |
| Total liabilities and net assets | \$ - | \$ 6,437,718 | \$ 5,229,962 | \$ 6,842,501 | \$ 430,634 |

See accompanying independent auditors' report.

| Jefferson Academy | Lincoln Academy Charter School | Montessori Peaks | Rocky Mountain Academy Evergreen | Rocky Mountain Deaf School | Woodrow Wilson Academy | Total Charter Schools |
|---------------------|--------------------------------|---------------------|----------------------------------|----------------------------|------------------------|-----------------------|
| \$ 600 | \$ 500 | \$ 500 | \$ 500 | \$ 598 | \$ 15,932 | \$ 108,513 |
| 305,983 | 327,316 | 662,941 | - | - | 3,324,653 | 6,651,217 |
| 137,151 | 107,646 | 81,013 | 45,861 | 24,867 | 66,091 | 794,555 |
| 297,596 | 1,006,649 | - | 93,642 | - | 340,155 | 3,006,326 |
| - | 7 | 75 | - | 9,974 | - | 10,932 |
| - | - | - | - | - | - | - |
| <u>741,330</u> | <u>1,442,118</u> | <u>744,529</u> | <u>140,003</u> | <u>35,439</u> | <u>3,746,831</u> | <u>10,571,543</u> |
| - | - | 1,099,229 | - | - | 3,089,443 | 5,988,162 |
| 3,277,577 | 2,521,338 | 3,346,322 | 741,205 | 18,578 | - | 24,021,794 |
| (491,969) | (335,987) | (132,535) | (328,004) | (9,246) | - | (1,994,483) |
| <u>2,785,608</u> | <u>2,185,351</u> | <u>4,313,016</u> | <u>413,201</u> | <u>9,332</u> | <u>3,089,443</u> | <u>28,015,473</u> |
| <u>\$ 3,526,938</u> | <u>\$ 3,627,469</u> | <u>\$ 5,057,545</u> | <u>\$ 553,204</u> | <u>\$ 44,771</u> | <u>\$ 6,836,274</u> | <u>\$ 38,587,016</u> |
| \$ 23,284 | \$ 24,400 | \$ 12,098 | \$ 23,327 | \$ 3,832 | \$ 58,855 | \$ 196,912 |
| 193,934 | 87,594 | 85,074 | 56,365 | 68,563 | 38,944 | 928,807 |
| - | - | 27,463 | - | 90,612 | - | 118,075 |
| - | - | 1,800 | - | - | 5,040 | 143,521 |
| 7,494 | 16,872 | 77,280 | - | - | 27,505 | 357,976 |
| 55,000 | 85,000 | 60,000 | 55,919 | - | 5,955 | 666,766 |
| <u>279,712</u> | <u>213,866</u> | <u>263,715</u> | <u>135,611</u> | <u>163,007</u> | <u>136,299</u> | <u>2,412,057</u> |
| <u>2,949,246</u> | <u>2,271,195</u> | <u>5,349,518</u> | <u>133,592</u> | <u>-</u> | <u>6,008,375</u> | <u>36,256,345</u> |
| <u>2,949,246</u> | <u>2,271,195</u> | <u>5,349,518</u> | <u>133,592</u> | <u>-</u> | <u>6,008,375</u> | <u>36,256,345</u> |
| <u>3,228,958</u> | <u>2,485,061</u> | <u>5,613,233</u> | <u>269,203</u> | <u>163,007</u> | <u>6,144,674</u> | <u>38,668,402</u> |
| (218,638) | (170,844) | (1,096,502) | 223,690 | 9,332 | (375,643) | (4,690,692) |
| 269,726 | 56,717 | 14,426 | - | 19,261 | 2,503,964 | 3,124,231 |
| 305,983 | 327,316 | 662,941 | - | - | 775,408 | 4,101,972 |
| 137,151 | 107,646 | 81,013 | 45,861 | 24,867 | 66,091 | 794,555 |
| (196,242) | 821,573 | (217,566) | 14,450 | (171,696) | (2,278,220) | (3,411,452) |
| <u>297,980</u> | <u>1,142,408</u> | <u>(555,688)</u> | <u>284,001</u> | <u>(118,236)</u> | <u>691,600</u> | <u>(81,386)</u> |
| <u>\$ 3,526,938</u> | <u>\$ 3,627,469</u> | <u>\$ 5,057,545</u> | <u>\$ 553,204</u> | <u>\$ 44,771</u> | <u>\$ 6,836,274</u> | <u>\$ 38,587,016</u> |



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Combining Statement of Activities
Component Units
Fiscal year ended June 30, 2005

| | Expenses | Charges For Services | Governmental Activities |
|----------------------------------|--------------|-------------------------|----------------------------|
| Schools | | | |
| Center for Discovery Learning | \$ 1,547,786 | \$ 91,115 | \$ (1,456,671) |
| Collegiate Academy of Colorado | 3,596,659 | 294,984 | (3,301,675) |
| Compass Montessori | 3,861,860 | 742,041 | (3,119,819) |
| Excel Charter School | 2,357,679 | 361,500 | (1,996,179) |
| Free Horizon | 1,091,721 | 284,370 | (807,351) |
| Jefferson Academy | 4,518,257 | 169,525 | (4,348,732) |
| Lincoln Academy Charter School | 3,255,799 | 187,082 | (3,068,717) |
| Montessori Peaks | 2,500,803 | 875,577 | (1,625,226) |
| Rocky Mountain Academy Evergreen | 1,636,522 | 438,018 | (1,198,504) |
| Rocky Mountain Deaf School | 815,107 | 607,589 | (207,518) |
| Woodrow Wilson Academy | 1,761,172 | 165,501 | (1,595,671) |
| Total Expenditures | 26,943,365 | 4,217,302 | (22,726,063) |
| General Revenues | | | |
| School finance act: | | | |
| Center for Discovery Learning | | | 1,302,004 |
| Collegiate Academy of Colorado | | | 3,168,651 |
| Compass Montessori | | | 3,052,471 |
| Excel Charter School | | | 2,151,931 |
| Free Horizon | | | 866,768 |
| Jefferson Academy | | | 4,402,174 |
| Lincoln Academy Charter School | | | 3,261,128 |
| Montessori Peaks | | | 1,824,842 |
| Rocky Mountain Academy Evergreen | | | 1,090,698 |
| Rocky Mountain Deaf School | | | 221,302 |
| Woodrow Wilson Academy | | | 2,037,533 |
| Total General Revenues | | | 23,379,502 |
| Change in net assets | | | 653,439 |
| Net Assets Beginning | | | (734,825) |
| Net Assets Ending | | | \$ (81,386) |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
All Component Units
Combining Balance Sheet
June 30, 2005

| | Center for Discovery Learning | Collegiate Academy of Colorado | Compass Montessori | Excel Charter School |
|---|-------------------------------------|--------------------------------------|-----------------------|----------------------------|
| Assets and Other Debits | | | | |
| Assets: | | | | |
| Cash | \$ - | \$ 1,300 | \$ 49,816 | \$ 37,510 |
| Restricted Cash | - | 788,474 | 825,031 | 714,211 |
| Equity in pooled cash | - | 325,003 | 70,621 | 846,382 |
| Accounts, notes, contracts, and interest receivable | - | 40 | 160 | 676 |
| Total Assets and Other Debits | \$ - | \$ 1,114,817 | \$ 945,628 | \$ 1,598,779 |
| Liabilities, Equity (Deficit), and Other Credits | | | | |
| Liabilities: | | | | |
| Accounts and retainages payable | \$ - | \$ 17,714 | \$ 24,362 | - |
| Accrued salaries, benefits, and compensated absences | - | 125,230 | 166,459 | \$ 65,463 |
| Due to primary government | - | - | - | - |
| Unearned revenues | - | 275 | 84,702 | - |
| Total Liabilities | - | 143,219 | 275,523 | 65,463 |
| Equity (Deficit) and Other Credits: | | | | |
| Fund balance reserved for: | | | | |
| Capital Projects | - | - | - | 225,600 |
| Debt service | - | 684,565 | 706,951 | 638,808 |
| TABOR | - | 103,909 | 118,080 | 75,403 |
| Fund balance (deficit) unreserved: | | | | |
| Undesignated fund balance (deficit) | - | 183,124 | (154,926) | 593,505 |
| Total equity (deficit) and other credits | - | 971,598 | 670,105 | 1,533,316 |
| Total Liabilities, Equity (Deficit), and Other Credits | \$ - | \$ 1,114,817 | \$ 945,628 | \$ 1,598,779 |
| Amounts reported for component unit activities in the statement of net assets are different because: | | | | |
| Component units total equity and other credits | \$ - | \$ 971,598 | \$ 670,105 | \$ 1,533,316 |
| Add: Capital Assets | - | 5,857,337 | 4,419,838 | 5,270,524 |
| Less: Accumulated depreciation | - | (534,436) | (135,504) | (26,802) |
| Long-term liabilities | - | (7,851,752) | (5,591,378) | (6,438,309) |
| Accrued interest | - | (16,437) | (170,128) | (42,260) |
| Net assets of component unit activities | \$ - | \$ (1,573,690) | \$ (807,067) | \$ 296,469 |

See accompanying independent auditors' report.

