



Englewood Schools

A Relentless Focus On Learning

ARAPAHOE COUNTY SCHOOL DISTRICT NO. 1

ENGLEWOOD SCHOOLS

ENGLEWOOD, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING JUNE 30, 2012

**ENGLEWOOD SCHOOL DISTRICT
ENGLEWOOD, COLORADO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

Prepared by: Finance Department

INTRODUCTORY SECTION

ENGLEWOOD SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Jon Kvale
Director of Budget and Finance
303-806-2014

October 2, 2012

Board of Education and Citizens
Arapahoe County School District Number One
Englewood, Colorado

The Comprehensive Annual Financial Report of Arapahoe County School District Number One (Englewood Schools or District) as of June 30, 2012 and for the fiscal year then ended is hereby submitted. Responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the District. The data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's activities have been included.

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

The financial section includes; the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements, and the combining and individual fund financial statements and schedules. The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Profile of the District

Arapahoe County School District Number One (Englewood Schools) was formed in 1916. Nine schools provide instruction and related services to approximately 3,000 students from pre-kindergarten through twelfth grade. The enrollment within the District has been declining for several years and is expected to continue to decline in the foreseeable future. The District encompasses approximately 6.9 square miles, which is located within the City of Englewood, directly south of Denver, Colorado.

The District is governed by a five-member Board of Education whose members are elected by the qualified electors within the District's boundaries. The general duties of the Board of Education members include the powers to employ all personnel necessary to maintain the operations and carry out the educational programs of the District and pay their compensation; to fix attendance boundaries; to establish annual budgets; to determine the educational programs to be carried on in the schools of the District; to prescribe the textbooks of any course of instruction or study in such educational programs; and to levy a property tax on properties located within its boundaries.

District Mission

Englewood Schools is dedicated to a relentless focus on learning for all students and stakeholders. Through collaborative structures we will intentionally engage our community in a shared commitment to safety, wellness, accountability, communication, and transparency.

Factors Affecting Financial Condition

State and Local Economy. The unemployment rate in Colorado was 8.2% in June 2012, relatively unchanged from 8.5% in 2011. The Consumer Price Index (CPI) for the Denver-Boulder-Greeley area increased 1.8% from the first half of 2011 to the first half of 2012. Colorado, like the rest of the nation, experienced slow growth in 2011. Projections from the University of Colorado, Leeds School of Business, include: Colorado will outperform the nation in employment growth in 2012; the foreclosure situation will continue to improve, housing prices will remain soft, which will hold back new residential construction; Colorado will remain a popular place to live with projected population growth above 1.5%; and State and local governments will continue to struggle with budget issues as federal funding tightens and income and property taxes lag the recovery. This will have further implications for public education.

Long-term Financial Planning. The District continuously updates long-range financial projections, which are reviewed by the Board of Education. These include forecasts of student enrollment which drive school funding computations. Englewood Schools' enrollment has been declining for many years but is beginning to see signs of stabilizing. 2011 saw a decrease of only 38 students when the district has been averaging over 100 students lost for the past several years. Student counts will be watched very closely in 2012 to see if this is a new trend or just an anomaly.

Budget Process. Development of the District's budget is an on-going, year-round process. Fall enrollment assists in updating enrollment projections for the upcoming years. Budget priorities are gathered from the community. Revenue projections are developed and expenditure adjustments are discussed based on assumptions about funding from the State of Colorado, salary negotiations, employee benefit changes, utility and other expenditure increases. Public budget workshops are held in order to gather additional community input. A preliminary budget is presented to the Board of Education in May of each year followed by a budget hearing and adoption in June.

The District's financial policies also drive the budget process. The District must balance its ongoing expenditures with current revenues and use its reserves wisely. The District has a policy to maintain an emergency reserve of 12% of its revenue in addition to the 3% reserve required by the State Constitution.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Englewood School District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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.

The publishing of this document would not have been possible without the assistance of the Business Services staff; Tammy Hohn, Judy Wynn, Shaunie Wilson and Harla Knapp. Deserved recognition for their support, hard work and dedication to the District goes to them. Further special recognition is due the District's independent auditors, Dazzio & Plutt, LLC for their efforts and professional assistance in the preparation of this audit and for their support throughout the year.

Finally, a big thank you to Brian Ewert, Superintendent of Schools, and the Englewood Board of Education, for your leadership and support.

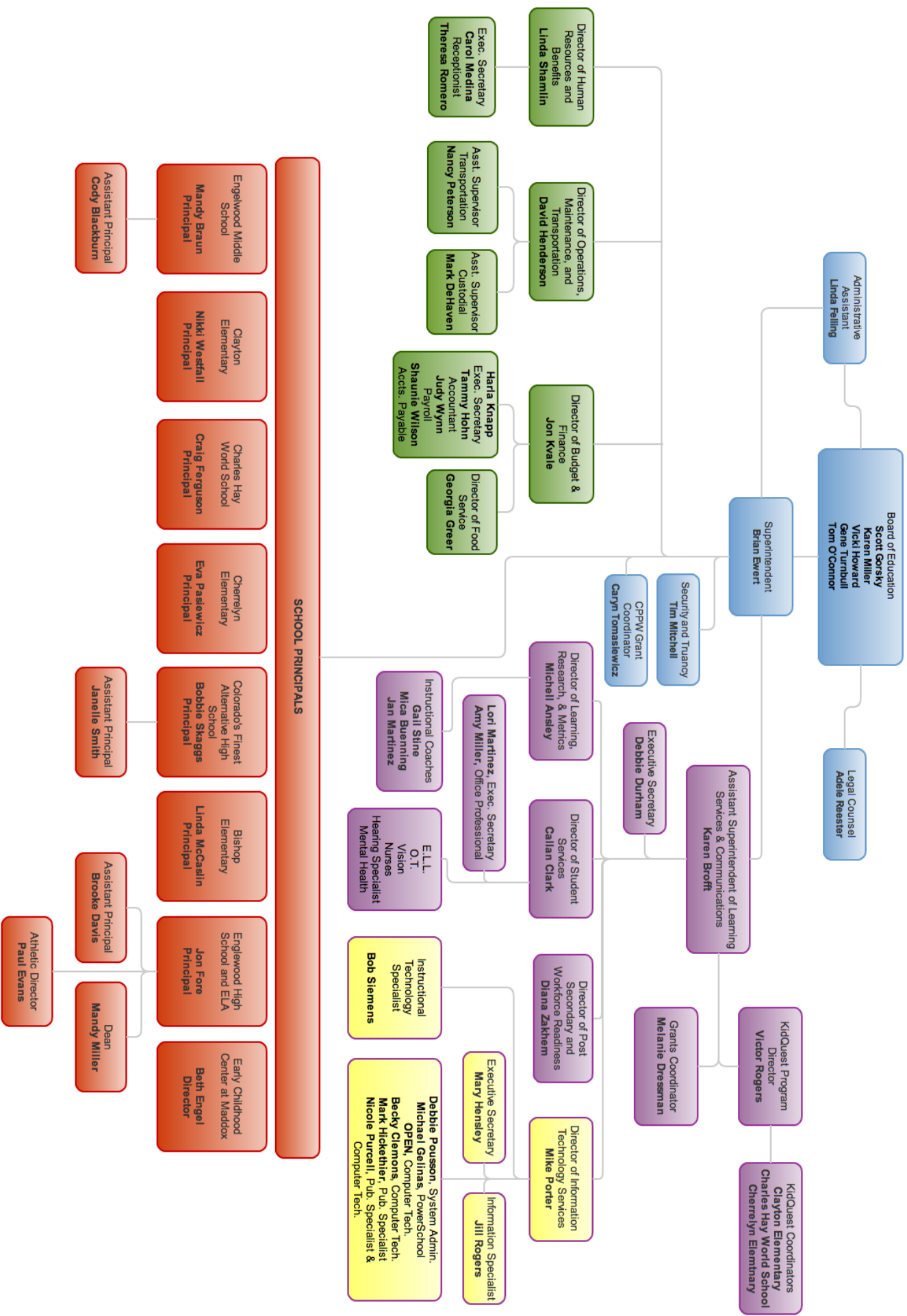
This report provides financial and other related information for the fiscal year 2011-2012 and has been prepared in a manner that is intended to assist management decision makers for the current and future budget years.

Respectfully submitted,

A handwritten signature in black ink that reads "Jon W. Kvale". The signature is written in a cursive, flowing style.

Jon W. Kvale
Director of Budget and Finance

Englewood Schools Organizational Chart Roscoe Davidson Administration Building 2011-2012 (revised 6/20/11)



**ENGLEWOOD SCHOOL DISTRICT
ENGLEWOOD, COLORADO**

ROSTER OF SCHOOL OFFICIALS

June 30, 2012

BOARD OF EDUCATION

Scott Gorsky - President

Gene Turnbull - 1st Vice President

Tom O'Connor - 2nd Vice President

Duane Tucker - Treasurer

Vicki Howard - Secretary

OFFICIALS

Brian Ewert - Superintendent

Karen Brofft - Assistant Superintendent of Learning Services and Communications

Callan Clark - Director of Student Services

Michell Ansley - Director of Learning, Research and Metrics

Diana Zakhem - Director of Post Secondary and Workforce Readiness

Mike Porter - Director of Information Technology Services

Linda Shamlin - Director of Human Resources

Jon Kvale - Director of Budget and Finance

David Henderson - Director of Operations, Maintenance & Transportation

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Englewood School District
Number One Arapahoe County
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Linda C. Davidson

President

Jeffrey R. Enner

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Englewood Schools
Englewood, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Englewood Schools (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District'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 the 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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 42 through 43 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 the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Dazzio & Plutt, LLC

September 21, 2012

Management's Discussion and Analysis

As management of the Arapahoe County School District No. 1 (Englewood Schools or District), we offer readers of Englewood Schools' financial statements this narrative overview and analysis of the financial activities of Englewood Schools for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v - vii of this report.

Financial Highlights

The assets of Englewood Schools exceeded its liabilities at the close of the most recent fiscal year by \$15,805,998 (net position) up from \$12,992,446 the previous fiscal year.

Englewood Schools' net position increased by \$2,813,552.

At the close of the fiscal year, Englewood Schools' governmental funds reported a combined ending fund balance of \$74,604,340, an increase of \$54,395,852 (\$53,294,236 as a result of the addition of the Building Fund).

The general fund ending fund balance was \$13,112,760, an increase of \$889,029 from the prior year.

Overview of Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Englewood Schools' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Englewood Schools' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Englewood Schools is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Englewood Schools that are principally supported by taxes from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Englewood Schools include instruction and support services of the District. The business-type activities of Englewood Schools include the food services fund and the tuition programs fund.

The government-wide financial statements can be found on pages 10-12 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Englewood Schools, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Englewood Schools can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Englewood Schools maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the general fund, the grants fund, the bond redemption fund and building fund, all of which are considered *major funds*. Data from the other governmental funds (the capital reserve fund and the technology fund) are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining and individual fund statements* as other supplementary information in the report.

Englewood Schools adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. Englewood Schools maintains two proprietary funds, enterprise funds that are used to report the same functions presented as business-type activities in the government-wide financial statements. Englewood Schools uses enterprise funds to account for its food services program and its tuition programs (Preschool and Kid Quest – the District's before and after school program). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Englewood Schools' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other Information. The individual fund statements are presented after the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Englewood Schools, assets exceeded liabilities by \$15,805,998 at the close of the most recent fiscal year. The table below presents a two-year condensed statement of the District's net position.

Englewood Schools' Net Assets

	Governmental Activities		Business-type Activities		Total		Change
	2011	2012	2011	2012	2011	2012	
Current and other assets	\$24,642,681	\$86,927,596	\$315,673	\$309,783	\$24,958,354	\$87,237,379	\$62,279,025
Capital assets	11,588,513	12,300,779	-	-	11,588,513	12,300,779	712,266
Total assets	36,231,194	99,228,375	315,673	309,783	36,546,867	99,538,158	62,991,291
Deferred Outflows of Resources	479,885	360,455	-	-	479,885	360,455	(119,430)
Long-term liabilities outstanding	17,487,631	68,985,302	-	-	17,487,631	68,985,302	51,497,671
Other liabilities	6,490,841	15,060,264	55,834	47,049	6,546,675	15,107,313	8,560,638
Total liabilities	23,498,587	84,045,566	55,834	47,049	23,554,421	84,092,615	60,538,194
Net assets Invested in capital assets, net of related debt	(7,600,450)	(5,827,151)	-	-	(7,600,450)	(5,827,151)	1,773,299
Restricted for Emergencies	805,000	789,000	-	-	805,000	789,000	(16,000)
Debt service	3,939,943	4,957,829	-	-	3,939,943	4,957,829	1,017,886
Technology	3,167,102	2,100,055	-	-	3,167,102	2,100,055	(1,067,047)
Extended Term contract	44,142	-	-	-	44,142	-	(44,142)
Preschool	36,017	70,380	-	-	36,017	70,380	34,363
Unrestricted	12,340,853	13,453,151	259,839	262,734	12,600,692	13,715,885	1,115,193
Total net position	\$12,732,607	\$15,543,264	\$259,839	\$262,734	\$12,992,446	\$15,805,998	2,813,552

The largest portion of the Englewood Schools' assets (86 percent) is cash and investments, the largest portion being in the building fund. Twelve percent of the District's assets reflect its investment in capital assets, less accumulated depreciation. At the end of the current fiscal year Englewood Schools reports positive balances for governmental activities net position. Net assets invested in capital assets, net of related debt is negative due to the age of the District's capital assets with no construction in new buildings for many years.

