

**KIT CARSON COUNTY  
SCHOOL DISTRICT RE-6J**

Burlington, Colorado

Financial Statements  
For the Year Ended June 30, 2011

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 Burlington, Colorado  
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Auditor's Financial Data Integrity Form For CDE

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Kit Carson County School District RE-6J  
Burlington, Colorado 80807

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kit Carson County School District RE-6J, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kit Carson County School District RE-6J, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages a through g and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kit Carson County School District RE-6J's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

WINFREY & COUNTY, PC  
Certified Public Accountants



by: Gerald County, CPA

September 8, 2011

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

This document provides an overview and analysis of the financial performance of the District for the fiscal year ending June 30, 2011.

**Financial Highlights**

- Ø The assets of Burlington School District RE-6J exceeded its liabilities at the close of the most recent fiscal year by \$8,169,795.
- Ø The total net assets of the district increased by \$388,086 during the fiscal year of July 1, 2010, to June 30, 2011.
- Ø The total salaries of district employees increased from \$3,062,908 in 2001 to \$3,196,639 in 2010, an increase of 4.37%
- Ø Instructional salaries have increased from \$2,092,549 in 2001 to \$2,232,147 in 2010, an increase of 6.68%.
- Ø Revenues from local sources accounted for 39% of the budget.
- Ø Revenues from state sources accounted for 57% of the budget.
- Ø Revenues from federal sources accounted for 4% of the budget.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Burlington School District RE-6J basic financial statements. The basic financial statements consist of these components: Local Sources, State Sources, and Federal Sources. Comparisons with prior years statements provide the district with information useful in future financial planning.

The district revenues come from different allocations within the classifications Local Sources, State Sources, and Federal Sources. The total revenues are used as a basis for determining the district's budget. Within the Local Sources of revenue are property taxes, specific ownership taxes, interest on banked funds, and other sources. State Sources include state equalization payments, transportation payments, and other sources such as grants. Federal Sources include payments for Title I and special education programming.

**Government-Wide Financial Statements**

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

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

Over time, increases or decreases in the District's net assets are an indication of whether its financial health is improving or deteriorating.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

The government-wide statements are divided into two categories:

Governmental activities - all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

Business-type activities - the District operates a food service operation and charges fees to students, staff, and visitors to help cover the costs of providing this service.

Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

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

Proprietary funds - used to account for the District activities that are similar to business operations in the private sector: or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of the funding is through user charges. When the District charges customers for services it provides, these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities reported in the government-wide statements.

Fiduciary Funds - acts as a trustee, or fiduciary for student activities. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

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

Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information regarding budgetary comparison schedule.

Combining statement for nonmajor funds and other statements on individual funds are presented immediately following the required supplementary information.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Management Discussion and Analysis  
 For Fiscal Year Ended June 30, 2011

Government-Wide Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Burlington School District, assets exceeded liabilities by approximately \$7,809,850.

Fiscal Year Ended June 30, 2011

Net Assets

	Government Activities		Business-type Activities		Total	
	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Current and other assets	4,979,617	4,979,953	34,684	60,858	5,014,301	5,040,812
Capital assets	<u>8,376,733</u>	<u>8,428,075</u>	<u>63,577</u>	<u>68,132</u>	<u>8,440,310</u>	<u>8,496,207</u>
Total Assets	13,356,350	13,408,029	98,261	128,991	13,454,611	13,537,019
Current liabilities	933,979	978,083	21,934	24,522	955,913	1,002,605
Long term liabilities	<u>4,328,903</u>	<u>4,724,564</u>	<u>0</u>	<u>0</u>	<u>4,328,903</u>	<u>4,724,564</u>
Total Liabilities	5,262,882	5,702,647	21,934	24,522	5,284,815	5,727,169
NET ASSETS						
Invested in capital assets, net of related debt	3,642,830	3,313,512	63,577	68,132	3,706,408	3,381,644
Reserved	2,946,009	2,358,935	14,908	7,617	2,960,916	2,366,555
Unreserved	<u>1,504,629</u>	<u>2,032,932</u>	<u>(2,157)</u>	<u>0</u>	<u>1,502,471</u>	<u>2,061,651</u>
Total Net Assets	<u>8,093,468</u>	<u>7,705,382</u>	<u>76,327</u>	<u>104,468</u>	<u>8,169,795</u>	<u>7,809,850</u>

Of the District's \$13,454,611 in total assets, \$8,440,310 (63%) reflects investment in capital assets, (e.g. land, buildings, equipment, and transportation equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. The unreserved net assets of \$1,502,471 may be used to meet the District's ongoing financial obligations.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education and the property taxes assessed to District taxpayers.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Management Discussion and Analysis  
 For Fiscal Year Ended June 30, 2011

Table 2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

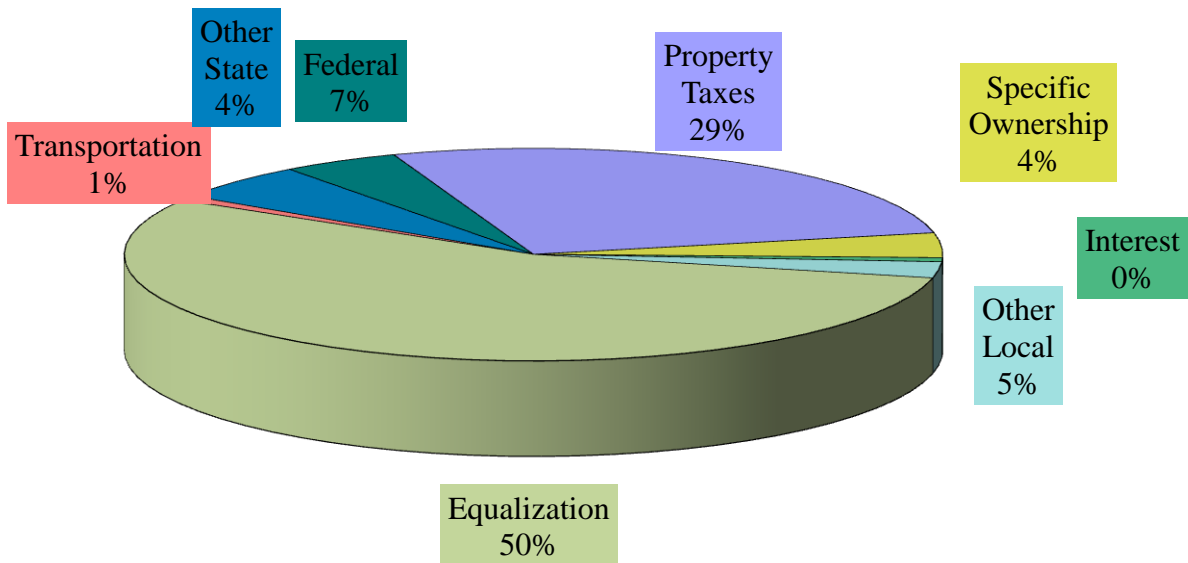
Fiscal Year Ended June 30, 2011  
 Change in Net Assets