| Free Horizon | Jefferson Academy | Lincoln Academy Charter School | Montessori Peaks | Rocky Mountain Academy Evergreen | Rocky Mountain Deaf School | Woodrow Wilson Academy | Total Charter Schools |
|------------------|-------------------|--------------------------------|-------------------|----------------------------------|----------------------------|------------------------|-----------------------|
| \$ 1,257 | \$ 600 | \$ 500 | \$ 500 | \$ 500 | \$ 598 | \$ 15,932 | \$ 108,513 |
| 34,534 | 443,134 | 434,962 | 743,954 | 45,861 | 24,867 | 3,390,744 | 7,445,772 |
| 26,278 | 297,596 | 1,006,649 | - | 93,642 | - | 340,155 | 3,006,326 |
| - | - | 7 | 75 | - | 9,974 | - | 10,932 |
| <u>\$ 62,069</u> | <u>\$ 741,330</u> | <u>\$ 1,442,118</u> | <u>\$ 744,529</u> | <u>\$ 140,003</u> | <u>\$ 35,439</u> | <u>\$ 3,746,831</u> | <u>\$ 10,571,543</u> |

| | | | | | | | |
|----------------|----------------|----------------|----------------|---------------|----------------|----------------|------------------|
| \$ 9,040 | \$ 23,284 | \$ 24,400 | \$ 12,098 | \$ 23,327 | \$ 3,832 | \$ 58,855 | \$ 196,912 |
| 41,181 | 193,934 | 87,594 | 85,074 | 56,365 | 68,563 | 38,944 | 928,807 |
| - | - | - | 27,463 | - | 90,612 | - | 118,075 |
| 51,704 | - | - | 1,800 | - | - | 5,040 | 143,521 |
| <u>101,925</u> | <u>217,218</u> | <u>111,994</u> | <u>126,435</u> | <u>79,692</u> | <u>163,007</u> | <u>102,839</u> | <u>1,387,315</u> |

| | | | | | | | |
|------------------|-------------------|---------------------|-------------------|-------------------|------------------|---------------------|----------------------|
| 34,537 | 269,726 | 56,717 | 14,426 | - | 19,261 | 2,503,964 | 3,124,231 |
| - | 305,983 | 327,316 | 662,941 | - | - | 775,408 | 4,101,972 |
| 34,534 | 137,151 | 107,646 | 81,013 | 45,861 | 24,867 | 66,091 | 794,555 |
| (108,927) | (188,748) | 838,445 | (140,286) | 14,450 | (171,696) | 298,529 | 1,163,470 |
| (39,856) | 524,112 | 1,330,124 | 618,094 | 60,311 | (127,568) | 3,643,992 | 9,184,228 |
| <u>\$ 62,069</u> | <u>\$ 741,330</u> | <u>\$ 1,442,118</u> | <u>\$ 744,529</u> | <u>\$ 140,003</u> | <u>\$ 35,439</u> | <u>\$ 3,746,831</u> | <u>\$ 10,571,543</u> |

| | | | | | | | |
|-------------------|-------------------|---------------------|---------------------|-------------------|---------------------|-------------------|--------------------|
| \$ (39,856) | \$ 524,112 | \$ 1,330,124 | \$ 618,094 | \$ 60,311 | \$ (127,568) | \$ 3,643,992 | \$ 9,184,228 |
| 368,565 | 3,277,577 | 2,521,338 | 4,445,551 | 741,205 | 18,578 | 3,089,443 | 30,009,956 |
| - | (491,969) | (335,987) | (132,535) | (328,004) | (9,246) | - | (1,994,483) |
| (67,872) | (3,004,246) | (2,356,195) | (5,409,518) | (189,511) | - | (6,014,330) | (36,923,111) |
| - | (7,494) | (16,872) | (77,280) | - | - | (27,505) | (357,976) |
| <u>\$ 260,837</u> | <u>\$ 297,980</u> | <u>\$ 1,142,408</u> | <u>\$ (555,688)</u> | <u>\$ 284,001</u> | <u>\$ (118,236)</u> | <u>\$ 691,600</u> | <u>\$ (81,386)</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
All Component Units
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Fiscal Year Ended June 30, 2005

| | Center for Discovery Learning | Collegiate Academy of Colorado | Compass Montessori | Excel Charter School |
|---|-------------------------------------|--------------------------------------|-----------------------|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 1,302,004 | \$ 3,168,651 | \$ 3,052,471 | \$ 2,151,931 |
| Other revenue | 91,115 | 294,984 | 742,041 | 361,500 |
| Total revenues | 1,393,119 | 3,463,635 | 3,794,512 | 2,513,431 |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries | 724,143 | 1,798,939 | 1,964,491 | 1,058,004 |
| Benefits | 71,392 | 189,771 | 196,517 | 112,363 |
| Purchased services | 626,210 | 723,886 | 789,596 | 541,482 |
| Materials and supplies | 80,748 | 209,671 | 148,368 | 148,534 |
| Capital outlay | - | 15,886 | 18,370 | 815,943 |
| Debt service | - | 535,064 | 1,024,413 | 507,110 |
| Total other instructional programs | 1,502,493 | 3,473,217 | 4,141,755 | 3,183,436 |
| | | | | |
| Excess of revenues over (under) expenditures | (109,374) | (9,582) | (347,243) | (670,005) |
| Other Financing Sources (uses): | | | | |
| Other financing sources - capital leases | - | - | - | - |
| Other financing sources - premium | - | - | - | - |
| Other financing uses - refunding capital leases | - | - | (2,100,000) | - |
| Other financing sources - sale of capital asset | - | - | 2,241,500 | - |
| Total other financing sources (uses) | - | - | 141,500 | - |
| | | | | |
| Excess of Revenues and other Financing Sources Over (Under) Expenditures | (109,374) | (9,582) | (205,743) | (670,005) |
| | | | | |
| Fund balance (deficit) - July 1, 2004 | 109,374 | 981,180 | 875,848 | 2,203,321 |
| Fund balance (deficit) - June 30, 2005 | <u>\$ -</u> | <u>\$ 971,598</u> | <u>\$ 670,105</u> | <u>\$ 1,533,316</u> |
| | | | | |
| Amounts reported for component unit activities in the statement of activities are different because: | | | | |
| | | | | |
| Excess of Revenues and other Financing Sources Over (Under) Expenditures | \$ (109,374) | \$ (9,582) | \$ (205,743) | \$ (670,005) |
| | | | | |
| Less: Depreciation expense | - | (182,096) | (211,405) | (3,142) |
| Loss on disposal of assets | (45,293) | - | (1,604,058) | - |
| Other sources - debt and amortization of issuance costs | - | (40,866) | (335,567) | (13,744) |
| Change in accrued interest | - | 2,812 | 75,587 | - |
| Add: Net capital outlay asset additions | - | 10,000 | - | 842,643 |
| Principal payment on long-term liabilities | - | 86,708 | 2,213,838 | - |
| Change in net assets of component unit activities | \$ (154,667) | \$ (133,024) | \$ (67,348) | \$ 155,752 |

See accompanying independent auditors' report.

| Free Horizon | Jefferson Academy | Lincoln Academy Charter School | Montessori Peaks | Rocky Mountain Academy Evergreen | Rocky Mountain Deaf School | Woodrow Wilson Academy | Total Charter Schools |
|--------------------|----------------------|---|---------------------|---|----------------------------------|------------------------------|--------------------------|
| \$ 866,768 | \$ 4,402,174 | \$ 3,261,128 | \$ 1,824,842 | \$ 1,090,698 | \$ 221,302 | \$ 2,037,533 | \$ 23,379,502 |
| 284,370 | 169,525 | 187,082 | 875,577 | 438,018 | 607,589 | 165,501 | 4,217,302 |
| <u>1,151,138</u> | <u>4,571,699</u> | <u>3,448,210</u> | <u>2,700,419</u> | <u>1,528,716</u> | <u>828,891</u> | <u>2,203,034</u> | <u>27,596,804</u> |
| 703,149 | 2,781,434 | 1,561,849 | 1,343,104 | 856,420 | 467,923 | 1,132,719 | 14,392,175 |
| 70,325 | 273,806 | 166,085 | 137,012 | 91,758 | 47,494 | 129,784 | 1,486,307 |
| 278,406 | 907,884 | 826,986 | 356,680 | 489,326 | 274,315 | 935,117 | 6,749,888 |
| 28,613 | 253,303 | 285,259 | 65,864 | 78,734 | 23,517 | 126,971 | 1,449,582 |
| 2,954 | - | 8,379 | - | 1,410 | - | 3,089,443 | 3,952,385 |
| 52,741 | 243,712 | 419,155 | 521,435 | 32,892 | - | 24,199 | 3,360,721 |
| <u>1,136,188</u> | <u>4,460,139</u> | <u>3,267,713</u> | <u>2,424,095</u> | <u>1,550,540</u> | <u>813,249</u> | <u>5,438,233</u> | <u>31,391,058</u> |
| 14,950 | 111,560 | 180,497 | 276,324 | (21,824) | 15,642 | (3,235,199) | (3,794,254) |
| - | - | 2,470,000 | - | - | - | 6,275,000 | 8,745,000 |
| - | - | - | - | - | - | 330,696 | 330,696 |
| - | - | (2,330,000) | - | - | - | - | (4,430,000) |
| - | - | - | - | - | - | - | 2,241,500 |
| - | - | <u>140,000</u> | - | - | - | <u>6,605,696</u> | <u>6,887,196</u> |
| 14,950 | 111,560 | 320,497 | 276,324 | (21,824) | 15,642 | 3,370,497 | 3,092,942 |
| (54,806) | 412,552 | 1,009,627 | 341,770 | 82,135 | (143,210) | 273,495 | 6,091,286 |
| <u>\$ (39,856)</u> | <u>\$ 524,112</u> | <u>\$ 1,330,124</u> | <u>\$ 618,094</u> | <u>\$ 60,311</u> | <u>\$ (127,568)</u> | <u>\$ 3,643,992</u> | <u>\$ 9,184,228</u> |
| \$ 14,950 | \$ 111,560 | \$ 320,497 | \$ 276,324 | \$ (21,824) | \$ 15,642 | \$ 3,370,497 | \$ 3,092,942 |
| - | (111,036) | (90,644) | (113,676) | (111,916) | (1,858) | - | (825,773) |
| - | - | - | - | - | - | - | (1,649,351) |
| - | (7,170) | (2,451,593) | (13,907) | (10,639) | - | (6,008,375) | (8,881,861) |
| - | 88 | 49,151 | 875 | 11,606 | - | (27,452) | 112,667 |
| 1,953 | - | - | - | - | - | 3,089,443 | 3,944,039 |
| 42,514 | 60,000 | 2,365,000 | 50,000 | 24,967 | - | 17,749 | 4,860,776 |
| <u>\$ 59,417</u> | <u>\$ 53,442</u> | <u>\$ 192,411</u> | <u>\$ 199,616</u> | <u>\$ (107,806)</u> | <u>\$ 13,784</u> | <u>\$ 441,862</u> | <u>\$ 653,439</u> |



Statistical Section

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

| <u>Content</u> | <u>Page</u> |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 100-107 |
| Revenue Capacity These schedules contain information to help the reader assess the District's property tax revenue. | 108-115 |
| Debt Capacity These 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. | 116-121 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 122-123 |
| Operating Information These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 124-129 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB 34 in fiscal year 2001; schedules presenting government-wide information include information beginning in that year.