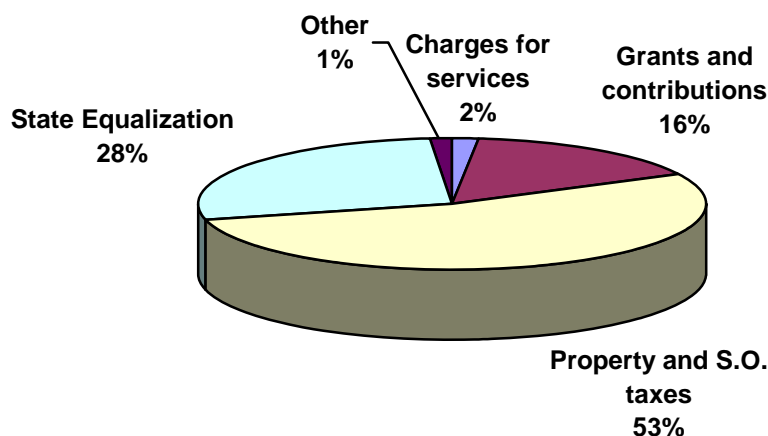
Governmental Activities. Governmental activities increased Englewood Schools' net position by \$2,810,657. Revenues and expenses are budgeted according to funding levels from the State and enrollment projections. Both revenues and expenses were reduced due to declining enrollment. Actual expenses were less than prior year, while revenues were slightly higher than the previous year, e.g. the District was able to increase its net position.

Business-type Activities. Business-type activities net position increased slightly by \$2,895 from the prior year reflected in the decrease of accounts payable.

Englewood Schools' Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Program revenues:						
Charges for services	\$70,380	\$69,866	\$624,096	\$503,992	\$694,476	\$573,858
Capital grants and contributions	-	249,605	-	-	-	249,605
Operating grants and contributions	4,913,347	4,588,147	806,094	907,937	5,719,441	5,496,084
General revenues:						
Property taxes	15,524,629	18,427,279	-	-	15,524,629	18,427,279
Specific Ownership taxes	967,885	1,058,274	-	-	967,885	1,058,274
State Equalization	10,606,022	10,084,015	-	-	10,606,022	10,084,015
Other	1,703,963	458,470	-	-	1,703,963	458,470
Total revenues	33,786,226	34,935,656	1,430,190	1,411,929	35,216,416	36,347,585
Expenses:						
Instruction	18,921,262	17,495,595	-	-	18,921,262	17,495,595
Supporting Services	13,130,895	12,627,729	-	-	13,130,895	12,627,729
Interest Expense	775,296	2,001,675	-	-	775,296	2,001,675
Food Services	-	-	979,160	1,068,992	979,160	1,068,992
Tuition	-	-	403,378	340,042	403,378	340,042
Total Expenses	32,827,453	32,124,999	1,382,538	1,409,034	34,209,991	33,534,033
Change in net position	958,773	2,810,657	47,652	2,895	1,006,425	2,813,552
Net position – beginning	11,773,834	12,732,607	212,187	259,839	11,986,021	12,992,446
Net position – ending	\$12,732,607	\$15,543,264	\$259,839	\$262,734	\$12,992,446	\$15,805,998

Sources of Revenues for Fiscal Year 2012



Financial Analysis of the District's Fund

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

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

As of the end of the current fiscal year Englewood Schools' governmental funds reported a combined ending fund balances of \$74,604,340, an increase of \$54,395,852. The general fund balance increased, but the majority of the increase, \$53,294,236 was due to the introduction of a Building Fund for fiscal year 11-12. State Equalization was down due to continued reductions to the State's overall budget, while Property taxes saw an increase with the successful Mil Levy Override election in November of 2011.

The general fund is the major operating fund of Englewood Schools. At the end of the current fiscal year fund balance increased by \$889,029 to \$13,112,760 due in large part to an additional \$750,000 in Mil Levy Override dollars that were collected but unspent. Again, the new Building Fund had a fund balance of \$53,294,236 reflecting the successful Bond Election in November of 2011, money to go towards the construction of a new 7-12 campus at the current Englewood High School site and for the renovation of Englewood Middle School for the future use by Colorado's Finest Alternative High School. The District's bond redemption fund had an ending fund balance of \$5,194,031, an increase of \$1,379,540, reflecting the increase in debt payments due to the passage of the Bond election in November 2011. The grants fund balance did not change.

The Capital Reserve fund had an ending fund balance of \$903,258, a decrease of \$(99,906). The Technology Fund had an ending fund balance of \$2,100,055 a decrease of \$(1,067,047) which is in-line with the multi-year spend down plan.

Proprietary Funds. The food services program finished the 2012 fiscal year with a net position of \$156,651, an increase of \$48,054. The District contracted with a food service management program in the 2009-10 school year and in 2010-11 went to a fixed-cost per meal costing model for that service.

The District uses the tuition program fund to record tuition-based early childhood and before and after school programs. Net position for this fund totaled \$106,083 at fiscal year end, a decrease of \$45,159. This decrease is due to the overhaul of the before and after school program to bring revenues and expenses more in-line with competitive programs in the area.

General Fund Budgetary Highlights

The District approves a budget in June based on enrollment projections for the following year. In October after enrollment stabilizes, adjustments are made to the budget. The District projected declining enrollment and reduced both revenue and expense budget items. The District was under budget in both instruction and support service expenses and was able to return some funds to its general fund reserves.

Capital Assets and Long-Term Debt

Capital Assets. Englewood Schools' investment in capital assets for governmental and business type activities as of June 30, 2012 amounts to \$12,300,779 (net of accumulated depreciation). This investment in capital assets includes land, buildings, service vehicles, buses and playground, office and instructional equipment. Additional information can be found in Note 4 in the Notes to Financial Statements section.

	Governmental Activities		Business Activities		Total		Change
	2011	2012	2011	2012	2011	2012	
Land & Improvements	\$1,503,033	\$1,503,033	\$ -	\$ -	1,503,033	\$1,503,033	\$-
Construction in Process	-	1,630,049	-	-	-	1,630,049	1,630,049
Buildings	51,576,587	49,845,516	-	-	51,576,587	49,845,516	(1,731,071)
Machinery & equipment	1,908,708	1,908,607	266,468	266,468	2,175,176	2,175,075	(101)
Accumulated depreciation	(43,399,815)	(42,586,426)	(266,468)	(266,468)	(43,666,283)	(42,852,894)	813,389
Total Governmental funds capital assets	\$11,588,513	\$12,300,779	\$ -	\$ -	\$11,588,513	\$12,300,779	\$712,266

Long-Term Debt.

As of June 30, 2012, the District had outstanding debt of \$72,201,140. Of this amount, \$66,591,986 is general obligation bonded debt and accrued interest on this debt, which is backed by the full faith and credit of the District. In 2011 the District passed a \$50 million bond election. Additional information can be found in Note 5 in the Notes to the Financial Statements section.

	2011	2012	Change
General Obligation Bonds	\$19,035,000	\$66,591,986	\$47,556,986
Deferred Premium	624,400	5,190,635	4,566,235
EPA Note	9,448	-	(9,448)
Sick Leave	575,909	418,519	(157,390)
Totals	\$20,244,757	\$72,201,140	\$51,956,383

Economic Factors Bearing on the District's Future

In November 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth plus inflation plus one percent for 10 years and thereafter, growth plus inflation. In November 2005, the voters of the State of Colorado passed Referendum C which essentially suspends the "ratchet" effect of the Taxpayers Bill of Rights (TABOR) for five years thus allowing funding at the state level to be closer to pre-recession levels. In 2007, the Colorado Legislature passed a measure freezing public schools districts' mill levies at current levels. The majority of Colorado districts opted out of TABOR spending limitations in general elections (the District opted out in November 1999) and the legislature considered those ballot issues to also encompass taxation matters. The economic down turn in 2008-09 brought reduced funding to public education. The State has introduced a negative factor which lessens the amount allocated per the Public School Finance Act of 1994. 2011-12 saw a negative factor of 12.9% an increase from the prior years' 10.3%. Projected negative factor for 12-13 is estimated to be 16.1%.

In November 2004, the District passed an override mill levy election that provides an additional \$1.6 million to the District's general fund annually. In spite of this additional infusion of funding, Englewood Schools is experiencing continued declining enrollment which adversely affects its annual funding. After more than a decade of declining enrollment, Englewood Schools Board of Education voted to close Flood Middle School for the 2007-08 school year and combine Sinclair Middle School and Flood Middle School student bodies to be housed in the Sinclair building and renamed Englewood Middle School. For the 2008-09 school year, the District consolidated five elementary schools into four and repurposed an elementary school to serve as a state-of-the-art early childhood center. In addition to the negative factor and the negative funding effects of declining enrollment; employer contributions to Colorado's Public Employees' Retirement Association (PERA), the pension plan that covers District employees, will increase 0.9% each year until 2015 placing more strain on District finances. In November 2011, the District passed another override mill levy election that provides an additional \$1.5 million to the District's general fund annually. These funds will be used to help mitigate the losses in funding the District is currently experiencing.

The Colorado and national economies are currently in one of the deepest recessions since the Great Depression. This has serious implications for school finance in Colorado. Just about half of Englewood Schools' general fund revenue comes from the State in the form of Equalization funds. The District anticipated and has experienced cuts for the last three fiscal years and expects to see cuts at least two to three years beyond this. The District positions itself for this type of economic downturn by increasing general fund reserves when possible.

Requests for Information

This financial report is designed to provide a general overview of Englewood Schools' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Budget and Finance, 4101 South Bannock Street, Englewood, Colorado 80110.

BASIC FINANCIAL STATEMENTS

ENGLEWOOD SCHOOLS
STATEMENT OF NET POSITION
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 15,384,265	\$ 298,099	\$ 15,682,364
Cash and Investments - Restricted	69,982,923	-	69,982,923
Accounts Receivable	10,696	682	11,378
Taxes Receivable	1,174,558	-	1,174,558
Grants Receivable	375,154	11,002	386,156
Capital Assets Not Being Depreciated	3,133,082	-	3,133,082
Capital Assets, Net of Accumulated Depreciation	9,167,697	-	9,167,697
Total Assets	99,228,375	309,783	99,538,158
Deferred Outflows of Resources			
Deferred Charge on Refundings	360,455	-	360,455
Liabilities			
Accounts Payable	85,967	16,965	102,932
Accounts Payable from Restricted Assets	419,613	-	419,613
Accrued Liabilities	635,959	-	635,959
Accrued Salaries and Benefits	1,429,637	23,200	1,452,837
Accrued Interest Payable	236,202	-	236,202
Unearned Revenues	9,037,048	6,884	9,043,932
Noncurrent Liabilities:			
Due Within One Year	3,215,838	-	3,215,838
Due in More Than One Year	68,985,302	-	68,985,302
Total Liabilities	84,045,566	47,049	84,092,615
Net Position			
Invested in Capital Assets, Net of Related Debt	(5,827,151)	-	(5,827,151)
Restricted for:			
Debt Service	4,957,829	-	4,957,829
Preschool	70,380	-	70,380
Technology	2,100,055	-	2,100,055
Emergencies	789,000	-	789,000
Unrestricted	13,453,151	262,734	13,715,885
Total Net Position	\$ 15,543,264	\$ 262,734	\$ 15,805,998

The notes to the financial statements are an integral part of this statement.