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
<b>REVENUES</b>						
Program Revenues						
Charges for service	117,846	76,871	136,057	128,169	253,903	205,040
Operating grants	715,749	656,379	166,319	164,596	882,068	820,975
Capital grants	0	85,982			0	85,982
General Revenues						
Property taxes	2,168,456	2,401,570			2,168,456	2,401,570
Specific ownership taxes	295,137	260,468			295,137	260,468
State Equalization	2,879,232	3,186,782			2,879,232	3,186,782
Transfers	0	(60,190)	0	60,190	0	0
Other	279,878	107,594	2	34	279,881	107,628
Gain on sale of assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	6,456,298	6,715,457	302,378	352,988	6,758,676	7,068,445
<b>EXPENSES</b>						
Instruction	3,560,561	3,588,825			3,560,561	3,588,825
Pupil services	228,305	222,875			228,305	222,875
Instructional services	229,135	239,907			229,135	239,907
General administration	258,387	253,606			258,387	253,606
School administration	312,019	384,570			312,019	384,570
Business services	79,776	76,426			79,776	76,426
Operations & maintenance	630,829	629,187			630,829	629,187
Pupil transportation	215,893	250,402			215,893	250,402
Other services	79,259	158,634			79,259	158,634
Health Insurance Judgements	227,677	0			227,677	0
Non Instructional	86,783	113,109			86,783	113,109
Facilities Acquisition	0	13,578			0	13,578
Debt services	159,589	173,173			159,589	173,173
Food Services	<u>0</u>	<u>0</u>	<u>330,519</u>	<u>327,030</u>	<u>330,519</u>	<u>327,030</u>
Total Expenses	<u>6,068,213</u>	<u>6,104,292</u>	<u>330,519</u>	<u>327,030</u>	<u>6,398,731</u>	<u>6,431,322</u>
Increase (decrease) in net assets	<u>388,086</u>	<u>611,165</u>	<u>(28,141)</u>	<u>25,958</u>	<u>359,945</u>	<u>637,123</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

The district revenues come from different allocations within the classifications Local Sources, State Sources, and Federal Sources. The total revenues are used as a basis for determining the district's budget. Within the Local Sources of revenue are property taxes, specific ownership taxes, interest on banked funds, and other sources. State Sources include state equalization payments, transportation payments, and other sources such as grants. Federal Sources include payments for Title I and special education programming.

## Revenues - 2011



KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Management Discussion and Analysis  
 For Fiscal Year Ended June 30, 2011

General Fund Budget

No revisions were made to the original budget.

Capital Assets

At June 30, 2011, the District had \$14,344,976 invested in capital assets. This represents a net decrease (including additions and depreciation) of \$283,317.

At June 30, 2011

	Governmental		Business-type	Total	Prior Year		Total
	Activities	Activities			Governmental	Business-type	
	Activities	Activities		Activities	Activities		
Assets Under Construction	0	0.00	0	41,366	0	41,366	41,366
Site Improvements	603,373		603,373	599,267		599,267	599,267
Sites	41,987		41,987	41,987		41,987	41,987
Buildings	11,708,267	111,318	11,819,584	11,426,924	111,318	11,538,242	11,538,242
Vehicles	847,743		847,743	847,743		847,743	847,743
Equipment	<u>850,973</u>	<u>181,315</u>	<u>1,032,289</u>	<u>816,938</u>	<u>176,116</u>	<u>993,055</u>	<u>993,055</u>
Total capital assets	14,052,343	292,633	14,344,976	13,774,225	287,434	14,061,659	
Accumulated depreciation	<u>(5,675,610)</u>	<u>(229,056)</u>	<u>(5,904,666)</u>	<u>(5,346,150)</u>	<u>(219,302)</u>	<u>(5,565,452)</u>	<u>(5,565,452)</u>
Total capital assets	<u>8,376,733</u>	<u>63,577</u>	<u>8,440,310</u>	<u>8,428,075</u>	<u>68,132</u>	<u>8,496,207</u>	<u>8,496,207</u>

Major capital asset additions were a renovations of the old gym of \$239,977.

Long Term Debt

The district has two long-term debt obligations. There is a bond redemption fund that has an outstanding balance of \$4,080,675 including interest. The final bond payment is due on December 1, 2018.

The district has also entered into a sale/repurchase of district property under the Quality Zone Academy Bonds act. The district sold the bus barn and old gym on the elementary grounds to QZAB for \$1,250,000.00. These properties will then be repurchased with a payment schedule ending on August 7, 2018.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2011

**Economy Factors**

Burlington School District has seen the assessed valuation of the property in the district grow from \$33,349,680 in fiscal year 1993 to the present valuation of \$71,521,798.

The district's enrollment has shown a slow and steady decline from an enrollment of 899 in the 1999-2000 school year to 830 for the 2010-2011 school year. This is a decrease of 7.7%. This year our student enrollment increased nine students from 821 to 830.

**Contacting the Financial Management Office of Burlington School District RE-6J**

This report is designed to provide Board members, citizens, and patrons of Burlington School District RE-6J with an overview of the district's financial condition. Questions can be taken to the district office at 2600 Rose, Burlington, Colorado, during working hours.

## BASIC FINANCIAL STATEMENTS

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KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Net Assets  
 June 30, 2011

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	4,483,283	19,776	4,503,059
Certificates of deposit	422,280	0	422,280
Accounts/Grants receivable	4,168	0	4,168
Inventory	0	14,908	14,908
Accrued property taxes receivable	69,886	0	69,886
Capital assets, net of accumulated depreciation	<u>8,376,733</u>	<u>63,577</u>	<u>8,440,310</u>
Total Assets	13,356,350	98,261	13,454,611
<b>LIABILITIES</b>			
Accounts payable	14,000	0	14,000
Accrued salaries payable	514,980	19,693	534,672
Deferred revenues	0	2,241	2,241
<b>Noncurrent Liabilities</b>			
Due within one year	405,000	0	405,000
Due in more than one year	<u>4,328,903</u>	<u>0</u>	<u>4,328,903</u>
Total Liabilities	5,262,882	21,934	5,284,815
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,642,830	63,577	3,706,408
Reserved for Inventory	0	14,908	14,908
Reserved for bond retirement	2,636,128	0	2,636,128
Reserved for preschool	153,290	0	153,290
Reserved for Tabor Reserve	156,590	0	156,590
Unreserved	<u>1,504,629</u>	<u>(2,157)</u>	<u>1,502,471</u>
Total Net Assets	<u>8,093,468</u>	<u>76,327</u>	<u>8,169,795</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Activities  
 For the Year Ended June 30, 2011

	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
Governmental Activities				
Instructional	3,560,561	13,052	657,510	0
Support Services				
Pupil services	228,305			
Instructional services	229,135			
General administration	258,387	10,025		
School administration	312,019			
Business services	79,776			
Operations & maintenance	630,829			
Pupil transportation	215,893		58,239	
Other services	79,259			
Health Insurance Judgements	227,677			
Non Instructional	86,783	94,769		
Debt services	<u>159,589</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	6,068,213	117,846	715,749	0
Business Type Activities				
Food Services	<u>330,519</u>	<u>136,057</u>	<u>166,319</u>	<u>0</u>
Total	<u>6,398,731</u>	<u>253,903</u>	<u>882,068</u>	<u>0</u>

## General revenues:

## Taxes

Property taxes, levied for general purposes

Property taxes, levied for bond redemption

Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Total General Revenues

## Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Activities</u>	<u>Total</u>
(2,889,999)		(2,889,999)
(228,305)		(228,305)
(229,135)		(229,135)
(248,362)		(248,362)
(312,019)		(312,019)
(79,776)		(79,776)
(630,829)		(630,829)
(157,654)		(157,654)
(79,259)		(79,259)
(227,677)		(227,677)
7,986		7,986
<u>(159,589)</u>		<u>(159,589)</u>
(5,234,617)	0	(5,234,617)
<u>0</u>	<u>(28,143)</u>	<u>(28,143)</u>
(5,234,617)	(28,143)	(5,262,760)
1,658,670		1,658,670
509,785		509,785
295,137		295,137
2,879,232		2,879,232
256,725		256,725
<u>23,154</u>	<u>2</u>	<u>23,156</u>
<u>5,622,703</u>	<u>2</u>	<u>5,622,705</u>
388,086	(28,141)	359,945
<u>7,705,382</u>	<u>104,468</u>	<u>7,809,850</u>
<u>8,093,468</u>	<u>76,327</u>	<u>8,169,795</u>