Financial Trend Schedule 1
Jefferson County School District, No.R-1
Net Assets by Component,
Last Five Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
| Governmental Activities | | | | |
| Invested in capital assets, net of related debt | \$ 166,108,791 | \$ 192,295,707 | \$ 228,673,057 | \$ 253,475,823 |
| Restricted | 160,511,006 | 117,705,895 | 116,678,582 | 103,913,984 |
| Unrestricted | (41,998,453) | (25,682,188) | (36,083,924) | (11,550,151) |
| Total governmental activities net assets | <u>\$ 284,621,344</u> | <u>\$ 284,319,414</u> | <u>\$ 309,267,715</u> | <u>\$ 345,839,656</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 4,056,887 | \$ 3,440,762 | \$ 3,258,516 | \$ 3,399,394 |
| Restricted | 768,540 | 754,406 | 707,591 | 695,777 |
| Unrestricted | (424,161) | 1,522,123 | 3,052,250 | 3,175,818 |
| Total business-type activities net assets | <u>\$ 4,401,266</u> | <u>\$ 5,717,291</u> | <u>\$ 7,018,357</u> | <u>\$ 7,270,989</u> |
| Primary government | | | | |
| Invested in capital assets, net of related debt | \$ 170,165,678 | \$ 195,736,469 | \$ 231,931,573 | \$ 256,875,217 |
| Restricted | \$ 161,279,546 | \$ 118,460,301 | 117,386,173 | 104,609,761 |
| Unrestricted | \$ (42,422,614) | \$ (24,160,065) | (33,031,674) | (8,374,333) |
| Total primary government net assets | <u>\$ 289,022,610</u> | <u>\$ 290,036,705</u> | <u>\$ 316,286,072</u> | <u>\$ 353,110,645</u> |

See accompanying independent auditors' report.

2005

\$ 270,489,848
111,961,310
44,946,760
\$ 427,397,918

\$ 2,887,640
688,076
5,240,516
\$ 8,816,232

\$ 273,377,488
112,649,386
50,187,276
\$ 436,214,150

Financial Trend Schedule 2
Jefferson County School District, No.R-1
Changes in Net Assets, Last Five Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|-------------------------|------------------------|-------------------------|------------------------|
| | 2001 | 2002 | 2003 | 2004 |
| Expenses | | | | |
| Governmental activities: | | | | |
| Direct instruction | \$ 372,638,289 | \$ 383,676,598 | \$ 403,856,718 | \$ 393,967,062 |
| Indirect instruction | 122,685,874 | 118,481,544 | 110,773,132 | 119,072,440 |
| Transportation | 16,156,989 | 15,166,425 | 16,578,118 | 16,503,065 |
| Custodial services | 19,241,844 | 20,704,710 | 22,772,963 | 22,871,857 |
| Field services | 16,317,937 | 18,778,279 | 18,656,531 | 19,278,349 |
| Telecommunications, networking and utilities | 15,812,143 | 14,938,323 | 15,635,459 | 15,351,982 |
| Support services | 16,041,700 | 18,002,476 | 16,671,745 | 17,279,408 |
| General administration | 3,533,062 | 4,193,120 | 3,191,935 | 2,146,565 |
| District-wide | 7,714,172 | 7,178,389 | 4,191,780 | 3,659,049 |
| Interest expense, unallocated | 33,050,542 | 33,904,182 | 29,200,913 | 28,086,956 |
| Total governmental activities expenses | 623,192,552 | 635,024,046 | 641,529,294 | 638,216,733 |
| Business-type activities | | | | |
| Food services | 19,029,962 | 18,630,611 | 19,107,187 | 19,804,428 |
| Child care | 9,223,485 | 9,711,619 | 9,743,957 | 9,691,422 |
| Property management | 783,619 | 761,767 | 738,914 | 1,307,756 |
| Other enterprise | 993,225 | 1,143,019 | 1,028,664 | - |
| Total business-type activities expenses | 30,030,291 | 30,247,016 | 30,618,722 | 30,803,606 |
| Total primary government expenses | \$ 653,222,843 | \$ 665,271,062 | \$ 672,148,016 | \$ 669,020,339 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Direct instruction | \$ 2,832,015 | \$ 2,983,826 | \$ 3,446,024 | \$ 3,525,071 |
| Indirect instruction | 29,520,796 | 31,103,268 | 34,940,446 | 37,296,822 |
| Transportation | 2,000,413 | 2,107,646 | 1,326,401 | 1,633,996 |
| Field services | 3,277,296 | 3,452,977 | 3,889,617 | 3,685,314 |
| District-wide | 5,280,052 | 5,563,091 | 5,263,916 | 3,883,322 |
| Operating grants and contributions: | | | | |
| Direct instruction | 32,773,074 | 38,961,292 | 38,735,403 | 39,949,569 |
| Indirect instruction | 2,670,182 | 2,856,317 | 5,158,382 | 5,453,930 |
| Transportation | 3,649,259 | 4,133,412 | 4,110,010 | 4,240,861 |
| Total governmental activities program revenues | 82,003,087 | 91,161,829 | 96,870,199 | 99,668,885 |
| Business-type activities | | | | |
| Charges for services: | | | | |
| Food services | 13,920,270 | 13,445,517 | 13,413,970 | 13,063,321 |
| Child care | 7,538,808 | 7,724,631 | 8,009,184 | 8,195,872 |
| Property management | 1,012,596 | 1,003,288 | 994,532 | 1,836,380 |
| Other enterprise | 1,512,918 | 1,503,601 | 1,107,821 | - |
| Operating grants and contributions: | | | | |
| Food services | 4,255,026 | 4,808,590 | 5,212,753 | 5,809,925 |
| Capital grants and contributions: | | | | |
| Food services | 356,400 | 957,594 | 1,222,500 | 1,257,672 |
| Other enterprise | - | - | 15,000 | - |
| Total business-type activities program revenues | 28,596,018 | 29,443,221 | 29,975,760 | 30,163,170 |
| Total primary government program revenues | \$ 110,599,105 | \$ 120,605,050 | \$ 126,845,959 | \$ 129,832,055 |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (541,189,465) | \$(543,862,217) | \$ (544,659,095) | \$(538,547,848) |
| Business-type activities | (1,434,273) | (803,795) | (642,962) | (640,436) |
| Total primary government net expense | \$ (542,623,738) | \$(544,666,012) | \$ (545,302,057) | \$(539,188,284) |
| General revenues and other changes in net assets | | | | |
| Taxes | | | | |
| Local property taxes | \$ 251,029,568 | \$ 262,928,865 | \$ 271,609,501 | \$ 274,625,109 |
| Specific ownership taxes | 31,070,522 | 32,091,124 | 31,043,970 | 30,794,472 |
| School finance act | 247,112,253 | 244,648,985 | 262,962,410 | 268,567,509 |
| Earnings on investments | 10,752,832 | 5,972,439 | 3,089,821 | 2,023,751 |
| Transfers (a) | (14,023,264) | (2,081,126) | (1,934,501) | (891,052) |
| Total governmental activities | 525,941,911 | 543,560,287 | 566,771,201 | 575,119,789 |
| Business-type activities: | | | | |
| Earnings on investments | - | 38,694 | 9,527 | 2,016 |
| Transfers | 1,663,457 | 2,081,126 | 1,934,501 | 891,052 |
| Total business-type activities | 1,663,457 | 2,119,820 | 1,944,028 | 893,068 |
| Total primary government | \$ 527,605,368 | \$ 545,680,107 | \$ 568,715,229 | \$ 576,012,857 |
| Change in Net Assets | | | | |
| Governmental activities | \$ (15,247,554) | \$ (301,930) | \$ 22,112,106 | \$ 36,571,941 |
| Business-type activities | 229,184 | 1,316,025 | 1,301,066 | 252,632 |
| Total primary government | \$ (15,018,370) | \$ 1,014,095 | \$ 23,413,172 | \$ 36,824,573 |

a) Transfers in 2001 include transfers to component units
See accompanying independent auditors' report.

2005

\$ 389,330,732
120,382,252
17,269,372
23,354,067
18,665,080
16,500,402
18,753,372
2,859,645
2,374,468
31,651,073
641,140,463

19,130,176
9,899,843
1,466,991
-
30,497,010
\$ 671,637,473

\$ 4,366,210
32,540,920
229,677
3,258,778
2,744,283

37,005,381
6,038,113
4,393,792
90,577,154

12,705,589
8,383,059
1,802,491
-

6,360,540

1,011,907
-
30,263,586
\$ 120,840,740

\$ (550,563,309)
(233,424)
\$ (550,796,733)

\$ 319,150,542
30,817,445
273,963,074
9,924,454
(1,733,944)
632,121,571

44,723
1,733,944
1,778,667
\$ 633,900,238

\$ 81,558,262
1,545,243
\$ 83,103,505

Financial Trend Schedule 3
 Jefferson County School District, No.R-1
 Fund Balances, Governmental Funds, Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year | | | |
|------------------------------------|----------------------|------------------------|------------------------|------------------------|
| | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> |
| General fund | | | | |
| Reserved | - | \$ 15,174,109 | \$ 25,920,189 | \$ 21,608,077 |
| Unreserved | \$ (10,469,651) | (33,032,145) | (49,772,393) | (47,107,707) |
| Total general fund | <u>(10,469,651)</u> | <u>\$ (17,858,036)</u> | <u>\$ (23,852,204)</u> | <u>\$ (25,499,630)</u> |
| All other governmental funds | | | | |
| Reserved | \$ 4,268,384 | \$ 38,679,302 | \$ 325,261,940 | \$ 321,338,500 |
| Unreserved, reported in: | | | | |
| Other governmental funds | <u>72,487,515</u> | <u>4,236,983</u> | <u>5,342,367</u> | <u>7,293,290</u> |
| Total all other governmental funds | <u>\$ 76,755,899</u> | <u>\$ 42,916,285</u> | <u>\$ 330,604,307</u> | <u>\$ 328,631,790</u> |