ENGLEWOOD SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 17,495,595	\$ 50,404	\$ 4,403,304	\$ -
Supporting Services	12,627,729	19,462	184,843	249,605
Interest on Long-Term Debt	2,001,675	-	-	-
Total Governmental Activities	32,124,999	69,866	4,588,147	249,605
Business-Type Activities:				
Food Services	1,068,992	211,609	905,437	-
Tuition	340,042	292,383	2,500	-
Total Business-Type Activities	1,409,034	503,992	907,937	-
Total Government	\$ 33,534,033	\$ 573,858	\$ 5,496,084	\$ 249,605

General Revenues:
Local Property Taxes
Specific Ownership Taxes
State Equalization - Unrestricted
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenues And Changes In Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (13,041,887)	\$ -	\$ (13,041,887)
(12,173,819)	-	(12,173,819)
(2,001,675)	-	(2,001,675)
<u>(27,217,381)</u>	<u>-</u>	<u>(27,217,381)</u>
-	48,054	48,054
-	(45,159)	(45,159)
<u>-</u>	<u>2,895</u>	<u>2,895</u>
<u>(27,217,381)</u>	<u>2,895</u>	<u>(27,214,486)</u>
18,427,279	-	18,427,279
1,058,274	-	1,058,274
10,084,015	-	10,084,015
19,093	-	19,093
439,377	-	439,377
<u>30,028,038</u>	<u>-</u>	<u>30,028,038</u>
2,810,657	2,895	2,813,552
<u>12,732,607</u>	<u>259,839</u>	<u>12,992,446</u>
<u>\$ 15,543,264</u>	<u>\$ 262,734</u>	<u>\$ 15,805,998</u>

ENGLEWOOD SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	<u>General</u>	<u>Grants</u>	<u>Bond Redemption</u>	<u>Building</u>
Assets				
Cash and Investments	\$ 14,507,826	\$ 22,186	\$ -	\$ -
Cash and Investments - Restricted	-	18,299	5,081,971	62,731,494
Accounts Receivable	10,696	-	-	-
Taxes Receivable	846,841	-	327,717	-
Grants Receivable	500	374,654	-	-
Due from Other Funds	280,424	-	-	-
Total Assets	<u>\$ 15,646,287</u>	<u>\$ 415,139</u>	<u>\$ 5,409,688</u>	<u>\$ 62,731,494</u>
Liabilities				
Accounts Payable	\$ 83,873	\$ 2,094	\$ -	\$ -
Accounts Payable from Restricted Assets	-	-	-	418,509
Accrued Liabilities	634,964	-	-	-
Accrued Salaries and Benefits	1,315,315	114,322	-	-
Unearned Revenues	-	18,299	-	9,018,749
Due to Other Funds	-	280,424	-	-
Total Liabilities	<u>2,034,152</u>	<u>415,139</u>	<u>-</u>	<u>9,437,258</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	<u>499,375</u>	<u>-</u>	<u>215,657</u>	<u>-</u>
Fund Balances:				
Restricted:				
Colorado Preschool Program	70,380	-	-	-
Debt Service	-	-	5,194,031	-
Capital Purposes	-	-	-	53,294,236
Technology	-	-	-	-
Emergencies	789,000	-	-	-
Assigned:				
Capital Purposes	-	-	-	-
Unassigned	<u>12,253,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>13,112,760</u>	<u>-</u>	<u>5,194,031</u>	<u>53,294,236</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,646,287</u>	<u>\$ 415,139</u>	<u>\$ 5,409,688</u>	<u>\$ 62,731,494</u>

The notes to the financial statements are an integral part of this statement.

Total Nonmajor Funds	Total
\$ 854,253	\$ 15,384,265
2,151,159	69,982,923
-	10,696
-	1,174,558
-	375,154
-	280,424
<u>\$ 3,005,412</u>	<u>\$ 87,208,020</u>
\$ -	\$ 85,967
1,104	419,613
995	635,959
-	1,429,637
-	9,037,048
-	280,424
<u>2,099</u>	<u>11,888,648</u>
-	715,032
-	70,380
-	5,194,031
-	53,294,236
2,100,055	2,100,055
-	789,000
903,258	903,258
-	12,253,380
<u>3,003,313</u>	<u>74,604,340</u>
<u>\$ 3,005,412</u>	<u>\$ 87,208,020</u>

ENGLEWOOD SCHOOLS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

For the Year Ended June 30, 2012

Total Fund Balances of Governmental Funds	\$ 74,604,340
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Total Net Assets reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital Assets Cost	\$ 54,887,205	
Accumulated Depreciation	<u>(42,586,426)</u>	12,300,779

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the funds. This amount represents property taxes.	715,032
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.

Balances at June, 30, 2012 are:

Bonds Payable	(66,591,986)	
Bond Premium (to be amortized as interest expense)	(5,190,635)	
Deferred Loss on Refunding (to be amortized as interest expense)	360,455	
Compensated Absences	(418,519)	
Accrued Interest Payable	<u>(236,202)</u>	<u>(72,076,887)</u>

Total Net Position of Governmental Activities	<u>\$ 15,543,264</u>
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The notes to the financial statements are an integral part of this statement.

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ENGLEWOOD SCHOOLS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	<u>General</u>	<u>Grants</u>	<u>Bond Redemption</u>	<u>Building</u>
Revenues				
Local Sources	\$ 14,401,700	\$ 93,541	\$ 5,484,311	\$ 249,605
State Sources	11,179,153	383,537	-	-
Federal Sources	20,220	2,950,903	-	-
Total Revenues	<u>25,601,073</u>	<u>3,427,981</u>	<u>5,484,311</u>	<u>249,605</u>
Expenditures				
Current:				
Instruction	14,770,479	2,196,853	-	-
Supporting Services	9,741,565	1,231,128	-	-
Capital Outlay	-	-	-	1,630,049
Debt Service:				
Principal	-	-	2,444,722	-
Interest and Fiscal Charges	-	-	1,660,049	-
Bond Issue Costs	-	-	-	311,637
Total Expenditures	<u>24,512,044</u>	<u>3,427,981</u>	<u>4,104,771</u>	<u>1,941,686</u>
Excess Revenues Over (Under) Expenditures	<u>1,089,029</u>	<u>-</u>	<u>1,379,540</u>	<u>(1,692,081)</u>
Other Financing Sources (Uses)				
Bond Proceeds	-	-	-	49,996,986
Bond Premium	-	-	-	4,964,028
Proceeds from Sale of Capital Assets	-	-	-	25,303
Transfers In	-	-	-	-
Transfers Out	(200,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>54,986,317</u>
Net Change in Fund Balances	889,029	-	1,379,540	53,294,236
Fund Balances, Beginning	<u>12,223,731</u>	<u>-</u>	<u>3,814,491</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 13,112,760</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,194,031</u></u>	<u><u>\$ 53,294,236</u></u>

The notes to the financial statements are an integral part of this statement.

Total Nonmajor Funds	Total
\$ 55,953	\$ 20,285,110
-	11,562,690
-	2,971,123
55,953	34,818,923
-	16,967,332
597,926	11,570,619
824,980	2,455,029
-	2,444,722
-	1,660,049
-	311,637
1,422,906	35,409,388
(1,366,953)	(590,465)
-	49,996,986
-	4,964,028
-	25,303
200,000	200,000
-	(200,000)
200,000	54,986,317
(1,166,953)	54,395,852
4,170,266	20,208,488
\$ 3,003,313	\$ 74,604,340

ENGLEWOOD SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2012

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds		\$ 54,395,852
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlay	\$ 1,725,689	
Depreciation Expense	<u>(855,102)</u>	870,587
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and transfers) is to increase net assets. In the statement of activities, only the gain on the disposition of capital assets is reported. However, in the governmental funds, the proceeds from the disposition, if any, increases financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the asset disposed.		
Loss on disposition of assets		(158,321)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in property taxes not available at year end.		
		91,430
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.		
Decrease in compensated absences liability		157,390
The issuance of long-term debt and capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and capital leases consume current financial resources of governmental funds. These transactions, however, have no effect on net assets.		
Debt Issued or Incurred:		
General Obligation Bonds	(49,996,986)	
Plus Premium	(4,964,028)	
Repayments:		
General Obligation Bonds	2,440,000	
EPA Note	<u>9,448</u>	(52,511,566)
Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued interest, amortization of bond premiums, issue costs and refunding losses.		
Increase in accrued interest on long-term debt	(172,273)	
Amortization of bond premium	397,793	
Amortization of bond issue costs	(140,805)	
Amortization of deferred loss on refunding	<u>(119,430)</u>	(34,715)
Change in Net Position of Governmental Activities		<u>\$ 2,810,657</u>

The notes to the financial statements are an integral part of this statement.

ENGLEWOOD SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2012

	<u>Food Services</u>	<u>Tuition</u>	<u>Total</u>
Assets			
Current Assets			
Cash and Investments	\$ 170,274	\$ 127,825	\$ 298,099
Accounts Receivable	682	-	682
Grants Receivable	11,002	-	11,002
	<hr/>	<hr/>	<hr/>
Total Assets	181,958	127,825	309,783
Liabilities			
Current Liabilities			
Accounts Payable	11,416	5,549	16,965
Accrued Salaries and Benefits	7,007	16,193	23,200
Deferred Revenue	6,884	-	6,884
	<hr/>	<hr/>	<hr/>
Total Liabilities	25,307	21,742	47,049
Net Position			
Unrestricted	<hr/> 156,651	<hr/> 106,083	<hr/> 262,734
	<hr/>	<hr/>	<hr/>
Total Net Position	<u><u>\$ 156,651</u></u>	<u><u>\$ 106,083</u></u>	<u><u>\$ 262,734</u></u>

The notes to the financial statements are an integral part of this statement.

ENGLEWOOD SCHOOLS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended June 30, 2012

	Food Services	Tuition	Total
Operating Revenues			
Charges for Services	\$ 211,609	\$ -	\$ 211,609
Tuition	-	292,383	292,383
Contributions	-	2,500	2,500
Total Operating Revenues	211,609	294,883	506,492
Operating Expenses			
Salaries	76,786	253,494	330,280
Benefits	17,027	61,444	78,471
Purchased Services	919,933	16,057	935,990
Commodities	28,053	-	28,053
Supplies and Materials	27,193	7,138	34,331
Other	-	1,909	1,909
Total Operating Expenses	1,068,992	340,042	1,409,034
Operating Income (Loss)	(857,383)	(45,159)	(902,542)
Nonoperating Revenues			
State Sources	18,749	-	18,749
Federal Sources:			
School Breakfast Program	296,248	-	296,248
National School Lunch Program	562,387	-	562,387
Donated Commodities	28,053	-	28,053
Total Nonoperating Revenues	905,437	-	905,437
Change in Net Position	48,054	(45,159)	2,895
Net Position, Beginning	108,597	151,242	259,839
Net Position, Ending	\$ 156,651	\$ 106,083	\$ 262,734

The notes to the financial statements are an integral part of this statement.

ENGLEWOOD SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Food Services	Tuition	Total
Cash Flows From Operating Activities:			
Cash Received from Operations	\$ 211,796	\$ 294,883	\$ 506,679
Cash Paid to Employees	(104,457)	(319,242)	(423,699)
Cash Paid to Suppliers	(946,425)	(19,841)	(966,266)
Net Cash (Used) for Operating Activities	(839,086)	(44,200)	(883,286)
Cash Flows From Noncapital Financing Activities:			
Cash Received from Federal Programs	858,635	-	858,635
Cash Received from State Programs	18,749	-	18,749
Net Cash Provided by Noncapital Financing Activities	877,384	-	877,384
Net Increase (Decrease) in Cash and Cash Equivalents	38,298	(44,200)	(5,902)
Cash and Cash Equivalents - Beginning	131,976	172,025	304,001
Cash and Cash Equivalents - Ending	\$ 170,274	\$ 127,825	\$ 298,099
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Operating Income (Loss)	\$ (857,383)	\$ (45,159)	\$ (902,542)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Donated Commodities included in Operating Expenses	28,053	-	28,053
Changes in Assets and Liabilities Related to Operations:			
Accounts Receivable	(575)	-	(575)
Grants Receivables	563	-	563
Accounts Payable	701	5,263	5,964
Accrued Salaries and Benefits	(10,644)	(4,304)	(14,948)
Deferred Revenue	199	-	199
Total Adjustments	18,297	959	19,256
Net Cash Provided (Used) for Operating Activities	\$ (839,086)	\$ (44,200)	\$ (883,286)
Schedule of Non-Cash Items			
The District received food supplies through the federal commodity distribution program	\$ 28,053	\$ -	\$ 28,053

The notes to the financial statements are an integral part of this statement.

ENGLEWOOD SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2012

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
Assets		
Cash and Investments	\$ 85,293	\$ 195,563
Total Assets	<u>85,293</u>	<u><u>\$ 195,563</u></u>
Liabilities		
Accounts Payable	-	\$ 2,351
Accrued Salaries and Benefits	-	510
Due to Student Groups	-	192,702
Total Liabilities	<u>-</u>	<u><u>\$ 195,563</u></u>
Net Position Held In Trust for Scholarships	<u><u>\$ 85,293</u></u>	

The notes to the financial statements are an integral part of this statement.

ENGLEWOOD SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
June 30, 2012

	Private Purpose Trust Fund
Additions	
Investment Income	\$ 102
Total Additions	<u>102</u>
Deductions	
Scholarships	<u>6,000</u>
Total Deductions	<u>6,000</u>
Change in Net Position	(5,898)
Net Position - Beginning	<u>91,191</u>
Net Position - Ending	<u><u>\$ 85,293</u></u>

The notes to the financial statements are an integral part of this statement.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

A. Reporting Entity

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

Based upon the application of these criteria, no additional organizations are included within the District's reporting entity.

B. Basis of Presentation - Government-wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

The government reports the following major funds:

Major Governmental Funds

The ***General Fund*** is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The ***Grants Fund*** accounts for federal, state and local grant revenues and the related expenditures.