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KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Balance Sheet  
Governmental Funds  
June 30, 2011

	<u>General</u>	<u>Bond Redemption</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	2,354,350	2,090,472	38,461	4,483,283
Certificates of deposit	422,280	0	0	422,280
Accounts/Grants receivable	4,168	0	0	4,168
Accrued property taxes receivable	<u>53,508</u>	<u>16,378</u>	<u>0</u>	<u>69,886</u>
Total Assets	<u>2,834,306</u>	<u>2,106,850</u>	<u>38,461</u>	<u>4,979,617</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	14,000	0	0	14,000
Accrued salaries payable	<u>514,980</u>	<u>0</u>	<u>0</u>	<u>514,980</u>
Total Liabilities	528,979	0	0	528,979
Fund Balances				
Restricted for TABOR	156,590	0	0	156,590
Restricted for Bond Retirement	529,279	2,106,850	0	2,636,128
Restricted for preschool	153,290	0	0	153,290
Assigned	0	0	38,461	38,461
Unassigned	<u>1,466,168</u>	<u>0</u>	<u>0</u>	<u>1,466,168</u>
Total Fund Balances	<u>2,305,327</u>	<u>2,106,850</u>	<u>38,461</u>	<u>4,450,637</u>
 Total Liabilities and Fund Balances	 <u>2,834,306</u>	 <u>2,106,850</u>	 <u>38,461</u>	 <u>4,979,617</u>

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

Total Governmental Fund Balances 4,450,637

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

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the funds. 8,376,733

Long-term liabilities, including bonds payable, are not due and payable in the  
current period and therefore are not reported in the funds. (4,733,903)

Net Assets of Governmental Activities 8,093,468

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2011

	<u>General</u>	<u>Bond Redemption</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Taxes	1,658,670	509,785	0	2,168,456
Specific Ownership Taxes	227,826	67,312	0	295,137
Investment Interest	19,991	3,162	0	23,154
Other	279,802	0	94,769	374,571
State Sources				
Equalization	2,879,232	0	0	2,879,232
Vocational Education	20,515	0	0	20,515
Transportation	58,239	0	0	58,239
Other	258,844	0	0	258,844
Less Adjustments	(4,064)	0	0	(4,064)
Federal Sources	<u>382,215</u>	<u>0</u>	<u>0</u>	<u>382,215</u>
Total Revenues	5,781,270	580,260	94,769	6,456,298
<b>EXPENDITURES</b>				
Current				
Instruction	3,254,800	0	0	3,254,800
Supporting Services				
Pupil Guidance	228,305	0	0	228,305
Instructional staff services	224,981	0	0	224,981
General administration	483,908	0	0	483,908
School administration	308,967	0	0	308,967
Business services	79,776	0	0	79,776
Operations & maintenance	628,721	0	0	628,721
Pupil transportation	176,836	0	0	176,836
Other supporting services	79,259	0	0	79,259
Non Instructional	0	0	76,250	76,250
Debt Service	0	535,423	0	535,423
Capital Outlay	<u>309,773</u>	<u>0</u>	<u>10,533</u>	<u>320,306</u>
Total Expenditures	<u>5,775,325</u>	<u>535,423</u>	<u>86,783</u>	<u>6,397,531</u>
Revenues over (under) Expenditures	5,945	44,836	7,986	58,767

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2011  
 (continued)

	<u>General</u>	<u>Bond Redemption</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	563,267	0	(563,267)	0
SWAP	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (under)				
Expenditures and Other Sources	569,212	44,836	(555,281)	58,767
Fund Balance - Beginning	<u>1,736,116</u>	<u>2,062,013</u>	<u>593,741</u>	<u>4,391,870</u>
Fund Balance - Ending	<u>2,305,327</u>	<u>2,106,850</u>	<u>38,461</u>	<u>4,450,637</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
 Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds 58,767

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	278,118	
Depreciation expense	<u>(329,460)</u>	(51,342)

The issuance of long-term debt (e.g. bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Amortized interest expense on defeased bonds	(14,165)	
Principal on bonds	<u>390,000</u>	375,835

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

Compensated absences		<u>4,826</u>
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Change in net assets of government activities		<u>388,086</u>
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KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Net Assets  
 Food Services Proprietary Fund  
 June 30, 2011

ASSETS	
Current Assets	
Cash in bank	19,776
Inventory	<u>14,908</u>
Total Current Assets	34,684
Fixed Assets	
Equipment	292,633
Less: Accumulated Depreciation	<u>(229,056)</u>
Net Fixed Assets	<u>63,577</u>
 Total Assets	 98,261
LIABILITIES	
Current Liabilities	
Accounts Payable	0
Accrued Salaries Payable	<u>19,693</u>
Total Current Liabilities	19,693
Deferred revenues	2,241
NET ASSETS	
Invested in capital assets, net of related debt	63,577
Reserved for Inventory	14,908
Unreserved	<u>(2,157)</u>
Total Net Assets	<u>76,327</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Revenues, Expenses and Changes in Net Assets  
 Food Services Proprietary Fund  
 For the Year Ended June 30, 2011

<b>OPERATING REVENUES</b>	
Food Sales	81,045
Other Income	<u>55,012</u>
Total Operating Revenues	136,057
 <b>OPERATING EXPENSES</b>	
Cost of Food Sold	
Inventory - Beginning	6,367
Food Purchases	140,969
Salaries	82,309
Benefits	<u>47,242</u>
Sub Total	276,887
Less Inventory - Ending	<u>(6,558)</u>
Cost of Food Sold	270,329
Expenses	
Supplies & Repairs	8,991
Safeway Cards	41,445
Depreciation	<u>9,754</u>
Total Expenses	<u>330,519</u>
Operating Income (Loss)	(194,462)
Other Income	
Federal Aid - Breakfast & Lunch	143,735
USDA Commodities	17,404
State Grants	5,180
Interest Income	<u>2</u>
Total Other Income	<u>166,321</u>
Net Income (Loss)	(28,141)
Net Assets - Beginning	<u>104,468</u>
Net Assets - Ending	<u>76,327</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Cash Flows  
 Food Services Fund Proprietary Fund  
 For the Year Ended June 30, 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	81,539
Sale of Safeway Cards	55,012
Payments to suppliers	(181,892)
Payments for salaries and benefits	<u>(131,843)</u>
Net Cash Provided by Operating Activities	<u>(177,184)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grant income	5,180
Federal reimbursement	143,735
Operating Transfers In	<u>0</u>
Net Cash Flows From Noncapital Financing Activities	148,915
 <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Purchase of Fixed Assets	(5,199)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Interest income	<u>2</u>
Net increase (decrease) in cash	(33,465)
Cash Balance - beginning of year	<u>53,241</u>
Cash Balance - end of year	<u>19,776</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operations	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Income (Loss)	(194,462)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	9,754
Non Cash Commodities Expense	18,512
(Increase) decrease in:	
Inventory	(8,399)
Increase (decrease) in:	
Accounts Payable	(791)
Accrued Salaries Payable	(2,292)
Deferred revenue	<u>494</u>
Net Cash Provided by Operating Activities	<u>(177,184)</u>
Noncash noncapital financing activities - USDA Commodities received	<u>17,404</u>

See auditor's report and notes to the financial statements.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Statement of Fiduciary Net Assets  
 Student Activity Agency Fund  
 June 30, 2011

ASSETS	Student Activity Fund
Cash in bank	<u>136,856</u>
NET ASSETS	
Held in trust for activities	<u>136,856</u>

Statement of Changes in Fiduciary Net Assets  
 Student Activity Agency Fund  
 For the Year Ended June 30, 2011

Additions	326,321
Deductions	<u>(327,182)</u>
Net increase in net assets	(861)
Net assets - Beginning	<u>137,716</u>
Net assets - Ending	<u>136,856</u>

## Notes To The Financial Statements

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The District is a political subdivision of the State of Colorado which is governed by an elected board of 7 members. A summary of the Kit Carson County School District RE-6J's significant accounting policies applied in the preparation of these financial statements follows.