See accompanying independent auditors' report.

| <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|
| \$ 15,801,521 | \$ 31,643,631 | \$ 28,570,597 | \$ 21,624,045 | \$ 17,845,224 | \$ 20,017,939 |
| <u>(20,345,026)</u> | <u>(39,309,021)</u> | <u>(30,852,000)</u> | <u>(38,036,687)</u> | <u>(32,447,844)</u> | <u>22,912,895</u> |
| <u>\$ (4,543,505)</u> | <u>\$ (7,665,390)</u> | <u>\$ (2,281,403)</u> | <u>\$ (16,412,642)</u> | <u>\$ (14,602,620)</u> | <u>\$ 42,930,834</u> |
| | | | | | |
| \$ 213,775,190 | \$ 157,990,772 | \$ 113,334,703 | \$ 106,172,193 | \$ 92,998,438 | \$ 359,255,671 |
| <u>10,122,621</u> | <u>6,913,002</u> | <u>6,931,972</u> | <u>6,367,463</u> | <u>6,005,720</u> | <u>6,625,601</u> |
| <u>\$ 223,897,811</u> | <u>\$ 164,903,774</u> | <u>\$ 120,266,675</u> | <u>\$ 112,539,656</u> | <u>\$ 99,004,158</u> | <u>\$ 365,881,272</u> |

Financial Trend Schedule 4
 Jefferson County School District, No.R-1
 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|------------------------|------------------------|-----------------------|-----------------------|
| | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> |
| Revenues | | | | |
| Taxes | \$ 203,846,081 | \$ 208,928,178 | \$ 240,010,242 | \$ 241,404,301 |
| Intergovernmental | 228,584,121 | 239,745,584 | 251,045,812 | 265,080,191 |
| Interest | 7,737,554 | 4,811,438 | 16,264,547 | 18,600,688 |
| Other | 26,172,176 | 28,870,994 | 29,453,179 | 35,199,572 |
| Total revenues | <u>466,339,932</u> | <u>482,356,194</u> | <u>536,773,780</u> | <u>560,284,752</u> |
| Expenditures | | | | |
| Direct instruction | 297,088,912 | 315,586,907 | 331,059,941 | 338,924,887 |
| Indirect instruction | 26,782,057 | 31,408,521 | 32,305,688 | 34,261,626 |
| Transportation | - | - | - | - |
| Custodial services | - | - | - | - |
| Field services | 49,953,960 | 52,569,669 | 53,186,600 | 54,075,753 |
| Telecommunications, networking and utilities | - | - | - | - |
| Support services | 9,733,350 | 11,161,945 | 14,930,980 | 14,585,708 |
| General administration | 1,981,063 | 1,965,424 | 2,309,587 | 2,248,632 |
| Districtwide | 9,481,640 | 9,194,233 | 9,943,840 | 8,653,163 |
| Capital outlay | 113,489,227 | 49,050,903 | 26,644,392 | 33,289,358 |
| Debt service | | | | |
| Principal | 18,548,845 | 19,905,000 | 26,925,959 | 28,845,000 |
| Interest | 26,164,651 | 25,109,467 | 17,741,753 | 39,000,000 |
| Total expenditures | <u>553,223,705</u> | <u>515,952,069</u> | <u>515,048,740</u> | <u>553,884,127</u> |
| Excess of revenues over (under) expenditures | (86,883,773) | (33,595,875) | 21,725,040 | 6,400,625 |
| Other financing sources (uses) | | | | |
| Certificates of participation proceeds | - | - | - | 20,240,575 |
| Capital lease proceeds | 662,192 | - | - | - |
| Estimated loss in market value of investments | - | - | - | - |
| Arbitrage expenses | - | - | - | - |
| General obligation bond proceeds | - | - | 574,885,000 | - |
| Payment to refunded escrow agent | - | - | (309,575,000) | (20,240,575) |
| Premium from refunding bonds | - | - | - | - |
| Transfers out | (20,637,455) | (23,148,892) | (24,069,309) | (27,692,911) |
| Transfers in | 13,361,272 | 15,516,768 | 16,828,429 | 17,348,363 |
| Total other financing sources (uses) | <u>(6,613,991)</u> | <u>(7,632,124)</u> | <u>258,069,120</u> | <u>(10,344,548)</u> |
| Net change in fund balances | <u>\$ (93,497,764)</u> | <u>\$ (41,227,999)</u> | <u>\$ 279,794,160</u> | <u>\$ (3,943,923)</u> |
| Debt service as a percentage of noncapital expenditures | 11.3% | 10.7% | 10.1% | 15.0% |

a) Prior to 2001, field services amounts included transportation, custodial services, telecommunications, networking and utilities. These activities are presented separately beginning in 2002.

See accompanying independent auditors' report.

| <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|
| \$275,576,856 | \$280,398,987 | \$ 296,701,600 | \$299,934,107 | \$304,409,919 | \$351,941,711 |
| 274,606,540 | 283,309,206 | 290,600,006 | 310,966,205 | 318,211,869 | 321,400,360 |
| 15,657,164 | 12,480,360 | 5,800,179 | 3,089,821 | 2,023,751 | 9,924,454 |
| 39,288,046 | 42,606,199 | 42,320,764 | 44,976,788 | 46,339,211 | 47,875,643 |
| <u>605,128,606</u> | <u>618,794,752</u> | <u>635,422,549</u> | <u>658,966,921</u> | <u>670,984,750</u> | <u>731,142,168</u> |
| 343,671,305 | 319,062,589 | 335,287,629 | 362,594,502 | 363,285,730 | 358,618,075 |
| 40,138,074 | 104,332,068 | 112,558,563 | 118,402,775 | 112,680,365 | 115,402,442 |
| - | 14,480,978 | 15,081,315 | 16,461,189 | 16,513,997 | 17,027,582 |
| - | 19,012,889 | 20,678,375 | 22,662,070 | 22,739,292 | 23,053,952 |
| 53,628,198 | 14,915,622 | 15,392,722 | 16,641,671 | 16,809,203 | 16,600,149 |
| - | 15,282,320 | 14,274,105 | 15,764,323 | 15,940,510 | 16,424,892 |
| 16,392,934 | 15,455,206 | 15,908,474 | 16,386,545 | 17,036,206 | 16,297,504 |
| 2,284,795 | 3,493,917 | 3,639,111 | 2,978,076 | 2,016,778 | 2,721,353 |
| 12,501,634 | 2,396,936 | 1,000,370 | 1,179,969 | 828,320 | 678,239 |
| 138,980,598 | 87,807,935 | 64,750,148 | 42,385,785 | 37,025,914 | 42,507,356 |
| 30,590,000 | 31,975,000 | 33,420,000 | 35,110,000 | 38,625,000 | 36,215,000 |
| 34,153,407 | 32,740,950 | 31,172,723 | 28,609,813 | 28,106,178 | 39,781,092 |
| <u>672,340,945</u> | <u>660,956,410</u> | <u>663,163,535</u> | <u>679,176,718</u> | <u>671,607,493</u> | <u>685,327,636</u> |
| (67,212,339) | (42,161,658) | (27,740,986) | (20,209,797) | (622,743) | 45,814,532 |
| - | - | - | 11,695,000 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (2,802,549) | - | - |
| - | - | - | 50,545,000 | - | 360,035,000 |
| - | - | - | (57,471,000) | - | (104,775,000) |
| - | - | - | 7,312,299 | - | 30,240,565 |
| (34,513,271) | (38,405,083) | (30,169,184) | (33,179,406) | (32,587,152) | (27,642,544) |
| 17,947,756 | 18,450,819 | 18,657,058 | 19,416,000 | 21,484,419 | 20,738,015 |
| <u>(16,565,515)</u> | <u>(19,954,264)</u> | <u>(11,512,126)</u> | <u>(4,484,656)</u> | <u>(11,102,733)</u> | <u>278,596,036</u> |
| <u>\$ (83,777,854)</u> | <u>\$ (62,115,922)</u> | <u>\$ (39,253,112)</u> | <u>\$ (24,694,453)</u> | <u>\$ (11,725,476)</u> | <u>\$324,410,568</u> |
| 13.8% | 12.7% | 12.1% | 11.1% | 11.8% | 13.4% |

Revenue Capacity Schedule 5
 Jefferson County School District, No.R-1
 Assessed Value and Estimated Actual Value of Taxable Property,
 Last Ten Fiscal Years
 (in thousands of dollars)

| Fiscal Year Ended June 30, | Residential Property (1) | Commercial Property (1) | Industrial Property (1) | Agriculture Property (1) | Natural Resources (1) | Public Utilities (1) |
|-------------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|-------------------------|
| 1996 | \$ 2,217,135 | \$ 954,398 | \$ 345,323 | \$ 10,824 | 2,897 | \$143,351 |
| 1997 | 2,282,329 | 987,137 | 323,805 | 11,003 | 3,815 | 163,270 |
| 1998 | 2,463,733 | 1,164,998 | 412,893 | 13,686 | 4,286 | 168,771 |
| 1999 | 2,526,738 | 1,172,832 | 376,061 | 13,762 | 5,247 | 169,051 |
| 2000 | 2,868,753 | 1,351,348 | 396,134 | 16,206 | 5,775 | 193,291 |
| 2001 | 2,934,559 | 1,410,795 | 408,361 | 17,089 | 5,664 | 201,555 |
| 2002 | 3,548,445 | 1,636,541 | 471,096 | 21,551 | 5,934 | 215,468 |
| 2003 | 3,610,972 | 1,633,992 | 470,016 | 22,025 | 5,998 | 231,254 |
| 2004 | 3,784,449 | 1,744,314 | 506,747 | 23,037 | 7,371 | 246,370 |
| 2005 | 3,828,912 | 1,750,309 | 496,363 | 24,538 | 6,929 | 221,699 |

Source: (1) - Jefferson County Assessor annual Abstracts of Assessments
 (2) - Jefferson County Assessor Certification of Value to Jefferson County School District

Note: Assessed value as per official notice from Jefferson County Assessor. (Colorado Revised Statutes 39-1-104, 39-1-105).