The ***Bond Redemption Fund*** accounts for property taxes restricted for the payment of general obligation debt issued by the District.

The ***Building Fund*** accounts for all resources available for acquiring capital sites, buildings, and equipment through the use of bond sale proceeds.

Major Proprietary Funds

The ***Food Service Enterprise Fund*** accounts for the financial activities associated with the District's breakfast and lunch program.

The ***Tuition Enterprise Fund*** accounts for the financial transactions related to the District's tuition-based programs such as tuition preschool and before and after school programs.

Additionally, the District reports the following fund type:

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

The ***Private-Purpose Trust Fund*** accounts for the activities of various scholarship programs.

The ***Agency Fund*** is used to account for resources used to support each school's student and fundraising activities.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Property taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recorded as revenues when all eligibility requirements are met, including any time requirements. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

2. Restricted Cash and Investments

Certain assets and their related liabilities whose use is restricted under grant requirements, construction, bonded debt service and other purposes by contractual agreement and/or debt indentures are segregated on the government-wide statement of net assets and the fund balance sheets.

3. Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year but not received at year end are identified as property taxes receivable.

4. Interfund Receivables/Payables

Receivables and payables between individual funds are classified in the fund financial statements as interfund receivables and interfund payables. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as internal balances.

5. Capital Assets

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

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

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 – 50 years
Machinery and Equipment	5 – 20 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reflected as a liability in the financial statements.

8. Unearned Revenues

Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred.

9. Long-term Obligations

In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

governmental activities statement of net assets. Bonds payable are reported net of the applicable bond premium and discount. Bond premiums, discounts and deferred losses on bond refundings are deferred and amortized over the life of the bonds using the straight line method and charged to interest expense. The unamortized deferred loss on refundings is reflected as reduction of bonds payable.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures in both the government-wide and fund financial statements.

10. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Net Position

Net position represents the difference between the assets and liabilities in the proprietary and District-wide financial statements. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District reports the following restricted net positions:

Restricted for Colorado Preschool Program – Represents the portion of net assets that are legally restricted to the Colorado Preschool Program as defined by the School Finance Act of 1994, as amended.

Restricted for Debt Service – represents the portion of net assets that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for Capital Purposes – represents the portion of unspent bond proceeds legally restricted to capital purposes as defined by the bond election.

Restricted for Technology – represents unspent bond proceeds restricted for technology uses.

Restricted for Emergencies – Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

Unrestricted net position represents assets that do not have any third party limitations on their use.

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June 30, 2012

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.

Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- *Nonspendable* - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- *Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed* - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education also may modify or rescind the commitment.
- *Assigned* - Fund balances are reported as assigned when the Board of Education intends to use resources for a specific action but without a formal action.
- *Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Minimum Fund Balance Policy

The District has a policy which establishes a minimum unassigned fund balance in the General Fund of 12% of estimated revenues.

Flow Assumptions

The District has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available, the District uses restricted fund balances first, followed by committed, assigned and unassigned balances.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Payments are due in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date of November 1.

3. Compensated Absences

Employees of the District are allowed to accumulate unused vacation and sick time based on their length of employment and classification. Generally, vacation time may only be accrued for one year. Upon termination of employment from the District, an employee will be compensated for all accrued vacation and accumulated sick time.

Compensated absences are recognized as current salary costs when earned in the proprietary fund and when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

Early Retirement - The District has periodically paid early retirement benefits to employees. The amount of this benefit varies depending on length of service. A long-term liability is reported in the government-wide financial statements for the benefits approved by the Board of Education and earned and accepted by the employees.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 2: CASH AND INVESTMENTS

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

Cash on Hand	\$ 792
Deposits	1,550,104
Investments	84,395,247
	<u>\$ 85,946,143</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 15,682,364
Cash and Investments - Restricted	69,982,923
Fiduciary Fund Cash and Investments	280,856
	<u>\$ 85,946,143</u>

Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. 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 (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks 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. At June 30, 2012, the District's bank deposits amounting to \$1,978,754, were insured by either federal depository insurance or collateralized by the financial institution's agent but not in the District's name and consequently were not exposed to custodial credit risk.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

Investments

Under Colorado statutes, the District may lawfully invest eligible funds in the following securities:

- a. Obligations of the United States and certain U.S. government agencies' securities;
- b. Certain international agencies' securities;
- c. General obligation and revenue bonds of U.S. local government entities;
- d. Bankers' acceptances of certain banks;
- e. Commercial paper holding the highest credit rating category and with a maturity within 180 days;
- f. Local government investment pools;
- g. Written repurchase agreements collateralized by certain authorized securities;
- h. Certain money market funds;
- i. Guaranteed investment contracts.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's safekeeping bank must meet the following requirements under District policy: the purchase and sale of securities and repurchase agreements shall be settled on a delivery versus payment basis. Ownership of all securities shall be perfected in the name of the District. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices. As of June 30, 2012, none of the District's investments were exposed to custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Colorado Revised Statute 24-75-601 limits investment maturities to five years or less.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

The following schedule indicates the interest rate risk of the District's investments at June 30, 2012.

	Fair Value	Investment Maturities	
		Less than 1 year	1 to 5 years
U.S. Treasury Bills	\$ 2,499,870	\$ 2,499,870	\$ -
U.S. Treasury Notes	2,023,192	2,023,192	-
Federal Home Loan Bank (FHLB)	14,889,462	13,569,412	1,320,050
Federal National Mortgage Association (FNMA)	13,041,415	4,738,513	8,302,902
Federal Home Loan Mortgage Corporation (FHLMC)	14,824,754	10,297,122	4,527,632
Federal Farm Credit Bank (FFCB)	376,015	376,015	-
Small Business Administration (SBA) Loan Pool	320,337	-	320,337
Guaranteed Investment Contract	17,287,109	17,287,109	-
Money Market Mutual Funds	621,018	621,018	-
Local Government Investment Pools:			
Colorado Local Government Liquid			
Asset Trust (COLOTRUST PLUS+)	18,426,782	18,426,782	-
Colorado Surplus Asset Fund Trust (CSAFE)	85,293	85,293	-
Total Investments	\$ 84,395,247	\$ 69,924,326	\$ 14,470,921

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit risk in the portfolio is minimized by investing the majority of assets in U.S. Treasury and Instrumentalities which have the support of the U.S. government and failure to receive maturing funds is remote. Presented below are the actual ratings as of June 30, 2012 for each investment type.

Investment Type	Standard & Poor's Rating	Moody's Rating	Total Investment Portfolio
U.S. Treasury Bills	N/A	N/A	3.0%
U.S. Treasury Notes	N/A	N/A	2.4%
Federal Home Loan Bank (FHLB)	AA+	Aaa	17.6%
Federal National Mortgage Association (FNMA)	AA+	Aaa	15.5%
Federal Home Loan Mortgage Corporation (FHLMC)	AA+	Aaa	17.6%
Federal Farm Credit Bank (FFCB)	AA+	Aaa	0.4%
Small Business Administration (SBA) Loan Pool	AA+	Aaa	0.4%
Guaranteed Investment Contract	AA+	Aaa	20.5%
Money Market Mutual Funds	AA+	Aaa	0.7%
Local Government Investment Pools (a):			
Colorado Local Government Liquid			
Asset Trust (COLOTRUST PLUS+)	AAAm	Aaa	21.8%
Colorado Surplus Asset Fund Trust (CSAFE)	AAAm	Aaa	0.1%

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

Concentration of Credit Risk – State Statutes do not limit the amount the District may invest in one issuer. Of the District's total investments, 15.5% were FNMA Notes, 17.6% were FHLMC Notes, and 17.6% were FHLB Notes. Additionally, 21.8% of the internal investment pool was held by COLOTRUST.

At June 30, 2012, the District had \$18,426,782 and \$85,293 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: INTERFUND BALANCES

Interfund balances as of June 30, 2012, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Fund	<u>\$ 280,424</u>

The balances shown above constitute expenditures made from the Grants Fund that have been financed by the General Fund. These transactions took place due to grant reimbursement cycles.

The General Fund transferred \$200,000 to the Capital Reserve Fund to finance the renovation of buildings and purchase of equipment.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, is summarized below.

	Balances 6/30/2011	Additions	Deletions	Balances 6/30/2012
Governmental Activities				
Capital Assets Not Being Depreciated				
Land and Easements	\$ 1,503,033	\$ -	\$ -	\$ 1,503,033
Construction in Process	-	1,630,049	-	1,630,049
Total Capital Assets Not Being Depreciated	1,503,033	1,630,049	-	3,133,082
Capital Assets Being Depreciated				
Buildings and Improvements	51,576,587	19,995	(1,751,066)	49,845,516
Machinery and Equipment	1,908,708	75,645	(75,746)	1,908,607
Total Capital Assets Being Depreciated	53,485,295	95,640	(1,826,812)	51,754,123
Less Accumulated Depreciation				
Buildings and Improvements	(42,239,615)	(764,446)	1,619,521	(41,384,540)
Machinery and Equipment	(1,160,200)	(90,656)	48,970	(1,201,886)
Total Accumulated Depreciation	(43,399,815)	(855,102)	1,668,491	(42,586,426)
Total Capital Assets Being Depreciated, Net	10,085,480	(759,462)	(158,321)	9,167,697
Governmental Activities Capital Assets, Net	<u>\$ 11,588,513</u>	<u>\$ 870,587</u>	<u>\$ (158,321)</u>	<u>\$ 12,300,779</u>

Depreciation expense was charged to programs of the District as follows:

Instruction	\$ 685,653
Supporting Services	<u>169,449</u>
Total	<u>\$ 855,102</u>

	Balances 6/30/2011	Additions	Deletions	Balances 6/30/2012
Business-Type Activities				
Capital Assets Being Depreciated				
Machinery and Equipment	\$ 266,468	\$ -	\$ -	\$ 266,468
Less Accumulated Depreciation	(266,468)	-	-	(266,468)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2012, the District owned one school building with a carrying value of \$1,709,979 that was idle.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS June 30, 2012

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2012.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2005, Refunding	\$ 10,155,000	\$ -	\$ 2,410,000	\$ 7,745,000	\$ 2,490,000
Series 2008, Refunding	8,880,000	-	30,000	8,850,000	30,000
Series 2011	-	41,820,000	-	41,820,000	-
Series 2011	-	8,176,986	-	8,176,986	277,319
Deferred Premium	624,400	4,964,028	397,793	5,190,635	-
Subtotal General Obligation Bonds	19,659,400	54,961,014	2,837,793	71,782,621	2,797,319
Notes Payable:					
EPA	9,448	-	9,448	-	-
Compensated Absences	575,909	328,089	485,479	418,519	418,519
Governmental Activities Total					
Long-term liabilities	\$ 20,244,757	\$ 55,289,103	\$ 3,332,720	\$ 72,201,140	\$ 3,215,838

Compensated absences are expected to be liquidated with revenues of the General Fund.

General Obligation Bonds

\$12,454,993 General Obligation Refunding Bonds, Series 2005, were issued on February 1, 2005 to refund all of its then outstanding 1992 bonds and a portion of its outstanding 1998 bonds. Principal payments are due annually on December 1, through 2014. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3.625% to 5% per annum. A portion of the bonds were capital appreciation bonds. The original issue amount of the capital appreciation bonds was \$599,993 and interest accrued annually. The capital appreciation bonds were due in five installments between 2005 and 2010, with payments totaling \$1,205,000. The bonds are not subject to redemption prior to maturity. Repayment of both principal and interest on the bonds are insured by MBIA Insurance Corporation. The bonds are rated "Aa2" by Moody's. The underlying rating by Moody's is "Aa3".

\$9,075,000 General Obligation Refunding Bonds, Series 2008, were issued on March 7, 2008 to partially refund the then outstanding General Obligation Bonds, Series 1998. Principal payments are due annually on December 1, through 2017. Interest accrues at rates ranging from 3.25% to 4.25% per annum, and is payable semi-annually on December 1 and June 1. The bonds are not subject to redemption prior to maturity. Repayment of both principal and interest on the bonds are insured by

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

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Financial Security Assurance Inc. The bonds are rated "Aa2" by Moody's. The underlying rating by Moody's is "Aa3".

\$41,820,000 General Obligation Bonds, Series 2011 were issued on December 13, 2011 to finance the costs of building, furnishing and equipping a new 7-12 campus at the current Englewood High School site; enhancing safety and security at school sites and constructing classroom and academic spaces to meet 21st century instructional needs. Principal payments are due annually beginning on December 1, 2018, through 2031. Interest accrues at rates ranging from 2.0% to 5.0% per annum, and is payable semi-annually on December 1 and June 1. The bonds maturing on or after December 1, 2022 are callable at par in any order of maturity on December 1, 2021. The bonds are rated "Aa3" by Moody's.