- A. Reporting Entity - The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of Kit Carson County School District RE-6J.

B. Basis of Presentation

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 school district. As a general rule, the effect of interfund activity has been eliminated from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the district. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the school district's proprietary fund are food service charges. Operating expenses for the school district's proprietary fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major governmental funds:

The general fund is the district's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The bond redemption fund accounts for the assessment of taxes to fund the payment of principal and interest on bonds.

The Food Services Fund is the only proprietary fund and by definition is a major fund.

The District operates one nonmajor special revenue fund to account for gate admission and passes to athletic events. The fund then expends that money on officials and supplies. The general fund subsidizes this fund if expenditures exceed revenue.

Additionally the district reports the Student Activity agency fund which accounts for cash held by the district for related organizations. It is custodial in nature and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary 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. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and 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 with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

Budget Calendar -

Submission of proposed budget to Board of Education by May 31. On June 10 or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection.

Last date for adoption of the budget and appropriation resolution is June 30.

By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

Revisions for final budget due by January 31.

The legal level of budgetary control is at the individual fund level.

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

F. Assets, Liabilities and Net Assets or Equity

1. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the federal deposit insurance corporation or the federal savings and loan insurance corporation to the extent that the deposit is insured by one of the above or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds". Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide statements as "internal balances".

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2011 for the Food Services proprietary fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Notes to the Financial Statements  
 June 30, 2011  
 (continued)

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

Property, plant and equipment are depreciated in the proprietary funds using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	10-30
Buildings	10-50
Equipment	5-25
Vehicles	7-10

#### 5. Compensated Absences

Certified staff are allowed 10 days per year. Noncertified staff are allowed from 5 to 12 days depending on their employment status. A maximum of 30 days may be accumulated. During the 3rd year of employment and each subsequent year, any sick leave accumulated over 30 days will be paid \$50 per day at the end of the school year. If they leave the District, they are paid their full accumulation. The estimated liability is shown in the long-term debt.

#### 6. Long-term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of proprietary type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 7. Estimates

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

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

8. Proprietary Fund FASB Usage

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed for proprietary activity financial statements to the extent that those statements do not conflict with or contradict guidance of the GASB.

9. Fund Balances and Net Assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories;

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Reserved Net Assets – indicates that portion of net assets which has been legally segregated for specific purposes or is not available for appropriation

Unreserved Net Assets – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

In the fund financial statements, fund balances of governmental funds are classified in the following categories;

Nonspendable – amounts that cannot be spent because they are either in not spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be only used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

At June 30, 2011 the amounts reserved were \$14,908 for inventory in the Food Service Fund, \$2,636,128 for bond retirement, \$153,290 for preschool and \$156,590 for the Tabor Reserve.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

The District's highest level of decision making is the elected school board. It takes a resolution by this board to commit funds for special purposes. The board delegates to the Superintendent to assign funds. Permission is given orally.

The District's policy is restricted funds are spent first, then committed, then unassigned.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

In November 1997, the voters of the District approved a ballot issue which allows the District to collect, retain, and expend all revenues collected or received for the 1996-1997 fiscal year and each subsequent year thereafter.

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits and Investments - in 6 financial institutions. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit". They are carried at cost.

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 2% of the aggregate uninsured deposits.

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Notes to the Financial Statements  
 June 30, 2011  
 (continued)

At June 30, 2011, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	\$1,080,533	\$1,077,699
Deposits collateralized in four institution pools:	2,795,679	2,705,550
Shares in ColoTrust	<u>1,278,946</u>	<u>1,278,946</u>
Total Cash	\$5,155,158	\$5,062,195
Shown as certificates of deposit		(422,280)
In Agency Fund		<u>(136,856)</u>
Net Cash		4,503,059

As presented above, deposits with a bank balance of \$2,705,550 and a carrying balance of \$2,795,679 as of June 30, 2011, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institutions.

ColoTrust is an investment pool with a rating of AAAM by Standard & Poor's.

- B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

- C. Changes in General Fixed Assets - a summary of changes in the general fixed assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Assets Under Construction	41,366	-0-	41,366	-0-
Sites	41,987	-0-	-0-	41,987
Site Improvements	599,267	4,106	-0-	603,373
Buildings	11,426,925	281,342	-0-	11,708,267
Equipment	816,938	34,035	-0-	850,973
Transportation	<u>847,742</u>	<u>-0-</u>	<u>-0-</u>	<u>847,742</u>
Total	13,774,225	319,483	41,366	14,052,342

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

Less Accumulated Depreciation				
Assets Under Construction	-0-	-0-	-0-	-0-
Sites	-0-	-0-	-0-	-0-
Site Improvements	427,741	21,781	-0-	449,522
Buildings	3,735,111	235,006	-0-	3,970,117
Equipment	515,023	33,723	-0-	548,746
Transportation	<u>668,275</u>	<u>38,950</u>	<u>-0-</u>	<u>707,225</u>
Total	<u>5,346,150</u>	<u>329,460</u>	<u>-0-</u>	<u>5,675,610</u>

Government Activities				
Capital Assets, Net	<u>8,428,075</u>	<u>(9,977)</u>	<u>41,366</u>	<u>8,376,732</u>

Depreciation expense for the governmental activities was allocated \$290,510 to instruction and \$38,950 to transportation.

Business-Type Activities				
Buildings	111,318	-0-	-0-	111,318
Equipment	<u>176,117</u>	<u>5,199</u>	<u>-0-</u>	<u>181,316</u>
Total	287,435	5,199	-0-	292,634

Less Accumulated Depreciation	<u>219,302</u>	<u>9,754</u>	<u>-0-</u>	<u>229,056</u>
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Business-Type Activities				
Capital Assets, Net	<u>68,133</u>	<u>(4,555)</u>	<u>-0-</u>	<u>63,578</u>

The District does not have any infrastructure assets.

D. Changes in Long-Term Debt -

	Balance <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30</u>
Compensated Absences	73,789	44,370	49,196	68,963
Bonds Payable	3,910,000	-0-	390,000	3,520,000
Defeased Bonds	(119,226)	-0-	(14,165)	(105,061)
Leases Payable	<u>1,250,000</u>	<u>-0-</u>	<u>-0-</u>	<u>1,250,000</u>
Total	5,114,563	44,370	425,031	4,733,902

Lease Payable - On July 30, 2003, the District entered into a sale-lease/purchase to comply with a Qualified Zone Academy Bond from the State of Colorado which is interest free. The amount of the lease was \$1,250,000, and calls for annual payments of \$68,875 for 15 years beginning in July 2004. The lease payments are deposited in an escrow account until the lease is due in 2018.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

Bonds Payable -The District issued bonds dated December 1, 1998 in the amount of \$6,795,000 to repair and remodel the three school buildings, equipment, furnishing, grounds improvement, and new classroom additions at the three school buildings.

On December 1, 2004, the District issued \$4,465,000 of general obligation bonds with an average interest rate of 3.87% to advance refund \$4,255,000 of the \$5,525,000 outstanding 1998 Series bonds with an average interest rate of 4.08%. The net proceeds of \$4,453,315 (after receiving a premium of \$66,628 and payment of \$78,313 in underwriting fees, insurance, and other issuance costs) were used to purchase U S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series bonds. As a result, \$4,255,000 of the 1998 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advanced refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$198,315. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charge to operations through the year 2018 using the effective-interest method. The District completed the advance refunding to reduce its total debt service payments over the next 14 years by \$176,676 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$113,335.