See accompanying independent auditors' report.

| <u>Total Taxable Assessed Value (1)</u> | <u>Mill Levy General Fund and Bond</u> | <u>Estimated Actual Taxable Value (2)</u> | <u>Assessed Value as a Percentage of Actual Value</u> |
|---|--|---|---|
| \$ 3,673,928 | 50.71 | \$ 26,424,344 | 13.90 % |
| 3,771,359 | 49.96 | 25,846,989 | 14.59 |
| 4,228,367 | 51.36 | 30,007,227 | 14.09 |
| 4,263,691 | 51.33 | 30,513,099 | 13.97 |
| 4,831,507 | 51.76 | 34,807,819 | 13.88 |
| 4,978,023 | 50.87 | 35,640,463 | 13.97 |
| 5,899,035 | 45.20 | 45,361,477 | 13.00 |
| 5,974,257 | 45.39 | 46,108,599 | 12.96 |
| 6,312,288 | 43.85 | 54,763,946 | 11.53 |
| 6,328,750 | 51.10 | 55,709,328 | 11.36 |



Revenue Capacity Schedule 6
 Jefferson County School District, No.R-1
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

| Fiscal Year | School District Rates | | | Overlapping Rates | |
|----------------|-----------------------|-------------------------|----------|---------------------|----------------------|
| | General Fund | Debt Service Fund | Total | Jefferson County | Broomfield County |
| 1996 | \$ 39.41 | \$ 11.30 | \$ 50.71 | \$ 25.58 | - |
| 1997 | 39.66 | 10.30 | 49.96 | 25.98 | - |
| 1998 | 36.88 | 14.48 | 51.36 | 25.12 | - |
| 1999 | 37.03 | 14.30 | 51.33 | 25.98 | - |
| 2000 | 39.05 | 12.71 | 51.76 | 24.69 | - |
| 2001 | 38.54 | 12.34 | 50.88 | 24.69 | - |
| 2002 | 35.20 | 10.00 | 45.20 | 22.42 | 27.23 |
| 2003 | 35.24 | 10.15 | 45.39 | 23.54 | 27.23 |
| 2004 | 33.70 | 10.15 | 43.85 | 23.87 | 27.23 |
| 2005 | 39.85 | 11.25 | 51.10 | 24.35 | 27.24 |

Source: a) - Jefferson County and Broomfield Assessor annual Abstracts of Assessments

Note: The District's property tax rate may be increased only by a majority vote of the county's residents. Rates for debt service are set based on each year's requirements for bonds authorized by a majority vote of the county's residents. The Special Revenue Fund and the Capital Project Funds have been included in the General Fund.

See accompanying independent auditors' report.

Revenue Capacity Schedule 7
 Jefferson County School District, No.R-1
 Principal Property Tax Payers
 Current Calendar Year and Nine Years Ago

| Taxpayer | 2004 | | | 2003 | | | 2002 | | | 2001 | | | 2000 | | |
|------------------------------------|------------------------|------|---|------------------------|------|---|------------------------|------|---|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total District Taxable Assessed Value |
| Adolph Coors Company | \$ 121,443,780 | 1 | 1.9 % | \$ 80,629,530 | 2 | 1.4 % | \$ 50,616,600 | 4 | 0.9 % | \$ 74,933,990 | 3 | 1.3 % | \$ 137,518,080 | 3 | 2.8 % |
| Excel Energy | 99,622,400 | 2 | 1.6 | 104,650,800 | 1 | 1.8 | 92,310,290 | 1 | 1.6 | 92,310,290 | 1 | 1.6 | 203,636,460 | 1 | 4.1 |
| Qwest Communications | 62,725,260 | 3 | 1 | 72,986,600 | 4 | 1.2 | 76,110,400 | 2 | 1.3 | 76,110,400 | 2 | 1.3 | 182,019,700 | 2 | 3.7 |
| Lockheed Martin | 35,977,160 | 5 | 0.6 | 74,125,240 | 3 | 1.2 | 66,228,520 | 3 | 1.1 | 72,469,640 | 4 | 1.2 | 69,698,440 | 4 | 1.4 |
| Villa Italia | | | | | | | 9,315,410 | 10 | 0.2 | 18,222,150 | 8 | 0.3 | 18,628,960 | 8 | 0.4 |
| Ball Corporation | | | | | | | 20,555,840 | 5 | 0.3 | 21,916,700 | 7 | 0.4 | 20,855,840 | 7 | 0.4 |
| Southwest Plaza Mall | 23,994,840 | 7 | 0.4 | 20,555,840 | 7 | 0.3 | 20,555,840 | 5 | 0.3 | 21,916,700 | 7 | 0.4 | 20,855,840 | 7 | 0.4 |
| Westminster Mall | 11,820,690 | 10 | 0.2 | 11,820,690 | 10 | 0.2 | 11,820,690 | 7 | 0.2 | 13,645,600 | 9 | 0.2 | | | |
| Arvada Marketplace | | | | | | | 10,727,360 | 9 | 0.2 | | | | | | |
| HC Properties | | | | | | | | | | | | | | | |
| KN Interstate Gas Transmission CO | 13,636,500 | 9 | 0.2 | 12,606,600 | 9 | 0.2 | 11,841,500 | 6 | 0.2 | 11,841,500 | 10 | 0.2 | 22,882,000 | 6 | 0.5 |
| LMC Properties | | | | | | | 11,408,950 | 8 | 0.2 | | | | | | |
| Denver West | 30,144,950 | 6 | 0.5 | 28,509,460 | 6 | 0.5 | | | | 23,529,270 | 5 | 0.4 | 32,170,030 | 5 | 0.6 |
| Westmoor Business Park | | | | | | | | | | 22,990,050 | 6 | 0.4 | 12,951,900 | 9 | 0.3 |
| Continuum Lakewood Realty | | | | | | | | | | | | | 12,325,000 | 10 | 0.2 |
| Cobe Laboratories | | | | | | | | | | | | | | | |
| Grant Properties | | | | | | | | | | | | | | | |
| Section 14 Development | | | | | | | | | | | | | | | |
| Colorado Mills Limited Partnership | 42,152,030 | 4 | 0.7 | 40,310,000 | 5 | 0.7 | | | | | | | | | |
| Plains End LLC | 16,194,400 | 8 | 0.3 | 17,659,900 | 8 | 0.3 | | | | | | | | | |
| Total | \$ 457,712,010 | | 7.4 % | \$ 463,854,660 | | 7.8 % | \$ 360,935,560 | | 6.2 % | \$ 427,969,590 | | 7.3 % | \$ 712,686,410 | | 14.4 % |

Source: Jefferson County

See accompanying independent auditors' report.

| 1999 | | | 1998 | | | 1997 | | | 1996 | | | 1995 | | |
|------------------------|------------------------------|--------------|------------------------|------------------------------|---------------|------------------------|------------------------------|---------------|------------------------|------------------------------|---------------|------------------------|------------------------------|---------------|
| Taxable Assessed Value | Percentage of Total District | | Taxable Assessed Value | Percentage of Total District | | Taxable Assessed Value | Percentage of Total District | | Taxable Assessed Value | Percentage of Total District | | Taxable Assessed Value | Percentage of Total District | |
| | Rank | Value | | Rank | Value | | Rank | Value | | Rank | Value | | Rank | Value |
| \$ 125,988,790 | 1 | 2.6 % | \$ 154,809,470 | 1 | 3.7 % | \$ 191,392,050 | 1 | 5.1 % | \$ 148,698,720 | 1 | 4 % | \$ 172,967,800 | 1 | 5.1 % |
| 80,987,400 | 2 | 1.7 | 76,641,500 | 2 | 1.8 | 73,058,500 | 3 | 1.9 | 70,950,100 | 2 | 1.9 | 64,153,498 | 2 | 1.9 |
| 74,846,200 | 3 | 1.5 | 59,482,900 | 4 | 1.4 | 63,125,400 | 4 | 1.7 | 65,648,800 | 3 | 1.8 | 59,547,100 | 3 | 1.8 |
| 66,054,500 | 4 | 1.4 | 67,426,300 | 3 | 1.6 | 79,780,700 | 2 | 2.1 | 61,459,980 | 4 | 1.7 | 59,383,220 | 4 | 1.8 |
| | | | 16,852,930 | 8 | 0.4 | 18,912,440 | 7 | 0.7 | 23,617,080 | 5 | 0.7 | | | |
| 18,081,010 | 7 | 0.4 | 24,517,710 | 6 | 0.6 | 22,897,390 | 5 | 0.5 | 13,191,860 | 8 | 0.4 | 16,626,770 | 6 | 0.5 |
| 20,555,840 | 6 | 0.4 | 19,354,100 | 7 | 0.5 | 19,354,100 | 6 | 0.5 | 16,276,640 | 6 | 0.4 | | | |
| 12,801,260 | 8 | 0.3 | 12,068,350 | 9 | 0.3 | 12,068,350 | 9 | 0.3 | 15,162,710 | 7 | 0.4 | 10,392,300 | 7 | 0.3 |
| | | | | | | | | | 9,194,510 | 9 | 0.2 | 8,180,900 | 9 | 0.2 |
| 36,618,470 | 5 | 0.8 | 24,671,120 | 5 | 0.6 | 18,882,510 | 8 | 0.5 | | | | | | |
| 12,325,000 | 9 | 0.3 | | | | | | | | | | | | |
| 11,151,200 | 10 | 0.2 | 11,100,990 | 10 | 0.3 | 10,258,400 | 10 | 0.3 | 8,947,260 | 10 | 0.2 | 8,958,200 | 8 | 0.3 |
| | | | | | | | | | | | | 17,660,290 | 5 | 0.5 |
| | | | | | | | | | | | | 7,800,750 | 10 | 0.2 |
| <u>\$ 459,409,670</u> | | <u>9.6 %</u> | <u>\$ 466,925,370</u> | | <u>11.2 %</u> | <u>\$ 509,729,840</u> | | <u>13.6 %</u> | <u>\$ 433,147,660</u> | | <u>11.7 %</u> | <u>\$ 425,670,828</u> | | <u>12.6 %</u> |