\$8,176,986 General Obligation Bond, Series 2011 was issued on December 8, 2011 to finance the costs of renovating Englewood Middle School in preparation for occupancy by Colorado's Finest Alternative High School; enhancing safety and security at school sites and constructing classroom and academic spaces to meet 21st century instructional needs. Principal payments are due annually beginning on December 1, 2012, through 2031. Interest accrues at the rate of 4.118492% per annum, and is payable semi-annually on December 1 and June 1. The Bond is subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2021 and on any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount so redeemed, plus accrued interest to the redemption date.

Bond payments to maturity are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2013	\$ 2,797,319	\$ 2,783,089	\$ 5,580,408
2014	2,892,192	2,677,049	5,569,241
2015	2,998,814	2,548,887	5,547,701
2016	3,110,915	2,413,037	5,523,952
2017	3,238,514	2,285,679	5,524,193
2018-2022	14,510,484	9,753,355	24,263,839
2023-2027	16,478,072	6,857,396	23,335,468
2028-2031	20,565,676	2,607,258	23,172,934
Total	<u>\$ 66,591,986</u>	<u>\$ 31,925,750</u>	<u>\$ 98,517,736</u>

EPA Note

The District had a loan payable to the Environmental Protection Agency. The loan was non-interest bearing and matured in November, 2011.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District accounts for its risk activities in the General Fund.

The District purchases commercial insurance for its workers compensation risks. For its risk of property loss or damage and general liability, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP).

The CSDSIP is sponsored by the Colorado Association of School Boards, and operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a board which is comprised of eight members. The eight members include the president, vice president and executive director of the Colorado Association of School Boards (CASB), with the remaining five members being appointed by the Board of Directors of CASB. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The pool agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description – The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, 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 the SDTF. That report may be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy – The 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 was 8% of covered salaries. The District's contribution rate for calendar years 2012, 2011 and 2010 was 15.65%, 14.75% and 13.85% of covered salaries, respectively. Also, a portion of the District's contribution (1.02% of covered salaries) was allocated to the Health Care Trust Fund (See Note 8). The District's contributions to the SDTF for the years ended June 30, 2012, 2011 and 2010 were \$2,720,391, \$2,796,785 and \$2,711,645, respectively, equal to the required contributions for each year.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 8: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description – 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 HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Funding Policy – The District was required to contribute at the rate of 1.02% of covered salaries 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 contributions of the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's apportionment to the HCTF for the years ended June 30, 2012, 2011 and 2010 were \$195,972, \$199,484 and \$206,328, respectively, equal to the required amounts for each year.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2012, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Construction Commitment

In July, 2012, the District entered into a construction contract relating to construction and major repairs of the Englewood High and Middle Schools in the amount of \$6,695,429. The contracts will be paid in future periods as work is performed. Payment will be made with proceeds remaining from the 2011 bond issues.

ENGLEWOOD SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

Operating Lease Obligation

The District leases wide area network facilities and services. The term of the lease is for seven years and is subject to annual appropriation. Monthly payments of \$4,960 are due beginning on June 30, 2013. In the event the District terminates the agreement, the District is required to pay a termination fee as follows:

Termination Year	Fee
1	\$ 190,737
2	155,415
3	120,093
4	84,772
5	49,450
6	7,500

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (the "Amendment") which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment.

Fiscal year 1993 provides the basis for spending limitations in future years to which may be applied allowable increases for inflation and student enrollment. In November, 1999, voters within the District authorized the District to collect, retain, and expend all excess revenues and other funds received from every source, without limitation, in the 1999-2000 budget year and each subsequent budget year thereafter without future voter approval, notwithstanding the limitations of the Tabor Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Tabor Amendment.

The Amendment requires the District to establish a reserve for emergencies. At June 30, 2012, the District's reserve of \$789,000 was reported as restricted fund balance in the General Fund.

Litigation

The District is involved in various threatened or pending litigation. The outcome of this litigation cannot be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

ENGLEWOOD SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Property Taxes	\$ 11,914,916	\$ 12,798,838	\$ 12,855,179	\$ 56,341
Specific Ownership Taxes	850,000	850,000	1,058,274	208,274
Delinquent Property Taxes	-	(106,199)	2,438	108,637
Tuition and Fees	-	70,000	55,080	(14,920)
Net Investment Income	30,000	30,000	16,655	(13,345)
Other	300,000	230,000	414,074	184,074
Total Local Sources	13,094,916	13,872,639	14,401,700	529,061
State Sources				
State Equalization	9,700,250	9,985,011	10,084,015	99,004
Hold Harmless Kindergarten	162,509	167,280	167,918	638
Vocational Education	33,400	34,380	55,405	21,025
Exceptional Children's Education Act	623,421	641,722	687,240	45,518
English Language Proficiency Assessment (ELPA)	15,544	16,000	44,540	28,540
Transportation	132,934	136,837	140,035	3,198
Total State Sources	10,668,058	10,981,230	11,179,153	197,923
Federal Sources				
Education Jobs Fund	-	-	20,220	20,220
Total Revenues	23,762,974	24,853,869	25,601,073	747,204
Expenditures				
Current				
Instruction	15,231,177	15,416,597	14,770,479	646,118
Students	1,591,700	1,510,139	1,386,981	123,158
Instructional Staff	924,734	942,123	901,735	40,388
General Administration	439,109	422,609	387,495	35,114
School Administration	1,755,636	1,767,286	1,692,234	75,052
Business Services	624,382	654,382	482,322	172,060
Operations and Maintenance	3,424,307	3,392,807	3,206,445	186,362
Student Transportation	749,286	750,786	683,632	67,154
Central Support	747,514	764,014	646,406	117,608
Other Support	464,245	464,245	344,427	119,818
Community Services	46,427	49,085	9,888	39,197
Reserves	7,831,695	10,743,527	-	10,743,527
Total Expenditures	33,830,212	36,877,600	24,512,044	12,365,556
Excess Revenues				
Over (Under) Expenditures	(10,067,238)	(12,023,731)	1,089,029	13,112,760
Other Financing Sources (Uses)				
Transfers Out	-	(200,000)	(200,000)	-
Net Change in Fund Balance	(10,067,238)	(12,223,731)	889,029	13,112,760
Fund Balance - Beginning	10,067,238	12,223,731	12,223,731	-
Fund Balance - Ending	\$ -	\$ -	\$ 13,112,760	\$ 13,112,760

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS
SPECIAL REVENUE FUND - GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Original and Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Local Grants	\$ 300,000	\$ 93,541	\$ (206,459)
State Grants	350,000	383,537	33,537
Federal Grants	4,000,000	2,950,903	(1,049,097)
Total Revenues	<u>4,650,000</u>	<u>3,427,981</u>	<u>(1,222,019)</u>
Expenditures			
Current			
Instruction	2,650,000	2,196,853	453,147
Supporting Services	2,000,000	1,231,128	768,872
Total Expenditures	<u>4,650,000</u>	<u>3,427,981</u>	<u>1,222,019</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditor's Report.

Englewood School

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the enterprise fund which budgets on a non-GAAP basis. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

By May 31, management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted by the Board of Education to obtain taxpayer comments.

Prior to June 30, the budget is adopted by formal resolution.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Capital Projects Funds

The Capital Reserve Fund is used to account for resources to be used for ongoing capital needs, such as site acquisition, building additions and equipment purchases.

The Technology Fund accounts for technology-related purchases funded by taxable bond proceeds and the related interest earnings.

ENGLEWOOD SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	<u>Capital Reserve</u>	<u>Technology</u>	<u>Total</u>
Assets			
Cash and Investments	\$ 854,253	\$ -	\$ 854,253
Cash and Investments - Restricted	50,000	2,101,159	2,151,159
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 904,253	\$ 2,101,159	\$ 3,005,412
	<hr/>	<hr/>	<hr/>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable from Restricted Assets	\$ -	\$ 1,104	\$ 1,104
Accrued Liabilities	995	-	995
	<hr/>	<hr/>	<hr/>
Total Liabilities	995	1,104	2,099
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Restricted:			
Technology	-	2,100,055	2,100,055
Assigned:			
Capital Purposes	903,258	-	903,258
	<hr/>	<hr/>	<hr/>
Total Fund Balances	903,258	2,100,055	3,003,313
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 904,253	\$ 2,101,159	\$ 3,005,412
	<hr/>	<hr/>	<hr/>

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	Capital Reserve	Technology	Total
Revenues			
Local Sources	\$ 15,944	\$ 40,009	\$ 55,953
Total Revenues	<u>15,944</u>	<u>40,009</u>	<u>55,953</u>
Expenditures			
Current:			
Supporting Services	-	597,926	597,926
Capital Outlay	315,850	509,130	824,980
Total Expenditures	<u>315,850</u>	<u>1,107,056</u>	<u>1,422,906</u>
Excess Revenues Over (Under) Expenditures	(299,906)	(1,067,047)	(1,366,953)
Other Financing Sources			
Transfers In	200,000	-	200,000
Total Other Financing Sources	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Balances	(99,906)	(1,067,047)	(1,166,953)
Fund Balances, Beginning	<u>1,003,164</u>	<u>3,167,102</u>	<u>4,170,266</u>
Fund Balances, Ending	<u>\$ 903,258</u>	<u>\$ 2,100,055</u>	<u>\$ 3,003,313</u>

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS
BOND REDEMPTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Property Taxes	\$ 3,141,206	\$ 5,600,000	\$ 5,480,670	\$ (119,330)
Net Investment Income	-	-	3,641	3,641
Total Revenues	<u>3,141,206</u>	<u>5,600,000</u>	<u>5,484,311</u>	<u>(115,689)</u>
Expenditures				
Debt Service:				
Principal	2,440,000	2,833,023	2,444,722	388,301
Interest and Fiscal Charges	724,488	1,304,474	1,660,049	(355,575)
Reserves	3,780,755	5,276,994	-	5,276,994
Total Expenditures	<u>6,945,243</u>	<u>9,414,491</u>	<u>4,104,771</u>	<u>5,309,720</u>
Net Change in Fund Balance	(3,804,037)	(3,814,491)	1,379,540	5,194,031
Fund Balance, Beginning	<u>3,804,037</u>	<u>3,814,491</u>	<u>3,814,491</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,194,031</u>	<u>\$ 5,194,031</u>

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS
BUILDING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Net Investment Income	\$ -	\$ 10,000	\$ 43,447	\$ 33,447
Other	-	9,220,875	206,158	(9,014,717)
Total Revenues	-	9,230,875	249,605	(8,981,270)
Expenditures				
Capital Outlay				
Buildings	-	59,308,562	1,630,049	57,678,513
Equipment	-	1,790,000	-	1,790,000
Bond Issue Costs	-	311,647	311,637	10
Reserves	-	1,200,000	-	1,200,000
Total Expenditures	-	62,610,209	1,941,686	60,668,523
Excess Revenues Over (Under) Expenditures	-	(53,379,334)	(1,692,081)	51,687,253
Other Financing Sources				
Bond Proceeds	-	41,820,000	41,820,000	-
Bond Premium	-	4,964,028	4,964,028	-
Loan Proceeds	-	8,176,968	8,176,986	18
Proceeds from Sale of Capital Assets	-	-	25,303	25,303
Total Other Financing Sources	-	54,960,996	54,986,317	25,321
Net Change in Fund Balance	-	1,581,662	53,294,236	51,712,574
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ 1,581,662	\$ 53,294,236	\$ 51,712,574

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS
CAPITAL RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Net Investment Income	\$ -	\$ -	\$ 1,158	\$ 1,158
Other	15,066	15,066	14,786	(280)
Total Revenues	15,066	15,066	15,944	878
Expenditures				
Capital Outlay				
Buildings	225,000	144,996	19,995	125,001
Equipment	150,000	141,378	77,939	63,439
Other	200,000	288,627	217,916	70,711
Reserves	407,346	643,229	-	643,229
Total Expenditures	982,346	1,218,230	315,850	902,380
Excess Revenues Over (Under) Expenditures	(967,280)	(1,203,164)	(299,906)	903,258
Other Financing Sources				
Transfers In	-	200,000	200,000	-
Total Other Financing Sources	-	200,000	200,000	-
Net Change in Fund Balance	(967,280)	(1,003,164)	(99,906)	903,258
Fund Balance, Beginning	967,280	1,003,164	1,003,164	-
Fund Balance, Ending	\$ -	\$ -	\$ 903,258	\$ 903,258

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS
TECHNOLOGY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Net Investment Income	\$ 15,000	\$ 15,000	\$ 40,009	\$ 25,009
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>40,009</u>	<u>25,009</u>
Expenditures				
Supporting Services				
Purchased Services	140,000	510,000	507,958	2,042
Supplies and Materials	250,000	115,000	89,968	25,032
Capital Outlay	750,000	515,000	509,130	5,870
Reserves	1,875,695	1,875,695	-	1,875,695
Total Expenditures	<u>3,015,695</u>	<u>3,015,695</u>	<u>1,107,056</u>	<u>1,908,639</u>
Net Change in Fund Balance	(3,000,695)	(3,000,695)	(1,067,047)	1,933,648
Fund Balance, Beginning	<u>3,000,695</u>	<u>3,000,695</u>	<u>3,167,102</u>	<u>166,407</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,100,055</u>	<u>\$ 2,100,055</u>