Series 2004 advance refunding bond principal payments are due on December 1 of each year and interest payments are due on June 1 and December 1 of each year.

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	Interest <u>Rate</u>
11-12	405,000	129,538	534,538	3.50%
12-13	425,000	114,481	539,481	3.50%
13-14	435,000	98,356	533,356	3.50%
14-15	450,000	81,200	531,200	3.50%
15-16	470,000	62,800	532,800	3.50%
17-18	<u>1,335,000</u>	<u>74,300</u>	<u>1,409,300</u>	3.5%-4.00%
Total	3,520,000	560,675	4,080,675	

Debt Service Requirements to Maturity

<u>Year</u>	Lease <u>Purchase</u>	<u>Bonds</u>	<u>Total</u>
11-12	68,875	534,538	603,413
12-13	68,875	539,481	608,356
13-14	68,875	533,356	602,231
14-15	68,875	531,200	600,075
15-16	68,875	532,800	601,675
17-18	<u>905,625</u>	<u>1,409,300</u>	<u>2,314,925</u>
Total	1,250,000	4,080,675	5,330,675

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

- E. The lease of the radio antenna site is a one-year term, renewable at the option of the District with no liability if the lease is not renewed for any given year.

(4) OTHER INFORMATION

- A. Risk Management - the District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined Colorado School District Self Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSI for its property and casualty insurance coverage. The intergovernmental agreement of formation of CSDSI provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all risks or loss, including workers' compensation and employees health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31 but are earned over a school year of approximately a nine month period. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. The General Fund transferred \$28,000 to the Student Activity Special Revenue Fund for operating purposes, the Capital Reserve Fund transferred \$591,267 to the General Fund to close out that fund. GASB Statement 54 states that a special revenue fund must have its own stream of revenue to continue using. The Capital Reserve Fund did not have that stream of revenue.
- E. Defined Benefit Pension Plan

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost sharing multi-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). SDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (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 CSSDTF. That report may be obtained online at [copera.org](http://copera.org) or by writing to PERA, 1300 Logan Street, Denver, CO, 80203, or by calling PERA at 303-832-9550 or 1-800-759-7372.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Notes to the Financial Statements  
June 30, 2011  
(continued)

Funding Policy - Plan members and the District are required to contribute to the SDTF 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% and for the District is 14.75%. Also, a portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see note F). The District's contributions to SDTF for the year ending June 30, 2009, 2010, and 2011 were \$415,532, \$435,193, and \$443,381, respectively, equal to their required contributions for each year. The District payroll subject to PERA for this year was \$3,082,777.

F. Postemployment Healthcare Benefits

Plan Descriptions - The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for CSSDTF. That report may be obtained as discussed above.

Funding Policy - The District is required to contribute at a rate of 1.02% for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contributions to the HCF for the years ended June 30, 2009, 2010, and 2011 were \$35,341, \$34,172, and \$31,444 respectively, equal to their required contributions for each year.

G. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the board is from the District. The Board has final authority for all budgeting and financing of the joint venture.

Each member pays a \$2500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members.

At June 30, 2010, total assets were \$3,109,927, total liabilities were \$878,722, total net assets were \$2,231,205, revenues were \$10,311,085 and expenses were \$10,022,985.

Complete financial statements may be obtained from BOCES office at 820 Second Street, Limon, CO 80828.

**REQUIRED SUPPLEMENTARY INFORMATION**

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Budgetary Comparison Schedule  
 General Fund and Bond Redemption Debt Service Fund  
 For the Year Ended June 30, 2011

	<u>General Fund</u>			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		<u>Actual</u>	
REVENUES	<u>Original</u>	<u>Final</u>		
Local sources				
Property Taxes	1,648,847	1,648,847	1,658,670	9,823
Other	289,552	289,552	527,619	238,067
State Sources				
Equalization	2,856,566	2,856,566	2,879,232	22,666
Other	237,566	237,566	333,534	95,968
Federal Sources	<u>404,789</u>	<u>404,789</u>	<u>382,215</u>	<u>(22,574)</u>
Total Revenues	5,437,320	5,437,320	5,781,270	343,950
EXPENDITURES				
Current				
Instruction	3,208,362	3,208,362	3,254,800	(46,438)
Supporting Services				
Pupils	228,471	228,471	228,305	166
Instructional Staff - Library	232,768	232,768	224,981	7,787
General Administration	468,388	468,388	483,908	(15,520)
School Administration	303,164	303,164	308,967	(5,803)
Business Services	79,542	79,542	79,776	(234)
Operations & Maintenance	628,568	628,568	628,721	(153)
Pupil Transportation	194,201	194,201	176,836	17,365
Other Supporting Services	84,629	84,629	79,259	5,370
Appropriated reserves	1,508,168	1,508,168	0	1,508,168
Debt Service	0	0	0	0
Capital Outlay	<u>23,125</u>	<u>23,125</u>	<u>309,773</u>	<u>(286,648)</u>
Total Expenditures	<u>6,959,386</u>	<u>6,959,386</u>	<u>5,775,325</u>	<u>1,184,061</u>
Excess of revenues over (under) Expenditures	(1,522,066)	(1,522,066)	5,945	1,528,011
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(211,000)	(211,000)	563,267	774,267
SWAP	<u>(3,050)</u>	<u>(3,050)</u>	<u>0</u>	<u>3,050</u>
Revenues and Other Financing Sources over (under) Expenditures & Other Uses	(1,736,116)	(1,736,116)	569,212	2,305,328
Fund Balance - Beginning	<u>1,736,116</u>	<u>1,736,116</u>	<u>1,736,116</u>	<u>(0)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>2,305,327</u>	<u>2,305,327</u>

See auditor's report and notes to the financial statements.

Bond Redemption Debt Service Fund

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
REVENUES	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Local sources				
Property Taxes	463,450	463,450	508,606	45,156
Other	72,000	72,000	71,654	(346)
State Sources				
Equalization				
Other				
Federal Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	535,450	535,450	580,260	44,810
EXPENDITURES				
Current				
Instruction				
Supporting Services				
Pupils				
Instructional Staff - Library				
General Administration				
School Administration				
Business Services				
Operations & Maintenance				
Pupil Transportation				
Other Supporting Services	1,200	1,200	1,973	(773)
Appropriated reserves	2,062,813	2,062,813	0	2,062,813
Debt Service	533,450	533,450	533,450	0
Capital Outlay	0	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>2,597,463</u>	<u>2,597,463</u>	<u>535,423</u>	<u>2,062,040</u>
Excess of revenues over (under) Expenditures	(2,062,013)	(2,062,013)	44,836	2,106,849
Other Financing Sources (Uses)				
Operating Transfers In (Out)				
SWAP				
Revenues and Other Financing Sources over (under) Expenditures & Other Uses	(2,062,013)	(2,062,013)	44,836	2,106,849
Fund Balance - Beginning	<u>2,062,013</u>	<u>2,062,013</u>	<u>2,062,013</u>	<u>0</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>2,106,850</u>	<u>2,106,850</u>

See auditor's report and notes to the financial statements.