Revenue Capacity Schedule 8
 Jefferson County School District, No.R-1
 Property Tax Levies and Collections
 Last Ten Fiscal Periods

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collected | (1) Total Tax Collections | % of Total Tax Collected to Tax Levy |
|-------------|----------------|-------------------------|---------------------------|--------------------------|---------------------------|--------------------------------------|
| 1996 | \$ 186,297,570 | \$ 172,493,347 | 92.6 % | \$ 10,886,799 | \$ 183,380,146 | 98.4 % |
| 1997 | 188,420,894 | 178,597,209 | 94.8 | 8,659,277 | 187,256,486 | 99.4 |
| 1998 | 217,173,146 | 205,571,006 | 94.7 | 8,312,329 | 213,823,335 | 98.5 |
| 1999 | 218,712,084 | 207,130,846 | 94.7 | 7,610,786 | 214,741,632 | 98.2 |
| 2000 | 248,178,309 | 234,489,261 | 94.5 | 11,598,393 | 246,087,654 | 99.2 |
| 2001 | 251,226,125 | 235,469,913 | 93.7 | 13,622,581 | 249,092,494 | 99.2 |
| 2002 | 264,210,517 | 250,017,865 | 94.6 | 14,358,902 | 264,376,767 | 100.0 |
| 2003 | 271,163,790 | 256,050,652 | 94.4 | 12,387,911 | 268,438,563 | 99.0 |
| 2004 | 276,374,730 | 260,315,593 | 94.2 | 13,212,875 | 273,528,468 | 99.0 |
| 2005 | 322,746,732 | 306,490,187 | 95.0 | 14,333,830 | 320,824,017 | 99.4 |

Notes: (1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds

Assessments : Jefferson County assesses and collects all District property taxes charging a collection fee of .5 percent of the gross taxes collected.

Taxes Due: General property taxes are due January 1 of each year. The first half is due on and becomes delinquent after the last day of February and the second half is due on June 15 and becomes delinquent after July 31. If the entire amount of the tax is paid at one time on or before April 30, no interest will be charged on the first half.

Delinquent Taxes and Tax Sales: Delinquent general property taxes are advertised and subject to distraint, seizure, and sale after delinquent dates. When real estate is sold for taxes, the tax, plus interest, advertising, and certificate fees, draw interest from the date of the sale.

Delinquent Taxes Outstanding: The District's delinquent tax payments are not received based upon tax year; therefore, delinquent taxes outstanding by tax year are not readily available. After the sale, real estate may be redeemed at any time within three years from the date of sale or at any time before a tax deed is issued.

See accompanying independent auditors' report.

Debt Capacity Schedule 9
 Jefferson County School District, No.R-1
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Periods

| Fiscal Year | Governmental Activities | | | Business-Type Activities |
|----------------|--------------------------------|-------------------------------------|-------------------|--------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Capital Leases |
| 1996 | \$ 427,312,515 | \$ 26,340,000 | \$ 553,137 | \$ - |
| 1997 | 411,113,613 | 22,875,000 | 4,213,219 | - |
| 1998 | 653,835,267 | 19,205,000 | 9,316,211 | - |
| 1999 | 625,263,472 | 20,195,000 | 7,657,042 | - |
| 2000 | 598,709,303 | 16,450,000 | 3,658,229 | 1,453,289 |
| 2001 | 570,928,895 | 12,565,000 | 2,307,585 | 1,161,067 |
| 2002 | 541,868,460 | 8,535,000 | 1,732,500 | 852,101 |
| 2003 | 513,529,286 | 16,045,000 | 2,155,014 | 525,432 |
| 2004 | 480,392,738 | 10,930,000 | 1,422,926 | 180,045 |
| 2005 | 700,940,289 | 9,825,000 | 763,744 | - |

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements

(a) See schedule 5 for taxable property value data.

See accompanying independent auditors' report.

| <u>Total Primary Government</u> | <u>Ratio of Net Bonded Debt to Assessed Value (a)</u> | <u>Net Bonded Debt Per Capita</u> | <u>Population</u> |
|---|---|---|-------------------|
| \$ 454,205,652 | 12.36% | \$ 912 | 497,774 |
| 438,201,832 | 11.62% | 870 | 503,915 |
| 682,356,478 | 16.14% | 1,332 | 512,114 |
| 653,115,514 | 15.32% | 1,255 | 520,390 |
| 620,270,821 | 12.84% | 1,177 | 527,056 |
| 586,962,547 | 11.79% | 1,109 | 529,401 |
| 552,988,061 | 9.37% | 1,042 | 530,821 |
| 532,254,732 | 8.91% | 994 | 535,658 |
| 492,925,709 | 7.81% | 920 | 535,657 |
| 711,529,033 | 11.24% | 1,328 | 535,657 |



Debt Capacity Schedule 10
Jefferson County School District, No.R-1
Direct and Overlapping Governmental Activities Debt
As of June 30, 2005

| | <u>Estimated Outstanding General Obligation Debt</u> | <u>Percentage Applicable to Jefferson County School District</u> | <u>Estimated Amount Applicable to Jefferson County School District</u> |
|---|--|--|--|
| <u>Direct Debt</u> | | | |
| Jefferson County School District, No. R-1 | \$ 700,940,289 | 100% | \$ 700,940,289 |
| <u>Overlapping Debt</u> | | | |
| Plaza Metro District No. 1 | 83,000,000 | 100% | 83,000,000 |
| Denver West Metro District | 58,430,000 | 100% | 58,430,000 |
| Mount Carbon Metro District | 16,000,000 | 100% | 16,000,000 |
| Countrydale Metro District | 26,335,000 | 100% | 26,335,000 |
| Foothills Park & Rec District | 22,000,000 | 100% | 22,000,000 |
| North Jeffco Park & Rec District | 19,660,000 | 100% | 19,660,000 |
| Bowles Metro District | 24,320,000 | 49.02% | 11,921,664 |
| Evergreen Park & Rec District | 9,270,000 | 100% | 9,270,000 |
| NBC Metro District | 9,140,000 | 100% | 9,140,000 |
| Evergreen Fire Protection District | 9,592,680 | 87.81% | 8,423,332 |
| Trailmark Metro District | 7,939,977 | 100.00% | 7,939,977 |
| Section 14 Metro District | 10,830,000 | 75.54% | 8,180,982 |
| Genesee Water & Sanitation District | 10,554,725 | 100% | 10,554,725 |
| Other | 41,195,217 | 100% | 41,195,217 |
| Total Overlapping Debt | <u>348,267,599</u> | | <u>332,050,897</u> |
| Total Direct and Overlapping Debt | <u>\$ 1,049,207,888</u> | | <u>\$ 1,032,991,186</u> |

Note: Although the District has attempted to obtain accurate information as to the outstanding debt of such governmental entities, it does not represent its completeness or accuracy as there is no central reporting entity which has this information available and the statistics are based on information supplied by others. This table, however, should provide a reasonable representation of the overlapping debt which affects the District.

Debt Capacity Schedule 11
 Jefferson County School District, No.R-1
 Ratios of Net General Bonded Debt Outstanding and Legal Debt Margin,
 Last Ten Fiscal Periods

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> |
| General bonded debt outstanding | | | | |
| General obligation debt | \$427,312,515 | \$411,113,613 | \$653,835,267 | \$625,263,472 |
| Percentage of estimated property value (a) | 1.62% | 1.59% | 2.18% | 2.05% |
| Per capita (b) | 858 | 816 | 1,277 | 1,202 |
| Less: Amounts set aside to repay general debt | <u>(31,660,143)</u> | <u>(30,859,564)</u> | <u>(52,743,573)</u> | <u>(46,770,619)</u> |
| Total net debt applicable to debt limit | 395,652,372 | 380,254,049 | 601,091,694 | 578,492,853 |
| Legal debt limit (c) | 734,785,714 | 754,271,908 | 845,673,356 | 852,163,736 |
| Legal debt margin (d) | <u>\$339,133,342</u> | <u>\$374,017,859</u> | <u>\$244,581,662</u> | <u>\$273,670,883</u> |
| Legal debt margin as a percentage of the debt limit | 46.15% | 49.59% | 28.92% | 32.11% |

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(a) Property value data can be found in Schedule 5: Taxable Assessed and Estimated Full Value of Property.

(b) Population data can be found in Schedule 9: Ratios of Outstanding Debt by Type.

(c) Colorado Revised Statute 22-42-104 limits the District's available borrowing to no more than 20% of the assessed value of property.

(d) The legal debt margin is the District's available borrowing authority calculated by subtracting the net debt applicable to the legal debt from the debt limit.