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS
ENTERPRISE FUND - FOOD SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for Services				
Student Fees	\$ 235,000	\$ 235,000	\$ 211,609	\$ (23,391)
State Sources	16,000	16,000	18,749	2,749
Federal Sources:				
School Breakfast Program	-	200,000	296,248	96,248
National School Lunch Program	675,000	475,000	562,387	87,387
Donated Commodities	80,000	80,000	28,053	(51,947)
Total Revenues	<u>1,006,000</u>	<u>1,006,000</u>	<u>1,117,046</u>	<u>111,046</u>
Expenditures				
Salaries	95,000	95,000	76,786	18,214
Benefits	30,000	30,000	17,027	12,973
Purchased Services	765,000	775,000	919,933	(144,933)
Commodities	80,000	80,000	28,053	51,947
Supplies and Materials	5,000	-	27,193	(27,193)
Other	5,000	-	-	-
Reserves	106,714	106,714	-	106,714
Total Expenditures	<u>1,086,714</u>	<u>1,086,714</u>	<u>1,068,992</u>	<u>17,722</u>
Change in Net Position, Budgetary Basis	<u>\$ (80,714)</u>	<u>\$ (80,714)</u>	48,054	<u>\$ 128,768</u>
Net Position, Beginning			<u>108,597</u>	
Net Position, Ending			<u>\$ 156,651</u>	

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS
ENTERPRISE FUND - TUITION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Tuition	\$ 420,000	\$ 390,719	\$ 292,383	\$ (98,336)
Contributions	-	29,281	2,500	(26,781)
Total Revenues	<u>420,000</u>	<u>420,000</u>	<u>294,883</u>	<u>(125,117)</u>
Expenditures				
Salaries	325,000	325,000	253,494	71,506
Benefits	80,000	80,000	61,444	18,556
Purchased Services	10,000	10,000	16,057	(6,057)
Supplies and Materials	10,000	10,000	7,138	2,862
Other	16,500	16,500	1,909	14,591
Reserves	123,962	123,962	-	123,962
Total Expenditures	<u>565,462</u>	<u>565,462</u>	<u>340,042</u>	<u>225,420</u>
Change in Net Position, Budgetary Basis	<u>\$ (145,462)</u>	<u>\$ (145,462)</u>	(45,159)	<u>\$ 100,303</u>
Net Position, Beginning			<u>151,242</u>	
Net Position, Ending			<u>\$ 106,083</u>	

See the accompanying Independent Auditor's Report.

ENGLEWOOD SCHOOLS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

For the Year Ended June 30, 2012

	<u>Balance 6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/12</u>
PUPIL ACTIVITIES				
Assets				
Cash and Investments	\$ 197,075	\$ 389,730	\$ 391,242	\$ 195,563
Total Assets	<u>\$ 197,075</u>	<u>\$ 389,730</u>	<u>\$ 391,242</u>	<u>\$ 195,563</u>
Liabilities				
Accounts Payable	\$ 20,953	\$ -	\$ 18,602	\$ 2,351
Accrued Salaries and Benefits	-	510	-	510
Due to Student Groups	<u>176,122</u>	<u>389,220</u>	<u>372,640</u>	<u>192,702</u>
Total Liabilities	<u>\$ 197,075</u>	<u>\$ 389,730</u>	<u>\$ 391,242</u>	<u>\$ 195,563</u>

See the accompanying Independent Auditor's Report.

STATISTICAL SECTION
(Unaudited)

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ENGLEWOOD SCHOOLS

Statistical Section

(Unaudited)

This part of Englewood Schools' 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>Contents</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.	55-60
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	62-66
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.	67-69
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.	70-71
Operating Information These schedules contain service and infrastructure 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.	72-75

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 Statement 34 in fiscal year 2003.

ENGLEWOOD SCHOOLS

**Net Assets by Components
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ (13,462,538)	\$ (12,084,164)	\$ (11,799,981)	\$ (10,851,284)	\$ (10,641,157)
Restricted	4,173,565	4,181,700	4,314,767	4,103,468	4,296,941
Unrestricted	10,220,423	10,040,698	12,239,773	12,092,020	12,919,127
Total governmental activities net assets	931,450	2,138,234	4,754,559	5,344,204	6,574,911
Business-type activities					
Invested in capital assets, net of related debt	27,698	19,254	10,810	2,366	-
Restricted					
Unrestricted	(36,756)	(28,312)	(5,932)	239,513	222,755
Total business-type activities net assets	(9,058)	(9,058)	4,878	241,879	222,755
Totals					
Invested in capital assets, net of related debt	(13,434,840)	(12,064,910)	(11,789,171)	(10,848,918)	(10,641,157)
Restricted	4,173,565	4,181,700	4,314,767	4,103,468	4,296,941
Unrestricted	10,183,667	10,012,386	12,233,841	12,331,533	13,141,882
Total primary government net assets	\$ 922,392	\$ 2,129,176	\$ 4,759,437	\$ 5,586,083	\$ 6,797,666

2008	2009	2010	2011	2012
\$ (10,231,564)	\$ (9,493,937)	\$ (9,520,604)	\$ (7,600,450)	\$ (5,827,151)
4,554,606	5,434,692	6,110,614	7,992,204	7,917,264
13,729,014	13,524,125	15,183,824	12,340,853	13,453,151
8,052,056	9,464,880	11,773,834	12,732,607	15,543,264
-	-	-	-	-
269,919	210,735	212,187	259,839	262,734
269,919	210,735	212,187	259,839	262,734
(10,231,564)	(9,493,937)	(9,520,604)	(7,600,450)	(5,827,151)
4,554,606	5,434,692	6,110,614	7,992,204	7,917,264
13,998,933	13,734,860	15,396,011	12,600,692	13,715,885
\$ 8,321,975	\$ 9,675,615	\$ 11,986,021	\$ 12,992,446	\$ 15,805,998

ENGLEWOOD SCHOOLS

**Changes in Net Position
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
Instruction	\$ 19,242,646	\$ 19,869,059	\$ 20,835,648	\$ 20,691,842	\$ 20,406,654	\$ 20,339,331
Supporting Services	10,661,150	11,382,208	11,098,696	11,548,906	11,509,511	12,104,630
Depreciation, unallocated	1,921,287	-	-	-	-	-
Interest Expense	1,946,228	1,810,821	1,596,895	1,612,253	1,530,064	1,137,741
Total governmental activities expenses	33,771,311	33,062,088	33,531,239	33,853,001	33,446,229	33,581,702
Business-type activities:						
Food Services	818,732	866,182	816,143	845,520	776,410	868,402
Tuition	-	-	-	567,418	557,401	583,588
Total business-type activities expenses	818,732	866,182	816,143	1,412,938	1,333,811	1,451,990
Total primary government expenses	34,590,043	33,928,270	34,347,382	35,265,939	34,780,040	35,033,692
Program revenues:						
Governmental activities:						
Charges for services	84,886	93,484	74,668	118,408	83,074	174,855
Operating/Capital grants and contributions	3,853,997	3,832,283	4,041,732	3,032,985	3,475,498	3,482,975
Total governmental activities program revenue	3,938,883	3,925,767	4,116,400	3,151,393	3,558,572	3,657,830
Business-type activities:						
Charges for services	361,778	366,043	334,779	1,113,096	810,829	913,231
Operating grants and contributions	421,591	499,564	494,474	534,985	501,388	584,518
Total business-type activities program revenue	783,369	865,607	829,253	1,648,081	1,312,217	1,497,749
Total primary government revenues	4,722,252	4,791,374	4,945,653	4,799,474	4,870,789	5,155,579
Net (Expenses) Revenue						
Governmental activities	(29,832,428)	(29,136,321)	(29,414,839)	(30,701,608)	(29,887,657)	(29,923,872)
Business-type activities	(35,363)	(575)	13,110	235,143	(21,594)	45,759
Total primary government net expense	(29,867,791)	(29,136,896)	(29,401,729)	(30,466,465)	(29,909,251)	(29,878,113)
General revenues:						
Governmental Activities						
Property taxes	13,720,371	13,500,985	15,274,974	14,256,414	14,792,044	15,724,141
Specific ownership taxes	1,396,790	1,376,127	1,432,193	1,427,668	1,360,226	1,263,404
State equalization	14,059,842	14,457,890	14,525,813	14,499,224	13,752,655	13,019,552
Investment income	244,324	372,826	486,277	742,073	872,425	714,228
Other revenues	407,563	635,277	311,907	365,874	341,014	679,692
Total general revenues	29,828,890	30,343,105	32,031,164	31,291,253	31,118,364	31,401,017
Business-type activities						
Investment income	634	575	826	1,858	2,470	1,405
Change in net position						
Governmental activities	(3,538)	1,206,784	2,616,325	589,645	1,230,707	1,477,145
Business-type activities	(34,729)	-	13,936	237,001	(19,124)	47,164
Total primary government change in net position	\$ (38,267)	\$ 1,206,784	\$ 2,630,261	\$ 826,646	\$ 1,211,583	\$ 1,524,309

2009	2010	2011	2012
\$ 20,353,908	\$ 20,699,372	\$ 18,921,262	\$ 17,495,595
12,184,195	11,816,820	13,130,895	12,627,729
-	-	-	-
1,122,250	714,114	775,296	2,001,675
33,660,353	33,230,306	32,827,453	32,124,999
922,878	945,906	979,160	1,068,992
517,522	425,867	403,378	340,042
1,440,400	1,371,773	1,382,538	1,409,034
35,100,753	34,602,079	34,209,991	33,534,033
160,717	71,492	70,380	69,866
3,589,399	4,892,767	4,913,347	4,837,752
3,750,116	4,964,259	4,983,727	4,907,618
706,691	638,267	624,096	503,992
674,267	734,954	806,094	907,937
1,380,958	1,373,221	1,430,190	1,411,929
5,131,074	6,337,480	6,413,917	6,319,547
(29,910,237)	(28,266,047)	(27,843,726)	(27,217,381)
(59,442)	1,448	47,652	2,895
(29,969,679)	(28,264,599)	(27,796,074)	(27,214,486)
15,230,399	15,686,164	15,524,629	18,427,279
1,128,455	1,051,599	967,885	1,058,274
13,489,379	13,258,128	10,606,022	10,084,015
388,886	157,455	60,787	19,093
1,085,942	421,655	1,643,176	439,377
31,323,061	30,575,001	28,802,499	30,028,038
258	4	-	-
1,412,824	2,308,954	958,773	2,810,657
(59,184)	1,452	47,652	2,895
\$ 1,353,640	\$ 2,310,406	\$ 1,006,425	\$ 2,813,552

ENGLEWOOD SCHOOLS

Fund Balances - Governmental Funds Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 897,800	\$ 845,109	\$ 927,620	\$ 912,039	\$ 958,453
Unreserved	5,398,804	6,041,910	8,564,258	8,305,209	8,883,743
Total general fund	6,296,604	6,887,019	9,491,878	9,217,248	9,842,196
All Other Governmental Funds					
Reserved	37,575	-	-	-	-
Unreserved, reported in:					
Special revenue funds	4,654,927	4,148,575	4,440,710	4,530,283	4,432,905
Debt service fund	2,956,831	2,945,594	3,270,221	3,103,306	3,116,006
Capital projects fund	281,359	832,103	-	-	-
Total all other governmental funds	7,930,692	7,926,272	7,710,931	7,633,589	7,548,911
Total all governmental funds	\$ 14,227,296	\$ 14,813,291	\$ 17,202,809	\$ 16,850,837	\$ 17,391,107

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 966,650	\$ 1,023,367	\$ 950,841	\$ -	\$ -
Unreserved	9,708,572	10,135,776	10,931,355	-	-
Restricted	-	-	-	885,159	859,380
Unassigned	-	-	-	11,338,572	12,253,380
Total general fund	10,675,222	11,159,143	11,882,196	12,223,731	13,112,760
All Other Governmental Funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	4,613,289	5,218,050	5,285,982	-	-
Debt service fund	3,396,672	3,198,517	3,852,533	-	-
Restricted, reported in:					
Capital projects fund	-	-	-	3,167,102	55,394,291
Debt service fund	-	-	-	3,814,491	5,194,031
Assigned, reported in:					
Capital projects fund	-	-	-	1,003,164	903,258
Total all other governmental funds	8,009,961	8,416,567	9,138,515	7,984,757	61,491,580
Total all governmental funds	\$ 18,685,183	\$ 19,575,710	\$ 21,020,711	\$ 20,208,488	\$ 74,604,340