## OTHER INFORMATION

COMBINING FUND FINANCIAL STATEMENTS

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Nonmajor Governmental Funds  
Combining Balance Sheet  
At June 30, 2011

	<u>Capital Reserve</u>	<u>Student Activity</u>	<u>Total</u>
ASSETS			
Cash	<u>0</u>	<u>38,461</u>	<u>38,461</u>
FUND BALANCE	<u>0</u>	<u>38,461</u>	<u>38,461</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For The Year Ended June 30, 2011

REVENUES	<u>Capital Reserve</u>	<u>Student Activity</u>	<u>Total</u>
Local Sources			
Gate/Door Admissions	0	80,512	80,512
Interest Income	0	0	0
Other	<u>0</u>	<u>14,257</u>	<u>14,257</u>
Total Revenues	0	94,769	94,769
EXPENDITURES			
Current			
Benefits	0	0	0
Purchased Services	0	60,346	60,346
Supplies	0	15,903	15,903
Capital Outlay	<u>0</u>	<u>10,533</u>	<u>10,533</u>
Total Expenditures	<u>0</u>	<u>86,783</u>	<u>86,783</u>
Revenues over (under) Expenditures	0	7,986	7,986
Other Financing Sources			
Operating Transfers In (Out)	<u>(591,267)</u>	<u>28,000</u>	<u>(563,267)</u>
Revenues and Other Sources over (under) Expenditures	(591,267)	35,986	(555,281)
Fund Balance - Beginning	<u>591,267</u>	<u>2,475</u>	<u>593,741</u>
Fund Balance - Ending	<u>0</u>	<u>38,461</u>	<u>38,461</u>

See auditor's report and notes to the financial statements.

INDIVIDUAL FUND FINANCIAL STATEMENTS

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## GENERAL FUND

The General Fund accounts for all transactions of the district not required to be accounted for in other funds. This fund represents an accounting for the district's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the district's overall operation.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 General Fund  
 Comparative Balance Sheet  
 At June 30, 2011

ASSETS	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>Change</u>
Cash			
On Hand & In Bank	2,354,350	1,832,829	521,521
Certificates of Deposit	<u>422,280</u>	<u>353,169</u>	<u>69,111</u>
Total Cash	2,776,630	2,185,998	590,632
Accounts/Grants Receivable	4,168	18,587	(14,419)
Accrued Property Tax Rec	<u>53,508</u>	<u>119,614</u>	<u>(66,106)</u>
Total Assets	<u>2,834,306</u>	<u>2,324,199</u>	<u>510,108</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	14,000	35,999	(21,999)
Accrued Salaries & Benefits Payable	<u>514,980</u>	<u>552,084</u>	<u>(37,105)</u>
Total Liabilities	528,979	588,083	(59,104)
Fund Balance			
Restricted for Preschool	153,290	123,876	29,414
Restricted for QZAB Repayment	529,279	0	529,279
Restricted for TABOR Emergency Reserve	156,590	173,049	(16,459)
Unassigned	<u>1,466,168</u>	<u>1,439,191</u>	<u>26,978</u>
Total Fund Balance	<u>2,305,327</u>	<u>1,736,116</u>	<u>569,212</u>
Total Liabilities and Fund Balance	<u>2,834,306</u>	<u>2,324,199</u>	<u>510,108</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2011  
 With Comparative Actual Amounts for the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>LOCAL SOURCES</b>				
Current Property Tax	1,644,847	1,654,640	9,793	1,859,558
Specific Ownership Tax	229,352	227,826	(1,526)	198,779
Delinquent Tax & Penalties	4,000	4,031	31	4,623
Interest on Investments	15,000	19,991	4,991	15,235
Indirect Costs	0	5,713	5,713	6,368
Sale of Assets	0	0	0	0
Other	<u>45,200</u>	<u>274,089</u>	<u>228,889</u>	<u>94,043</u>
Total Local Sources	1,938,399	2,186,289	247,890	2,178,605
<b>STATE SOURCES</b>				
Equalization	2,856,566	2,879,232	22,666	3,197,129
Vocational Education	25,000	20,515	(4,485)	23,782
Transportation	40,000	58,239	18,239	58,532
Other Grants	208,565	258,844	50,279	290,248
Less Adjustments	<u>(35,999)</u>	<u>(4,064)</u>	<u>31,935</u>	<u>(45,999)</u>
Total State Sources	3,094,132	3,212,765	118,633	3,523,692
<b>FEDERAL SOURCES</b>				
Grants	204,659	202,307	(2,352)	109,602
BOCES Flowthrough	<u>200,130</u>	<u>179,908</u>	<u>(20,222)</u>	<u>209,868</u>
Total Federal Sources	<u>404,789</u>	<u>382,215</u>	<u>(22,574)</u>	<u>319,470</u>
Total Revenues	5,437,320	5,781,270	343,950	6,021,767
Expenditures	<u>6,959,386</u>	<u>5,775,325</u>	<u>1,184,061</u>	<u>5,464,691</u>
Excess of Revenues over (under) Expenditures	(1,522,066)	5,945	1,528,011	557,076
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(211,000)	563,267	774,267	(325,664)
SWAP	<u>(3,050)</u>	<u>0</u>	<u>3,050</u>	<u>(2,034)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(1,736,116)	569,212	2,305,328	229,379
Fund Balance - Beginning	<u>1,736,116</u>	<u>1,736,116</u>	<u>(0)</u>	<u>1,506,737</u>
Fund Balance - Ending	<u>0</u>	<u>2,305,327</u>	<u>2,305,327</u>	<u>1,736,116</u>

See auditor's report and notes to the financial statements.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
General Fund

Statement of Expenditures - Budget and Actual  
For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>INSTRUCTION</b>				
Current				
Salaries	2,164,760	2,265,100	(100,340)	2,306,251
Employee Benefits	756,423	739,395	17,028	671,462
Purchased Services	204,729	175,398	29,331	175,652
Supplies & Expenses	82,450	73,238	9,212	132,369
Other	0	1,669	(1,669)	2,215
Capital Outlay	<u>6,600</u>	<u>20,077</u>	<u>(13,477)</u>	<u>11,710</u>
Total Instruction	3,214,962	3,274,877	(59,915)	3,299,659
 <b>SUPPORTING SERVICES</b>				
Pupils				
Current				
Salaries	106,655	106,655	0	107,177
Employee Benefits	36,853	37,420	(567)	33,224
Purchased Services	83,638	83,506	132	82,024
Supplies & Expenses	<u>1,325</u>	<u>724</u>	<u>601</u>	<u>449</u>
Total Pupils	228,471	228,305	166	222,875
 Instructional Staff				
Current				
Salaries	107,553	108,419	(866)	116,615
Employee Benefits	44,828	44,912	(84)	45,036
Purchased Services	22,500	16,357	6,143	21,645
Supplies & Expenses	57,887	55,294	2,593	55,829
Capital Outlay	<u>4,800</u>	<u>16,205</u>	<u>(11,405)</u>	<u>783</u>
Total Instructional Staff	237,568	241,185	(3,617)	239,907
 General Administration				
Current				
Salaries	117,829	120,107	(2,278)	118,947
Employee Benefits	241,401	270,152	(28,751)	38,728
Purchased Services	73,358	57,019	16,339	57,300
Supplies & Expenses	21,800	20,650	1,150	19,194
Other	14,000	15,980	(1,980)	18,829
Capital Outlay	<u>1,275</u>	<u>2,156</u>	<u>(881)</u>	<u>608</u>
Total General Administration	469,663	486,065	(16,402)	253,606

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended June 30, 2011  
 With Comparative Actual Amounts for the Year Ended June 30, 2010  
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
<b>School Administration</b>				
Current				
Salaries	202,673	204,387	(1,714)	266,620
Employee Benefits	93,271	99,714	(6,443)	109,942
Purchased Services	5,200	2,812	2,388	4,549
Supplies & Expenses	2,020	2,054	(34)	817
Capital Outlay	<u>5,100</u>	<u>9,752</u>	<u>(4,652)</u>	<u>2,643</u>
Total School Administration	308,264	318,719	(10,455)	384,570
<b>Business Services</b>				
Salaries	30,956	30,956	0	30,956
Employee Benefits	16,247	16,290	(43)	14,799
Purchased Services	30,809	30,909	(100)	29,352
Supplies & Expenses	1,530	1,621	(91)	1,320
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Business Services	79,542	79,776	(234)	76,426
<b>Operations &amp; Maintenance</b>				
Current				
Salaries	192,000	197,634	(5,634)	228,091
Employee Benefits	76,230	69,031	7,199	72,374
Purchased Services	99,888	101,500	(1,612)	94,029
Supplies & Expenses	260,450	260,557	(107)	229,551
Capital Outlay	<u>4,350</u>	<u>17,392</u>	<u>(13,042)</u>	<u>2,947</u>
Total Operations & Maintenance	632,918	646,113	(13,195)	626,992
<b>Pupil Transportation</b>				
Current				
Salaries	80,500	81,146	(646)	90,153
Employee Benefits	25,710	18,925	6,785	25,079
Purchased Services	21,491	16,333	5,158	23,102
Supplies & Expenses	66,500	60,431	6,069	64,832
Capital Outlay	<u>1,000</u>	<u>108</u>	<u>892</u>	<u>890</u>
Total Pupil Transportation	195,201	176,943	18,258	204,056