See accompanying independent auditors' report.

| <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$598,709,303 | \$570,928,895 | \$541,868,460 | \$513,529,286 | \$480,392,738 | \$700,940,289 |
| 1.72% | 1.60% | 1.19% | 1.11% | 0.88% | 1.26% |
| 1,136 | 1,078 | 1,021 | 959 | 897 | 1,309 |
| <u>(48,150,652)</u> | <u>(49,600,372)</u> | <u>(48,534,818)</u> | <u>(49,985,495)</u> | <u>(52,208,259)</u> | <u>(57,407,112)</u> |
| 550,558,651 | 521,328,523 | 493,333,642 | 463,543,791 | 428,184,479 | 643,533,177 |
| 958,939,392 | 987,659,958 | 1,169,047,220 | 1,194,896,294 | 1,260,603,585 | 1,263,992,262 |
| <u>\$408,380,741</u> | <u>\$466,331,435</u> | <u>\$675,713,578</u> | <u>\$731,352,503</u> | <u>\$832,419,106</u> | <u>\$620,459,085</u> |
| 42.59% | 47.22% | 57.80% | 61.21% | 66.03% | 49.09% |

Demographic and Economic Information Schedule 12
 Jefferson County School District, No.R-1
 Demographic and Economic Statistics
 Last Ten Calendar Years

| <u>Year</u> | <u>Population</u> | <u>Personal Income (thousands of dollars)</u> | <u>Per Capita Personal Income</u> | <u>Median Age</u> | <u>Education Level in Years of Schooling</u> | <u>School Enrollment</u> | <u>Unemployment Rate</u> |
|-------------|-------------------|---|---|-----------------------|--|------------------------------|------------------------------|
| 1995 | 491,089 | \$ 13,177,391 | 26,833 | 36 | 13.1 | 85,571 | 3.2 % |
| 1996 | 497,774 | 14,185,563 | 28,498 | 36 | 13.1 | 86,868 | 3.4 |
| 1997 | 503,915 | 15,556,360 | 30,871 | 36 | 13.1 | 88,269 | 2.4 |
| 1998 | 512,114 | 17,077,978 | 33,348 | 36 | 13.1 | 88,793 | 2.5 |
| 1999 | 520,390 | 15,946,311 | 30,643 | 36 | 13.1 | 88,763 | 2.8 |
| 2000 | 527,056 | 17,081,358 | 32,409 | 37 | 13.1 | 87,832 | 2.0 |
| 2001 | 529,401 | 17,946,694 | 33,900 | 41 | 13.1 | 87,240 | 3.2 |
| 2002 | 530,821 | 20,280,547 | 38,206 | 42 | 14.5 | 86,613 | 5.1 |
| 2003 | 535,658 | 21,105,997 | 39,402 | 42 | 14.5 | 85,700 | 5.6 |
| 2004 | 531,424 | 21,594,414 | 40,635 | 38 | 14.5 | 85,478 | 4.4 |

Sources: Jefferson County

See accompanying independent auditors' report.

Demographic and Economic Information Schedule 13
 Jefferson County School District, No.R-1
 Principal Employers
 Last Two Fiscal Years

| Employer | 2004 | | 2005 | |
|--|-----------|------|-----------|------|
| | Employees | Rank | Employees | Rank |
| Denver Federal Center | 5,000 | 3 | 6,000 | 1 |
| Lockheed Martin Astronautics of Denver | 5,500 | 2 | 5,500 | 2 |
| Coors Brewing Company | 5,500 | 1 | 5,000 | 3 |
| Rocky Flats/Kaiser Hill | 2,500 | 5 | 2,890 | 4 |
| Exempla Healthcare | 2,600 | 4 | 2,500 | 5 |
| King Soopers | | | 1,600 | 6 |
| Gambro Companies | 1,300 | 6 | 1,550 | 7 |
| Ball Corporation | | | 1,440 | 8 |
| Safeway Stores | | | 1,150 | 9 |
| National Renewable Energy Laboratory | 960 | 8 | 950 | 10 |
| CoorsTek, Inc. | 1,000 | 7 | | |
| AON Innovative Solutions, Inc. | 950 | 9 | | |
| COBE Cardiovascular | 750 | 10 | | |

Source: Jefferson Economic Council

Note: Numbers reflect employees in Jefferson County only. State/local government agencies not included.

See accompanying independent auditors' report.

Operating Information Schedule 14
 Jefferson County School District, No.R-1
 Full-time Equivalent District Employees by Category
 Current Fiscal Year

| Employee Category | As of June 30 | |
|---|---------------|--------------|
| | 2004 | 2005 |
| Educational services | | |
| Chief academic officer | 1 | 1 |
| Community superintendents | 7 | 7 |
| Executive director | 2 | 1 |
| Principals | 138 | 138 |
| Assistant principals | 120 | 118 |
| Teachers | 4,600 | 4,508 |
| Counselors | 127 | 129 |
| Library media specialists | 139 | 128 |
| Social workers | 60 | 57 |
| Secretaries | 393 | 375 |
| Campus supervisors | 48 | 46 |
| Directors | 43 | 37 |
| Physical/occupational/speech therapists | 144 | 148 |
| Psychologists | 79 | 82 |
| Nurses | 28 | 29 |
| Technicians/specialists classified | 66 | 55 |
| Childcare specialists classified | 165 | 166 |
| Managers | 7 | 6 |
| Coordinators | 17 | 4 |
| Other | 39 | 19 |
| Total educational services | 6,223 | 6,054 |
| Support services | | |
| Chief financial officer | 0 | 1 |
| Executive director | 7 | 4 |
| Assistant superintendent | 1 | 1 |
| Director | 11 | 31 |
| Supervisor | 8 | 7 |
| Manager | 33 | 30 |
| Technical specialist - administrative | 58 | 63 |
| Coordinator level/consultant | 0 | 18 |
| Technicians/specialists classified | 122 | 156 |
| Secretaries | 25 | 32 |
| Custodians | 496 | 482 |
| Trades technicians | 216 | 214 |
| Food service managers | 134 | 132 |
| Food service hourly worker | 145 | 135 |
| Security officer/alarm monitor | 10 | 10 |
| Bus drivers | 229 | 235 |
| Other | 42 | 45 |
| Total support services and human resources | 1,537 | 1,596 |
| Districtwide leadership | | |
| Superintendent | 1 | 1 |
| Chief operating officer | 1 | 1 |
| Executive director | 1 | 1 |
| Administrative assistant to superintendent/BOE | 0 | 1 |
| Coordinator level/consultant | 0 | 1 |
| Manager | 3 | 4 |
| Secretaries | 4 | 1 |
| Technicians classified | 1 | 1 |
| Other | 1 | 2 |
| Total districtwide | 12 | 13 |
| Grand total | 7,772 | 7,662 |

Source: Jefferson County Schools employee management analysis from the 4th quarter report.

See accompanying independent auditors' report.

Operating Information Schedule 15
 Jefferson County School District, No.R-1
 Operating Statistics
 Last Three Fiscal Years

| Fiscal Year | Expenses (1) | Enrollment (2) | Cost per Pupil | Percentage Change | Teaching Staff (3) | Pupil Teacher Ratio | Graduation Rate (2) | Percent of Free and Reduced Students in the Lunch Program |
|----------------|----------------|----------------|----------------------|----------------------|-----------------------|---------------------------|------------------------|---|
| 2003 | \$ 553,610,400 | 86,613 | 6,392 | 8.42% | 4,695 | 18.45 | 81.8 % | 25.69 % |
| 2004 | 544,494,799 | 85,700 | 6,353 | -0.60% | 4,600 | 18.63 | 76.3 | 28.47 |
| 2005 | 539,480,892 | 85,478 | 6,311 | -0.66% | 4,496 | 19.01 | * | 31.04 |

(1) Expenses and transfers from Statement of Revenues, Expenditures and Changes in Fund Balance for General Fund.

(2) Enrollment data report 2003-2004

(3) From the Jefferson County Schools employee management analysis 4th quarter report. Full time equivalent teaching staff only.

*Not available

See accompanying independent auditors' report.

Operating Information Schedule 16
 Jefferson County School District, No.R-1
 School Building Information
 Last Two Fiscal Years

| | 2004 | 2005 |
|-----------------------------|-----------|-----------|
| Elementary schools | 93 | 93 |
| Total square feet | 4,160,960 | 4,160,960 |
| Total program capacity | 41,880 | 41,880 |
| Enrollment | 40,060 | 39,123 |
| Middle schools | 19 | 19 |
| Total square feet | 1,924,789 | 1,924,789 |
| Total program capacity | 13,759 | 13,759 |
| Enrollment | 12,816 | 12,592 |
| High schools | 17 | 17 |
| Total square feet | 3,207,614 | 3,207,614 |
| Total program capacity | 24,959 | 24,959 |
| Enrollment | 25,199 | 25,282 |
| Option schools | 7 | 7 |
| Total square feet | 530,178 | 530,178 |
| Enrollment | 3,314 | 4,347 |
| Charter schools | 11 | 11 |
| Enrollment | 3516 | 4,134 |
| Districtwide facilities | | |
| Total square feet | 453,228 | 453,228 |
| Support facilities | | |
| Total square feet | 419,518 | 419,518 |

Sources: Jefferson County Schools Enrollment Data 2004 - 2005
 Jefferson County Schools Asset Management Plan August 2003 Update
 Jefferson County Schools Enrollment Projections Report 2004-2005

See accompanying independent auditors' report.



Operating Information Schedule 17
 Jefferson County School District, No.R-1

Certificated staff Data - Number of certificated staff by salary level with average salaries
 Last Two Fiscal Years

| Fiscal Year | Non-Degree Vocational | Bachelor's Degree | Bachelor's Degree Plus 20 semester hours (undergraduate or graduate) | Bachelor's Degree Plus 40 semester hours (undergraduate or graduate) |
|----------------|--------------------------|----------------------|---|---|
| 2004 | 15 | 772 | 586 | 1,392 |
| 2005 | 15 | 708 | 574 | 1,373 |

Source: Jefferson County Schools human resources and budget departments.

Note: Licensed staff includes teachers, library media specialists, counselors, psychologists, nurses, occupational therapists, physical therapists and other specialists. The data shown is by head count of employees within each level.

See accompanying independent auditors' report.

| Bachelor's Degree Plus 60 semester hours (30 credits must be graduate level) Must include masters degree | Bachelor's Degree Plus 75 semester hours (37.5 credits must be graduate level) Must include masters degree | Salary Ranges | Average Salary |
|--|--|----------------------|-------------------|
| 464 | 2,182 | \$27,501 to \$82,002 | \$50,100 |
| 449 | 2,250 | 27,707 to 82,617 | 50,800 |



Single Audit

The Single Audit Act Amendments of 1996 mandate independent financial and compliance audits of federal award programs. In addition to the required independent auditors' reports, the schedule of expenditures of federal awards and summary of findings and questioned costs are provided to support the requirements for compliance with OMB Circular A-133.