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ENGLEWOOD SCHOOLS

Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Local Sources	\$ 15,756,599	\$ 16,435,590	\$ 18,327,683	\$ 17,049,490
State Sources	16,903,288	15,325,784	15,633,951	15,380,545
Federal Sources	696,870	2,298,070	2,344,908	2,068,055
Total revenues	33,356,757	34,059,444	36,306,542	34,498,090
Expenditures:				
Instruction	19,070,048	18,420,576	18,793,151	18,141,882
Support services	10,374,322	10,759,749	10,624,116	11,083,341
Capital outlay	755,559	1,224,634	1,189,084	2,165,237
Debt service:				
Principal	1,927,412	2,025,660	2,028,620	2,305,163
Interest and fiscal charges	1,696,667	1,561,588	1,282,053	1,154,439
Bond issuance costs	-	-	166,545	-
Total expenditures	33,824,008	33,992,207	34,083,569	34,850,062
Other Financing Services (Uses)				
Bonds issued	-	-	12,454,993	-
Bond premium	-	-	1,056,861	-
Payments to escrow agent	-	-	(13,345,309)	-
Capital Lease	-	91,232	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers in	895,199	1,110,898	861,623	2,382,986
Transfers out	(895,199)	(1,110,898)	(861,623)	(2,382,986)
Total other financing sources (uses)	-	91,232	166,545	-
Net change in fund balances	\$ (467,251)	\$ 158,469	\$ 2,389,518	\$ (351,972)
Debt service as a percentage of noncapital expenditures	10.7%	10.6%	10.2%	9.9%

2007	2008	2009	2010	2011	2012
\$ 16,939,077	\$ 18,734,956	\$ 18,439,858	\$ 17,268,274	\$ 17,464,305	\$ 20,285,110
14,894,756	13,963,522	14,641,751	14,623,310	11,868,112	11,562,690
2,263,847	2,429,715	2,393,389	3,463,266	4,189,730	2,971,123
34,097,680	35,128,193	35,474,998	35,354,850	33,522,147	34,818,923
18,061,928	18,408,034	18,739,912	19,344,585	18,287,304	16,967,332
11,110,338	11,504,378	11,443,495	11,352,707	11,646,452	11,570,619
1,082,756	863,782	962,147	679,950	1,608,740	2,455,029
2,262,528	2,314,444	2,494,444	1,699,444	2,394,444	2,444,722
1,039,860	749,852	944,473	833,163	797,763	1,660,049
-	128,697	-	-	-	311,637
33,557,410	33,969,187	34,584,471	33,909,849	34,734,703	35,409,388
-	9,075,000	-	-	-	49,996,986
-	439,060	-	-	-	4,964,028
-	(9,378,990)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	400,333	25,303
988,769	774,079	1,068,511	844,564	384,242	200,000
(988,769)	(774,079)	(1,068,511)	(844,564)	(384,242)	(200,000)
-	135,070	-	-	400,333	54,986,317
\$ 540,270	\$ 1,294,076	\$ 890,527	\$ 1,445,001	\$ (812,223)	\$ 54,395,852

9.8%

9.4%

9.9%

7.5%

9.2%

13.1%

ENGLEWOOD SCHOOLS

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value			Percentage of Assessed Value to Estimated Actual Value
			Residential Property	Commercial Property	Total Estimated Actual Value	
2003	\$ 345,943,340	3.88	\$ 1,535,954,144	\$ 653,649,770	\$ 2,189,603,914	15.80%
2004	342,455,342	3.95	1,567,452,350	647,429,238	2,214,881,588	15.46%
2005	342,688,020	3.94	1,770,586,023	674,260,176	2,444,846,199	14.02%
2006	339,906,040	4.44	1,774,121,288	700,824,325	2,474,945,613	13.73%
2007	358,907,480	4.01	1,855,094,065	743,437,745	2,598,531,810	13.81%
2008	358,484,270	4.04	2,005,430,059	757,467,138	2,762,897,197	12.97%
2009	421,381,030	3.72	2,015,631,030	709,270,550	2,724,901,580	15.46%
2010	420,770,900	3.72	2,015,443,630	897,670,852	2,913,114,482	14.44%
2011	419,880,340	3.72	1,869,911,551	934,536,232	2,804,447,783	14.97%
2012	404,882,670	3.75	1,818,642,994	896,906,482	2,715,549,476	14.91%

Source: Arapahoe County Assessor's Office

The assessment ratios for all taxable property in the State of Colorado are as follows:

Year	Residential	Commercial	Valuation Year
2003	9.15%	29.00%	2002
2004	7.96%	29.00%	2003
2005	7.96%	29.00%	2004
2006	7.96%	29.00%	2005
2007	7.96%	29.00%	2006
2008	7.96%	29.00%	2006
2009	7.96%	29.00%	2008
2010	7.96%	29.00%	2008
2011	7.96%	29.00%	2010
2012	7.96%	29.00%	2011

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ENGLEWOOD SCHOOLS

Property Tax Rates Direct and Overlapping Governments (in mills) Last Ten Fiscal Years

<u>Year</u>	<u>Englewood Schools</u>			<u>Overlapping Rates</u>			
	<u>General Fund Millage</u>	<u>Bond Redemption Fund Millage</u>	<u>Total School Millage</u>	<u>Arapahoe County</u>	<u>City of Englewood</u>	<u>City of Littleton</u>	<u>City of Cherry Hills Village</u>
2003	29.998	9.487	39.485	14.459	7.770	6.662	7.300
2004	29.697	9.734	39.431	15.140	8.310	6.662	7.300
2005	34.605	9.814	44.419	15.451	8.320	6.662	7.300
2006	31.513	8.628	40.141	15.451	8.320	6.662	7.300
2007	31.388	8.966	40.354	16.083	8.400	6.662	13.117
2008	29.580	7.631	37.211	15.217	8.173	6.662	13.117
2009	29.564	7.631	37.195	15.676	8.400	6.662	13.117
2010	29.568	7.631	37.199	15.672	7.911	6.662	13.402
2011	29.952	7.543	37.495	15.949	8.010	6.662	13.402
2012	32.027	13.831	45.858	17.316	7.621	6.662	13.295

Source: Arapahoe County Assessor's Office.

Note: All numbers shown are Mill Levies (amounts assessed per \$1,000).

Arapahoe Regional Library <u>District</u>	South Metro Fire & Rescue	South Suburban Recreation <u>District</u>	Urban Drainage & Flood Control <u>District</u>	South Englewood Sanitation District <u>No. 1</u>	Littleton Fire <u>District</u>
3.695	-	7.228	0.062	1.100	6.678
4.916	-	7.197	0.533	1.100	6.678
4.900	-	7.134	0.538	1.100	7.678
4.963	-	7.117	0.532	-	7.678
4.893	-	7.008	0.542	-	7.678
4.814	-	6.868	0.507	-	7.678
4.814	-	6.868	0.507	-	7.678
4.783	9.362	6.777	0.569	-	-
4.869	9.541	6.869	0.576	-	-
4.981	9.661	7.034	0.623	-	-

ENGLEWOOD SCHOOLS

**Principal Property Taxpayers
Current and Ten Years Ago**

2002				2012			
Taxpayer	Assessed Valuation	Rank	Percent of Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	Percent of Total Assessed Valuation
Columbia HealthOne	\$ 21,750,010	1	6.09%	Columbia HealthOne	\$ 23,200,010	1	5.73%
Qwest Communications, Inc	7,464,300	2	2.09%	Qwest Corp	7,883,000	2	1.95%
Public Service Company	7,010,070	3	1.96%	Swedish Medical Ctr	6,926,310	3	1.71%
Swedish Medical Center	6,749,250	4	1.89%	Public Svc Co of Colorado	4,785,630	4	1.18%
ICG Telecom Group	3,913,740	5	1.10%	HTA - Hampden Place	3,190,000	5	0.79%
Health One & Swedish	2,610,000	6	0.73%	Sprint Nextel Wireless	3,052,650	6	0.75%
Northern Englewood Limited	2,400,780	7	0.67%	Situs Enterprises LLC	2,755,000	7	0.68%
Wilkerson Corpoation	2,361,370	8	0.66%	Englewood Meridian, LP	2,742,230	8	0.68%
ODC Limited No 4	2,320,000	9	0.65%	ODC Limited No 4	2,711,510	9	0.67%
EQR Marks ALLC	2,318,120	10	0.65%	Healthone	2,485,040	10	0.61%
Total	<u>\$ 58,897,640</u>		<u>16.50%</u>		<u>\$ 59,731,380</u>		<u>14.75%</u>
Total Assessed Valuation	\$356,977,230				\$404,882,670		

Source: Arapahoe County Assessor's Office

ENGLEWOOD SCHOOLS

Property Tax Levies and Collections Last Ten Fiscal Years

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy		Collections Subsequent to Fiscal Year End	Total Collections to Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2003	13,521,849	12,450,039	92.1%	542,322	12,992,361	96.1%
2004	13,512,531	12,745,043	94.3%	479,860	13,224,903	97.9%
2005	15,098,286	14,503,604	96.1%	525,010	15,028,614	99.5%
2006	14,406,905	13,853,271	96.2%	494,420	14,347,691	99.6%
2007	14,466,274	13,310,626	92.0%	722,847	14,033,473	97.0%
2008	15,680,010	14,470,995	92.3%	767,785	15,238,780	97.2%
2009	15,650,574	14,594,191	93.3%	621,548	15,215,739	97.2%
2010	15,772,176	14,891,988	94.4%	786,165	15,678,153	99.4%
2011	15,730,614	14,971,970	95.2%	618,456	15,590,426	99.1%
2012	18,567,109	17,568,735	94.6%	- (2)	17,568,735	94.6%

(1) Property tax collection amounts are for current taxes only. In the financial statements, property tax revenue also includes delinquent taxes and interest on current and delinquent taxes.

(2) July-December 2012 subsequent collections, received in August-January, are not known at this time

Source: Arapahoe County Assessor's Office, District Audited Financial Statements 2003-2012.

ENGLEWOOD SCHOOLS

Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total			Percent of		Percent of
	General		Capital	Primary Government	Population	Per Capita	Personal Income	Personal Income	Actual Value	Actual Value
	Obligation Bonds	EPA Note	Leases							
2003	\$ 33,981,856	\$ 85,000	\$ 522,129	\$ 34,588,985	32,658	1,059	\$ 677,143,272	5.1%	\$ 2,189,603,914	1.6%
2004	32,460,089	75,556	368,145	32,903,790	32,410	1,015	682,682,832	4.8%	2,214,881,588	1.5%
2005	30,926,616	66,112	183,803	31,176,531	32,491	960	677,498,640	4.6%	2,444,846,199	1.3%
2006	29,214,143	56,668	58,084	29,328,895	32,491	903	679,191,864	4.3%	2,474,945,613	1.2%
2007	27,413,559	47,224	-	27,460,783	32,491	845	679,191,864	4.0%	2,598,531,810	1.1%
2008	25,322,550	37,780	-	25,360,330	32,286	785	679,191,864	3.7%	2,762,897,197	0.9%
2009	23,020,496	28,336	-	23,048,832	32,532	708	674,906,544	3.4%	2,724,901,580	0.8%
2010	21,407,619	18,892	-	21,426,511	32,191	666	680,048,928	3.2%	2,913,114,482	0.7%
2011	19,035,000	9,448	-	19,044,448	30,255	629	686,823,596	2.8%	2,804,447,783	0.7%
2012	66,591,986	-	-	66,591,986	30,255	2,201	602,499,375	11.1%	2,716,098,308	2.5%

Source: District Audited Financial Statements 2003-2012.

Source: Population from City of Englewood

Note: The District refunded \$8,925,000 of bond debt during the 1996 fiscal year, \$12,454,993 during the 2005 fiscal year and \$9,075,000 during the 2008 fiscal year. The District sold \$50,000,000 in bonds as a result of a successful November 2011 Bond Election.

ENGLEWOOD SCHOOLS

Direct and Overlapping Governmental Activities Debt Last Ten Fiscal Years

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to District</u>	<u>Overlapping Debt Applicable to District</u>
Overlapping Debt:			
City of Englewood	\$ 27,460,894	77.2%	\$ 21,199,810
South Suburban Metropolitan Recreation and Park District	23,505,000	3.5%	822,675
Total Overlapping Debt			22,022,485
Direct Debt:			
Englewood School District	66,591,986	100.0%	66,591,986
Total Direct and Overlapping Debt			\$ 88,614,471

Note: Overlapping rates are those governments that apply to property owners within the Englewood School District. Not all overlapping rates apply to all Englewood School District property owners. Percentage applicable to District is based on geographic boundaries.

Source: The various taxing authorities and the Arapahoe County Assessor's Office.