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended June 30, 2011  
 With Comparative Actual Amounts for the Year Ended June 30, 2010  
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Other Supporting Services				
Current				
Salaries	10,000	12,205	(2,205)	45,422
Employee Benefits	1,576	1,958	(382)	6,494
Purchased Services	60,878	48,381	12,497	99,355
Supplies	12,175	16,715	(4,540)	5,329
Health Insurance Judgements	0	0	0	0
Capital Outlay	<u>0</u>	<u>244,083</u>	<u>(244,083)</u>	<u>0</u>
Total Other Supporting Services	<u>84,629</u>	<u>323,341</u>	<u>(238,712)</u>	<u>156,600</u>
 Total Supporting Services	 2,236,256	 2,500,447	 (264,191)	 2,165,031
 Appropriated Reserves	 <u>1,508,168</u>	 <u>0</u>	 <u>1,508,168</u>	 <u>0</u>
 Total Expenditures	 <u>6,959,386</u>	 <u>5,775,325</u>	 <u>1,184,061</u>	 <u>5,464,691</u>

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## SPECIAL REVENUE FUNDS

Capital Reserve Fund - to account for acquisition of land or improvements and construction of structures thereon, or acquisition of land with existing structures thereon and equipment and furnishing therein; construction of additions to existing structures; procurement of equipment for new buildings and additions to existing buildings and installation thereof; alterations and improvements to existing structures where the estimated cost of such projects for labor and materials is in excess of two thousand five hundred dollars; acquisition of school buses or other equipment, the estimated unit cost of which, including any necessary installations, is in excess of one thousand dollars; installment purchase agreements or lease agreements with an option to purchase for a period not to exceed twenty years under which a school district becomes entitled to the use of real property and related equipment for a school site, building, or structure. Also allowed are lease agreements with option to purchase for a period of one year or less, including lease agreements consisting of a series of one-year terms renewable at the option of the District. Financing is provided by an allocation from the General Fund.

Student Activity - to account for extracurricular activities. Financing is through fees and transfers from the General Fund.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Capital Reserve Special Revenue Fund  
 Comparative Balance Sheet

	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>Change</u>
<b>ASSETS</b>			
Cash			
In Bank	0	527,556	(527,556)
Certificates of Deposit	<u>0</u>	<u>63,711</u>	<u>(63,711)</u>
Total Assets	<u>0</u>	<u>591,267</u>	<u>(591,267)</u>
<b>FUND BALANCE</b>	<u>0</u>	<u>591,267</u>	<u>(591,267)</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Capital Reserve Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2011  
 With Comparative Actual Amounts for the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Local Sources				
Interest on Investments	0	0	0	11,178
Donations	154,215	0	(154,215)	85,982
Allocation from General Fund	0	0	0	0
Operating Transfer in (Out)	<u>123,000</u>	<u>(591,267)</u>	<u>(714,267)</u>	<u>222,826</u>
Net Revenues	277,215	(591,267)	(868,482)	319,986
 <b>EXPENDITURES</b>				
Current				
Remodeling & Repairs	40,300	0	40,300	3,046
 Capital Outlay				
Site Improvements	4,500	0	4,500	0
Buildings	310,073	0	310,073	68,415
Equipment	6,000	0	6,000	16,674
Vehicles	0	0	0	71,453
Noncapital Equipment	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>12,728</u>
Total Capital Outlay	330,573	0	330,573	169,270
Appropriated Reserves	<u>497,609</u>	<u>0</u>	<u>497,609</u>	<u>0</u>
Total Expenditures	<u>868,482</u>	<u>0</u>	<u>868,482</u>	<u>172,315</u>
Excess of Revenues over (under) Expenditures	(591,267)	(591,267)	0	147,671
Fund Balance - Beginning	<u>591,267</u>	<u>591,267</u>	<u>(0)</u>	<u>443,596</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>0</u>	<u>591,267</u>

See auditor's report and notes to the financial statements.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
Burlington, Colorado  
Student Activity Special Revenue Fund  
Comparative Balance Sheet

ASSETS	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>Change</u>
Cash	<u>38,461</u>	<u>2,475</u>	<u>35,986</u>
FUND BALANCE			
Assigned for student activities	<u>38,461</u>	<u>2,475</u>	<u>35,986</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Student Activity Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2011  
 With Comparative Actual Amounts for the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Gate/Door Admissions	51,400	80,512	29,112	54,722
Participation Fees	<u>13,300</u>	<u>14,257</u>	<u>957</u>	<u>0</u>
	64,700	94,769	30,069	54,722
<b>EXPENDITURES</b>				
Current				
Benefits	0	0	0	1,090
Purchased Services	72,625	60,346	12,279	68,846
Supplies	18,928	15,903	3,025	31,060
Capital Outlay - Non capital equipment	13,647	10,533	3,114	12,113
Contingency Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>105,200</u>	<u>86,783</u>	<u>18,417</u>	<u>113,109</u>
Excess of Revenues over (under) Expenditures	(40,500)	7,986	48,486	(58,387)
Other Financing Sources				
Operating Transfers In	<u>38,025</u>	<u>28,000</u>	<u>(10,025)</u>	<u>42,648</u>
Excess of Revenues and Other Sources over (under) Expenditures	(2,475)	35,986	38,461	(15,739)
Fund Balance - Beginning	<u>2,475</u>	<u>2,475</u>	<u>(0)</u>	<u>18,214</u>
Fund Balance - Ending	<u>0</u>	<u>38,461</u>	<u>38,461</u>	<u>2,475</u>

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## DEBT SERVICE FUND

Bond Redemption Fund - to account for payment of principal and interest on bonds issued December 1, 1998.  
Financing is provided by a specific annual property tax levy.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Bond Redemption Debt Service Fund  
 Comparative Balance Sheet

ASSETS	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>Change</u>
Cash			
In Bank	2,090,472	2,027,528	62,944
Accrued Property Taxes Receivable	<u>16,378</u>	<u>34,486</u>	<u>(18,108)</u>
Total Assets	<u>2,106,850</u>	<u>2,062,013</u>	<u>44,836</u>
 FUND BALANCE			
Restricted for Bond Retirement	<u>2,106,850</u>	<u>2,062,013</u>	<u>44,836</u>

See auditor's report and notes to the financial statements.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Bond Redemption Debt Service Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2011  
 With Comparative Actual Amounts for the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Current Property Taxes	463,450	508,606	45,156	536,343
Specific Ownership Taxes	70,000	67,312	(2,688)	61,690
Interest & Penalties	0	1,180	1,180	1,047
Interest on Investments	<u>2,000</u>	<u>3,162</u>	<u>1,162</u>	<u>2,919</u>
Total Revenues	535,450	580,260	44,810	601,998
<b>EXPENDITURES</b>				
Debt Service				
Bond Interest	143,450	143,450	0	157,013
Bond Principal	<u>390,000</u>	<u>390,000</u>	<u>0</u>	<u>385,000</u>
Total Debt Service	533,450	533,450	0	542,013
Other				
Bond Agent Fees	1,200	1,973	(773)	1,995
Appropriated Reserves	<u>2,062,813</u>	<u>0</u>	<u>2,062,813</u>	<u>0</u>
Total Expenditures	<u>2,597,463</u>	<u>535,423</u>	<u>2,062,040</u>	<u>544,008</u>
Revenues over (under) Expenditures	(2,062,013)	44,836	2,106,849	57,990
Fund Balance - Beginning	<u>2,062,013</u>	<u>2,062,013</u>	<u>0</u>	<u>2,004,023</u>
Fund Balance - Ending	<u>0</u>	<u>2,106,850</u>	<u>2,106,850</u>	<u>2,062,013</u>

See auditor's report and notes to the financial statements.