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Single Audit

Fiscal Year Ended June 30, 2005

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**Schedule of Expenditures
of Federal Awards**

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
Schedule of Expenditures of Federal Awards
Expenditures July 1, 2004 through June 30, 2005

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Entity Identifying Number (1) | Expenditures |
|--|---------------------------|---|-------------------|
| <u>U.S Department of Agriculture</u> | | | |
| Direct: | | | |
| Donated commodities: | 10.550 | | \$ 1,011,907 |
| Passed through Colorado Department of Education: | | | |
| National school breakfast program | 10.553 | | 842,346 |
| National school lunch program | 10.555 | | 5,438,770 |
| Summer food service program for children | 10.559 | | 79,424 |
| Child nutrition cluster subtotal | | | <u>6,360,540</u> |
| Agency subtotal | | | <u>7,372,447</u> |
| <u>U.S Department of Health and Human Services</u> | | | |
| Refugee and entrant assistance | 93.576 | | 45,205 |
| Sun safety | 93.938 | | 13,707 |
| Total U.S. Dept of health and human services | | | <u>58,912</u> |
| <u>U. S. Department of Education</u> | | | |
| Direct: | | | |
| Indian education-formula grants to LEA and tribal schools | 84.060a | | 111,344 |
| Office of bilingual education | 84.195 | | 87,151 |
| JAVITS gifted/talented students | 84.206 | | (1,525) |
| Fund for improvement of education | 84.215 | | 690,377 |
| Twenty-First century community learning | 84.287 | | 572,982 |
| Total direct | | | <u>1,460,329</u> |
| Passed through Colorado Department of A21 ducation: | | | |
| Individuals with disabilities education act-part B basic state grants | 84.027 | | 9,740,351 |
| Individuals with disabilities education act-preschool services | 84.173 | | 390,645 |
| Special education cluster subtotal | | | <u>10,130,996</u> |
| State library program | 45.310 | | 32 |
| Adult education-state administered basic grant program | 84.002 | | 197,704 |
| Title I grants to local education agencies | 84.010 | | 6,419,421 |
| Migrant education – basic state grant program | 84.011 | | 1,084,134 |
| Neglected/delinquent - Title I-D | 84.013 | | 137,357 |
| Safe and drug free schools – state grants | 84.186 | | 292,497 |
| Education for homeless children and youth | 84.196 | | 41,751 |
| Public charter schools | 84.282 | | 461,230 |
| Innovative education program strategies | 84.298 | | 308,898 |
| Goals 2000-parental assistance | 84.310 | | 36,485 |
| Colorado high school online-technology literacy challenge | 84.318 | | 190,918 |
| Comprehensive school reform | 84.332 | | 141,045 |
| Reading first, NCLB | 84.357 | | 624,500 |
| English language acquisition, language enhancement, and academic achievement | 84.365 | | 281,043 |
| Title II, Part A: (NCLB) teacher and principal training and recruiting fund | 84.367 | | 2,230,456 |
| Violence prevention | 84.929 | | 20,880 |
| Passed through Colorado Community College and Occupational: Educational | | | |
| Vocational and applied technology education-basic state grants | 84.048a | 98266 | 398,134 |
| Vocational education-state administered tech prep program | 84.243a | 98428 | 230,000 |
| Passed through Colorado Department of Human Services: | | | |
| Rehabilitation services – vocational rehabilitation grants to states (SWAP) | 84.126 | 645867 | 211,505 |
| Agency subtotal | | | <u>24,899,315</u> |

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1
 Schedule of Expenditures of Federal Awards
 Expenditures July 1, 2004 through June 30, 2005

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Entity Identifying Number (1) | Expenditures |
|---|---------------------------|---|----------------------|
| <u>Corporation for National and Community Service</u> | | | |
| Passed through Colorado Department of Local Affairs: AmeriCorp | 94.006 | C858107 | <u>65,255</u> |
| <u>U.S. Department of Veteran Affairs</u> | | | |
| Learn and serve America:school and community based programs | 94.004 | | <u>23,060</u> |
| <u>U. S. Department of Justice</u> | | | |
| Passed through Colorado Department of Public Safety, Division of Criminal Justice Challenge grant - truancy intervention | 16.549 | | <u>13,315</u> |
| Total expenditures of federal awards | | | <u>\$ 32,432,304</u> |

(1) All grants that pass through the Colorado Department of Education (CDE) are identified at CDE by the CFDA number.



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Schedule of Expenditures of Federal Awards

June 30, 2005

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Jefferson County School District, No. R-1, Colorado (the District). The District's reporting entity is defined in note (1) to the District's basic financial statements.

(2) Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which is described in note (1)(D) to the District's basic financial statements. The Federal financial reports that are submitted to the grantors are prepared on the cash basis and may not agree to this schedule.

(3) Noncash Programs

Commodities donated to the District by the U. S. Department of Agriculture (USDA) of \$1,011,907 are valued based on the USDA's Donated Commodity Price List.

(4) Reconciliation to basic financial statements

Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule.

The following analysis reconciles amounts in the accompanying Schedule to the District's basic financial statements of the special revenue funds for the year ended June 30, 2005.

Reconciliation of Expenditures

Schedule of Expenditures of Federal Awards

| | |
|----------------------------|----------------------|
| Total federal expenditures | \$ 32,432,304 |
| Less: USDA * | <u>(7,372,447)</u> |
| | <u>\$ 25,059,857</u> |

Special Revenue Funds

| | |
|--|----------------------|
| Total expenditures from basic financial statements | \$ 54,405,825 |
| Less: Nonfederal grants expenditures | <u>(29,345,968)</u> |
| | <u>\$ 25,059,857</u> |

* The activities relating to USDA are included in the Food Services Enterprise Fund.



**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

The Board of Education
Jefferson County School District No. R-1
Jefferson County, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District No. R-1 as of and for the year ended June 30, 2005, which collectively comprise Jefferson County School District No. R-1's basic financial statements and have issued our report thereon dated October 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County School District No. R-1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management of Jefferson County School District No. R-1 in a separate letter dated October 21, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County School District No. R-1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Clifton Henderson LLP

Greenwood Village, Colorado
October 21, 2005

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

The Board of Education
Jefferson County School District No. R-1
Jefferson County, Colorado

Compliance

We have audited the compliance of Jefferson County School District No. R-1 with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Jefferson County School District No. R-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jefferson County School District No. R-1's management. Our responsibility is to express an opinion on Jefferson County School District No. R-1's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson County School District No. R-1'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 on Jefferson County School District No. R-1's compliance with those requirements.

In our opinion, Jefferson County School District No. R-1 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Jefferson County School District No. R-1 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 Jefferson County School District No. R-1's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Clifton Henderson LLP

Greenwood Village, Colorado
October 21, 2005

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2005

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: UNQUALIFIED OPINION
- (b) Reportable conditions in internal control disclosed by the audit of the basic financial statements: NONE REPORTED

Material weaknesses: NO

- (c) Noncompliance which is material to the basic financial statements: NO
- (d) Reportable conditions in internal control over major programs: NONE REPORTED

Material weaknesses: NO

- (e) The type of report issued on compliance for major programs: UNQUALIFIED OPINION
- (f) Any audit findings which are required to be reported under section .510(a) of OMB Circular A-133: NO

(g) Major programs:

| | |
|--|---------------|
| Individuals with Disabilities Education Act – Part B Basic State Grants | 84.027 |
| Individuals with Disabilities Education Act – Preschool Services | 84.173 |
| Title I Grants to Local Education Agencies | 84.010 |
| Migrant Education – Basic State Grant Program | 84.011 |

- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$972,969
- (i) Auditee qualified as a low-risk auditee under section .530 of OMB Circular A-133: YES

(2) Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*: NONE REPORTED

(3) Findings and Questioned Costs relating to Federal Awards in the Current Year: NONE REPORTED

(4) There were no findings or questioned costs reported in the prior fiscal year.



Colorado Department of Education
Auditor's Electronic Financial Data
Integrity Check Figures

The Auditor's Electronic Financial Data Integrity Check Figures is a fiscal year report of each fund according to the provisions of section 22-44-204(3), Colorado Revised Statutes (C.R.S.), concerning the use of the Financial Policies and Procedures Handbook adopted by the State Board of Education. C.R.S. 29-1-603



Colorado Department of Education
Fiscal Year 2004-2005
Colorado School District/BOCES
Auditor's Integrity Report

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance & Prior Per Adj (6880*) + | 1000 - 5999 Total Revenues & Other Sources - | 0001 - 0999 Total Expenditures & Other Uses = | 6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance |
|--|--|--|---|---|
| Governmental | | | | |
| 10 General Fund | -13,694,828 | 569,044,026 | 512,418,364 | 42,930,834 |
| 11 Charter School Fund | 6,091,288 | 38,913,999 | 35,821,059 | 9,184,228 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 1,733,944 | 1,733,944 | 0 |
| 20 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 21 Capital Reserve Spec Revenue Fund | 0 | 0 | 0 | 0 |
| 22 Govt Designated-Purpose Grants Fund | 825,394 | 28,809,369 | 28,241,259 | 1,393,505 |
| 23 Pupil Activity Special Revenue Fund | 8,438,300 | 26,722,112 | 26,164,566 | 8,995,847 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 30 Debt Service Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 52,208,259 | 184,562,402 | 179,363,549 | 57,407,112 |
| 41 Building Fund | -1 | 280,941,617 | 20,792,266 | 260,149,350 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 36,624,417 | 24,433,676 | 23,122,633 | 37,935,460 |
| TOTALS | 90,492,829 | 1,155,161,146 | 827,657,640 | 417,996,336 |
| Proprietary | | | | |
| 51 Food Service Fund | 3,750,901 | 20,087,737 | 19,130,177 | 4,708,460 |
| 50 Other Enterprise Funds | 3,520,091 | 10,220,572 | 9,632,891 | 4,107,772 |
| 64 Risk-Related Activity Fund | 5,315 | 7,030,843 | 6,190,182 | 845,975 |
| 60,65-69 Other Internal Service Funds | 4,936,548 | 80,547,287 | 77,675,168 | 7,808,667 |
| TOTALS | 12,212,854 | 117,886,438 | 112,628,418 | 17,470,874 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 0 | 0 | 0 | 0 |
| 74 Pupil Activity Agency Fund | 0 | 0 | 0 | 0 |
| TOTALS | 0 | 0 | 0 | 0 |

*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.