ENGLEWOOD SCHOOLS

Legal Debt Margin Information Last Ten Fiscal Years

Fiscal Year	<u>Debt limit</u>	Total Net Debt Applicable <u>To Limit</u>	Legal Debt <u>Margin</u>	Total Net Debt Applicable <u>To Limit</u>
2003	\$ 68,491,068	\$ 28,335,704	\$ 40,155,364	41.37%
2004	67,981,208	29,514,495	38,466,713	43.42%
2005	67,981,208	27,656,395	40,324,813	40.68%
2006	71,781,496	26,110,837	45,670,659	36.38%
2007	71,696,854	24,297,553	47,399,301	33.89%
2008	84,276,206	21,925,878	62,350,328	26.02%
2009	84,154,180	19,821,979	64,332,201	23.55%
2010	84,798,924	17,555,086	67,243,838	20.70%
2011	83,907,798	15,220,509	68,687,289	18.14%
2012	80,976,534	61,397,955	19,578,579	75.82%

Computation of Maximum Debt Allowed for Fiscal Year 2012

Taxable Assessed Valuation	\$ 404,882,670
Debt Limit Percentage (1)	20%
Legal Debt Limit	\$ 80,976,534
Total Bonded Debt	\$ 66,591,986
Amount Available in Debt Service Fund	5,194,031
Net Bonded Debt	61,397,955
Legal Debt Margin	\$ 19,578,579

- (1) Colorado Statute No. 22-42-104: Each school district shall have a limit of bonded indebtedness of 20% of the latest valuation for assessment of the taxable property in such district, as certified by the assessor to the Board of County Commissioners, or 25% if enrollment has increased by 3% or more over each preceding year in the last three years, or 6% of actual value.

Source: District Audited Financial Statements 2003-2012

ENGLEWOOD SCHOOLS
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Englewood Population (1)</u>	<u>Household Income</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2003	32,658	\$ 682,682,832	\$ 20,904	39	4,200	6.3%
2004	32,410	\$ 677,498,640	\$ 20,904	36	4,085	5.3%
2005	32,491	\$ 679,191,864	\$ 20,904	36	3,883	5.2%
2006	32,491	\$ 679,191,864	\$ 20,904	36	3,733	4.5%
2007	32,491	\$ 679,191,864	\$ 20,904	36	3,495	3.5%
2008	32,286	\$ 674,906,544	\$ 20,904	36	3,427	4.8%
2009	32,532	\$ 680,048,928	\$ 23,307	36	3,298	7.3%
2010	32,191	\$ 686,823,596	\$ 23,307	36	3,124	8.2%
2011	30,255	\$ 602,499,375	\$ 25,617	37	2,992	10.2%
2012	30,255	\$ 602,499,375	\$ 25,617	37	2,954	8.2%

Sources:

- (1) City of Englewood
- (2) U.S. Census Bureau - 1990 Census; 2000 Census; 2010 Census
- (3) Englewood Schools
- (4) Colorado Department of Labor and Employment (data presented for Denver Metro area)

ENGLEWOOD SCHOOLS

Principal Employers Ten Years Ago and Current

Taxpayer	2002			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Columbia Swedish Medical Center	1,300	1	5.83%	1,910	1	8.09%
The Sports Authority				820	2	3.47%
Craig Hospital	512	2	2.30%	720	3	3.05%
City of Englewood	483	4	2.17%	520	4	2.20%
Englewood Schools	503	3	2.26%	424	5	1.80%
Karcher North America				370	6	1.57%
Burt Automotive	475	5	2.13%			
Veolia Transportation				300	7	1.27%
Denver Drywall	365	6	1.64%			
Regional Transportation District (RTD)				250	8	1.06%
Wilkerson Corporation	340	7	1.52%			
Windsor Industries, Inc	270	8	1.21%			
7-Up Bottling Company	250	9	1.12%	220	9	0.93%
Riviera Electric Construction	250	10	1.12%			
Meadow Gold Dairies				190	10	0.80%
Total	<u>4,748</u>		<u>21.29%</u>	<u>5,724</u>		<u>24.23%</u>
Total Employees	22,300			23,620		

Source: City of Englewood Community Development Department

ENGLEWOOD SCHOOLS
Full-Time Equivalent Employees by Type
Last Ten Fiscal Years

Fiscal Year	Teachers	Counselors	Paraeducators	Other Classified	Administrators	Total
2003	240.50	9.60	29.35	88.61	19.50	387.56
2004	236.60	9.60	25.65	88.61	19.50	379.96
2005	230.10	9.60	28.25	86.61	18.50	373.06
2006	230.70	15.70	28.77	84.32	19.50	378.99
2007	216.43	15.70	27.61	85.40	18.00	363.14
2008	203.10	12.80	23.60	78.60	18.00	336.10
2009	212.70	12.80	25.95	79.33	17.00	347.78
2010	197.80	12.00	30.00	76.00	18.00	333.80
2011	185.18	11.00	32.57	79.86	18.00	326.51
2012	181.68	10.00	33.74	79.90	19.60	324.92

Sources: Englewood Schools

ENGLEWOOD SCHOOLS

Operating Statistics Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Operating Cost per Pupil	Government- Wide Expenditures	Government- Wide Cost per Pupil	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Approved for Free or Reduced Lunch
2003	4,200	\$ 25,997,636	\$ 6,190	\$ 33,824,008	\$ 8,053	240.5	17.5	26.5%
2004	4,085	25,587,763	6,264	33,992,207	8,321	236.6	17.3	33.5%
2005	3,883	25,861,019	6,660	34,083,569	8,778	230.1	16.9	39.0%
2006	3,733	32,240,748	8,637	35,265,939	9,447	230.7	16.2	42.1%
2007	3,495	31,916,165	9,132	34,780,040	9,951	216.4	16.2	40.3%
2008	3,427	32,443,971	9,467	35,033,702	10,223	203.1	16.9	44.2%
2009	3,298	32,538,103	9,866	35,100,753	10,643	212.7	15.5	49.0%
2010	3,124	32,516,192	10,409	34,602,079	11,076	197.8	15.8	54.9%
2011	2,992	32,052,157	10,713	34,209,991	11,434	194.8	15.4	55.8%
2012	2,954	30,123,324	10,197	33,534,033	11,352	191.7	15.4	57.9%

ENGLEWOOD SCHOOLS

Schedule of Insurance June 30, 2012

<u>Insurance Company</u>	<u>Policy Number</u>	<u>Term of Insurance</u>		<u>Type of Insurance</u>	<u>Amount of Coverage</u>	<u>07/1/11 -</u>
		<u>Start Date</u>	<u>Expire Date</u>			<u>07/1/12 Premium</u>
CSDSIP (1)	0301-01-00044	07/01/2011	07/01/2012	Comprehensive General Liability, Including Employee Benefit Programs and Athletic Participation	\$ 112,464,037	\$ 81,997
				School Leaders Errors & Omissions	2,000,000	31,435
CSDSIP	0301-01-00044	07/01/2011	07/01/2012	Equipment Breakdown	100,000,000	8,635
CSDSIP	0301-01-00044	07/01/2011	07/01/2012	Employee Blanket Bond	100,000	1,311
CSDSIP	0301-01-00044	07/01/2011	07/01/2012	Vehicle Insurance	1,000,000	<u>12,639</u>
						<u>\$ 136,017</u>

(1) Colorado School District Self-Insurance Pool.

Source: Englewood School District

ENGLEWOOD SCHOOLS
Capital Asset Information
June 30, 2012

Schools	
Elementary	
Buildings	4
Square feet	183,500
Capacity	1,668
Enrollment	1,262
Percent capacity	76%
Middle	
Buildings	1
Square feet	98,600
Capacity	704
Enrollment	520
Percent capacity	74%
High	
Buildings	2
Square feet	242,100
Capacity	1,358
Enrollment	953
Percent capacity	70%
Early Childhood Education Center	
Buildings	1
Square feet	40,000
Capacity	364
Enrollment	219
Percent capacity	60%
Administration	
Buildings	1
Square feet	13,400
Operations, maintenance and transportation	
Buildings	1
Square feet	8,500
Athletics	
Athletic stadium	1
Baseball fields	1
Running tracks	1
Swimming pools	1
Playgrounds	6
Excess property (vacant and rentals)	
Buildings	4
Square feet	128,600

Source: Englewood Schools

Note: Statistical section schedules normally present ten years of data.
Only one year of statistics is presented here because the number of facilities, size and capacity are essentially unchanged over that period.

COMPLIANCE SECTION

SINGLE AUDIT

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**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***

Board of Education
Englewood Schools
Englewood, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Englewood Schools (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Dazzio & Plutt, LLC

September 21, 2012

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

Board of Education
Englewood Schools
Englewood, Colorado

Compliance

We have audited Englewood Schools' (the District) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2012. The District'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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Englewood Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance

and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Dazzio & Plutt, LLC

September 21, 2012

ENGLEWOOD SCHOOLS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- | | | |
|---|-----------|----------------------------|
| • Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None Reported |
| • Noncompliance material to financial statements noted? | _____ Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|-----------|----------------------------|
| • Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None Reported |

Type of auditor's report issued on compliance for major programs: Unqualified

- | | | |
|--|-----------|-----------------|
| • Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | _____ Yes | <u> X </u> No |
|--|-----------|-----------------|

Identification of major programs:

84.010 and 84.389	Title I; ARRA – Title I
84.027; 84.173; 84.391 and 84.392	Special Education Cluster; ARRA – Title IV-B Special Education Grant; ARRA – Title IV-B Special Education Preschool Grant
84.387	ARRA - Education for Homeless Children and Youth
93.724	ARRA –Communities Putting Prevention to Work (CPPW)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

- | | | |
|--|------------------|----------|
| • Auditee qualified as low-risk auditee? | <u> X </u> Yes | _____ No |
|--|------------------|----------|

Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

There were no findings required to be reported under *Government Auditing Standards*.

Findings and questioned costs for federal awards

There were no findings or questioned costs required to be reported under *Government Auditing Standards*.

ENGLEWOOD SCHOOLS

Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2012

Finding	Status	Corrective Action Plan or Other Explanation
None Reported		

ENGLEWOOD SCHOOLS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	District's Program Number	Federal CFDA Number	Total Expenditures
U.S. Department of Education			
Direct Programs			
Indian Education	4060	84.060	\$ 7,228
Passed Through Colorado Department of Education			
Title I	4010	84.010	1,043,905
Title VI-B IDEA Special Education	4027	84.027	775,951
Title VI B IDEA Preschool	4173	84.173	38,379
Safe & Drug Free Schools	7186	84.186	8,116
Twenty-First Century Community Learning Centers	5287	84.287	158,590
Title II-D Technology	4318	84.318	2,980
Colorado Graduation Pathways	5360	84.360	123,026
Title III Part A English Language Acquisition	4365/7365	84.365	43,619
Title II Part A Improving Teacher Quality	4367	84.367	224,065
ARRA - Education for Homeless Children and Youth	5387	84.387	1,018
ARRA - Title I, Part A	4389	84.389	5,554
ARRA - IDEA Part B	4391	84.391	26,391
ARRA - IDEA Preschool	4392	84.392	17,225
ARRA - Education Jobs Fund	4410	84.410	20,220
Passed Through Colorado Community College System			
Career and Technical Education	4048	84.048	27,088
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,523,355</u>
U.S. Department of Agriculture			
Passed Through Colorado Department of Education			
School Breakfast Program	4553	10.553	296,248
National School Lunch Program	4555	10.555	562,387
Passed Through Colorado Department of Human Services			
Food Commodities	4550	10.555	28,053
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>886,688</u>
U.S. Department of Health and Human Services			
Passed through Sheridan School District			
Head Start	8600	93.600	237,787
Passed through Tri-County Health Department			
ARRA - Prevention and Wellness Communities	7724	93.724	117,271
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>355,058</u>
U.S. Department of Transportation			
Passed Through Colorado Department of Transportation			
Safe Routes to Schools	7205	20.205	49,915
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 3,815,016</u></u>

See the accompanying Independent Auditor's Report.

Englewood School

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

STATE COMPLIANCE

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Independent Auditor's Report on Auditor's Integrity Report

Board of Education
Englewood Schools
Englewood, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Englewood Schools (the District) as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated September 21, 2012. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying auditor's integrity report is presented for purposes of additional analysis as required by State of Colorado statutes and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dazzio & Plutt, LLC

September 21, 2012

09/21/2012
09:38 AM

Colorado Department of Education
Fiscal Year 2011-2012
Colorado School District/BOCES
Auditor's Integrity Report

ARAPAHOE ENGLEWOOD 1
District Code: 0120

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	12,187,714	24,861,337	24,006,671	13,042,380
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	36,017	539,735	505,372	70,380
Subtotal	12,223,731	25,401,072	24,512,043	13,112,760
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	3,427,981	3,427,981	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,814,491	5,484,311	4,104,771	5,194,031
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	3,167,102	55,275,931	3,048,741	55,394,291
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,003,164	215,943	315,850	903,258
TOTALS	20,208,488	89,805,238	35,409,386	74,604,340
Proprietary				
51 Food Service Fund	108,597	1,117,047	1,068,992	156,651
50 Other Enterprise Funds	151,241	294,883	340,041	106,083
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	259,838	1,411,929	1,409,033	262,734
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	91,191	102	6,000	85,293
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	176,122	389,730	373,150	192,702
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	267,313	389,832	379,150	277,994

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

From submitted data file: fd0120.03c

Program: fdrdh.sqr

File: fd0120.dhc

FINAL