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## PROPRIETARY FUND

Food Services Fund - to account for revenue and expenses associated with providing hot lunches to students, teachers, and visitors.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Food Services Proprietary Fund  
 Comparative Balance Sheet

ASSETS	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>Change</u>
Current Assets			
Cash In Bank	19,776	53,241	(33,465)
Inventory	<u>14,908</u>	<u>7,617</u>	<u>7,291</u>
Total Current Assets	34,684	60,858	(26,174)
Fixed Assets			
Buildings	111,318	111,318	0
Equipment	<u>181,315</u>	<u>176,116</u>	<u>5,199</u>
Total Fixed Assets	292,633	287,434	5,199
Less: Accumulated Depreciation	<u>(229,056)</u>	<u>(219,302)</u>	<u>(9,754)</u>
Net Fixed Assets	<u>63,577</u>	<u>68,132</u>	<u>(4,555)</u>
 Total Assets	 <u>98,261</u>	 <u>128,991</u>	 <u>(30,729)</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
Current Liabilities			
Accounts Payable	0	791	(791)
Accrued Salaries Payable	<u>19,693</u>	<u>21,985</u>	<u>(2,292)</u>
Total Current Liabilities	19,693	22,776	(3,083)
Deferred Revenue	2,241	1,747	494
Fund Equity			
Reserved for Inventory	14,908	7,617	7,291
Unreserved Retained Earnings	<u>61,420</u>	<u>96,851</u>	<u>(35,431)</u>
Total Fund Equity	<u>76,327</u>	<u>104,468</u>	<u>(28,141)</u>
 Total Liabilities and Fund Equity	 <u>98,261</u>	 <u>128,991</u>	 <u>(30,729)</u>

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Food Services Proprietary Fund  
 Statement of Revenues, Expenses, and Changes in Retained Earnings  
 Budget (Non-GAAP) and Actual  
 For the Year Ended June 30, 2011  
 With Comparative Actual Amounts for the Year Ended June 30, 2010

OPERATING REVENUES	Budget	Actual	Variance- Favorable (Unfavorable)	Actual Prior Year
	<u>(Non-GAAP)</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Year</u>
Charges for Service				
Food Sales	74,400	81,045	6,645	82,230
Other Income	63,000	55,012	(7,988)	45,939
State Child Nutrition Grant	4,200	5,180	980	4,765
Federal Aid				
School Breakfast & Lunch	<u>114,550</u>	<u>143,735</u>	<u>29,185</u>	<u>144,840</u>
Total Operating Revenues	256,150	284,972	28,822	277,775
EXPENSES				
Salaries	80,296	82,309	(2,013)	83,822
Benefits	51,683	47,242	4,441	47,734
Food & Milk	134,300	140,778	(6,478)	136,305
Purchased Services	0	1,501	(1,501)	155
Supplies	8,600	7,490	1,110	7,731
Safeway Cards	60,000	41,445	18,555	41,720
Depreciation	8,923	9,754	(831)	9,562
Appropriated Reserves	<u>90,816</u>	<u>0</u>	<u>90,816</u>	<u>0</u>
Total Expenses	<u>434,618</u>	<u>330,519</u>	<u>104,099</u>	<u>327,030</u>
Income (Loss) Before Adjustments Below	(178,468)	(45,547)	132,921	(49,255)
Adjustments to Enterprise Fund				
Basis of Accounting				
USDA Commodities Donated	14,000	17,404	3,404	14,990
Interest Income	0	2	2	34
Operating Transfers In	<u>60,000</u>	<u>0</u>	<u>(60,000)</u>	<u>60,190</u>
Net Income (Loss) Enterprise				
Basis of Accounting	(104,468)	(28,141)	76,327	25,958
Retained Earnings - Beginning	<u>104,468</u>	<u>104,468</u>	<u>0</u>	<u>78,510</u>
Retained Earnings - Ending	<u>0</u>	<u>76,327</u>	<u>76,327</u>	<u>104,468</u>

## AGENCY FUND

Student Activity Fund - to act as custodian for the classes and activities of the district.

KIT CARSON COUNTY SCHOOL DISTRICT RE-6J  
 Burlington, Colorado  
 Student Activity Agency Fund  
 Statement of Revenues, Expenditures and Changes in Net Assets  
 Budget and Actual  
 For the Year Ended June 30, 2011

	Balance			Balance
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
<b>ELEMENTARY SCHOOL</b>				
Classes	427	763	675	516
Organizations	1,691	555	628	1,617
District	1,190	5,946	5,042	2,095
Miscellaneous	556	9,463	6,001	4,018
Library	1,762	6,715	6,073	2,404
PAC	6,225	4,107	3,010	7,321
Book Orders	78	2,260	2,703	(365)
Office	1,081	985	792	1,274
<b>MIDDLE SCHOOL</b>				
General Miscellaneous	14,828	12,278	12,036	15,071
Clubs	7,130	17,132	16,320	7,942
Teacher - Staff	251	1,093	868	476
Library	1,655	4,295	4,144	1,806
Resale	513	2,564	1,872	1,205
Athletics	2,408	0	2,408	0
<b>HIGH SCHOOL</b>				
Athletics	10,446	0	10,446	0
Clubs	15,798	60,812	49,430	27,180
Classes	12,145	24,806	23,379	13,572
Course Fees	19,338	36,362	35,062	20,638
Scholarships	7,515	15,155	13,200	9,470
Miscellaneous	5,288	54,636	63,658	(3,735)
Athletic Camps	<u>27,391</u>	<u>66,394</u>	<u>69,435</u>	<u>24,350</u>
<b>Total</b>	137,716	326,321	327,182	136,856
<b>Budget</b>	<u>137,716</u>	<u>474,519</u>	<u>474,519</u>	<u>137,716</u>
<b>Variance - Favorable (Unfavorable)</b>	<u>0</u>	<u>(148,198)</u>	<u>147,337</u>	<u>(860)</u>

AUDITOR'S FINANCIAL DATA INTEGRITY FORM FOR CDE

09/09/2011  
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Colorado Department of Education  
Fiscal Year 2010-2011  
Colorado School District/BOCES  
Auditor's Integrity Report

KIT CARSON BURLINGTON RE-6J  
District Code: 1500

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
-----	-----	-----	-----	-----
<b>Governmental</b>				
10 General Fund	1,612,240	6,230,283	5,690,485	2,152,038
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	123,876	114,254	84,840	153,290
Subtotal	1,736,116	6,344,536	5,775,325	2,305,327
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	591,267	-591,267	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	2,475	122,769	86,783	38,461
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	2,062,013	580,260	535,423	2,106,850
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
TOTALS	4,391,870	6,456,298	6,397,531	4,450,637
<b>Proprietary</b>				
51 Food Service Fund	104,468	302,378	330,519	76,327
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	104,468	302,378	330,519	76,327
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	137,716	326,321	327,182	136,856
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	137,716	326,321	327,182	136,856

\*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.