

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



# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

Presented to the Board of Education

**2005 - 2006 Board Members**

Jane Barnes, President

Vince Chowdhury, First Vice President

Sue Marinelli, Second Vice President

Scott Benefield, Secretary

Hereford Percy, Treasurer

**Superintendent**

Cynthia Stevenson

Prepared by the Financial Services Division  
Lorie Gillis, Chief Financial Officer  
Kathleen Askelson, Director of Accounting

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

**June 30, 2006**

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October 31, 2006

To the Board of Education and citizens of Jefferson County Public Schools:

The Comprehensive Annual Financial Report for the Jefferson County School District (the District) as of and for the fiscal year ended June 30, 2006, is submitted herewith. Colorado Revised Statutes (CRS) 29-1-603 requires that local governments have an annual audit of the financial statements. The audits are required to be conducted in accordance with generally accepted auditing standards.

The responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the management of the District. The District's comprehensive framework of internal controls provides assurance of the accuracy of the reports. As the cost of internal controls should not outweigh the benefits, the outcome is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

This report was prepared by Financial Services and to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the various funds of the District. Readers of this report are encouraged to consider the information presented here in conjunction with additional information presented in Management's Discussion and Analysis found on pages 16-27 of this report. All disclosures necessary to enable the reader to gain an understanding of the financial activities for the fiscal year ended June 30, 2006 have been included.

The report is comprised of four major categories:

#### **Introductory section**

This section contains this letter of transmittal, a list of the superintendent's cabinet, the Government Finance Officers Association certificate of excellence, and the District's organizational chart.

#### **Financial section**

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

#### **Statistical section**

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

#### **Single audit section**

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

#### **The District's background and services**

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

The District provides a full range of educational programs and services authorized by Colorado State statute to approximately 84,500 students. District programs and services include basic K-12 education in elementary, middle, high schools, option schools, special education, vocational education and numerous other programs. The District is a legally separate financial entity and is not included in any other entity's financial reports. There are eleven charter schools within the District that are legally separate entities. The charter schools are funded based on the Colorado Department of Education stated per pupil revenue. This revenue is directly allocated to each charter school. The charter schools are disclosed as component units of the District.

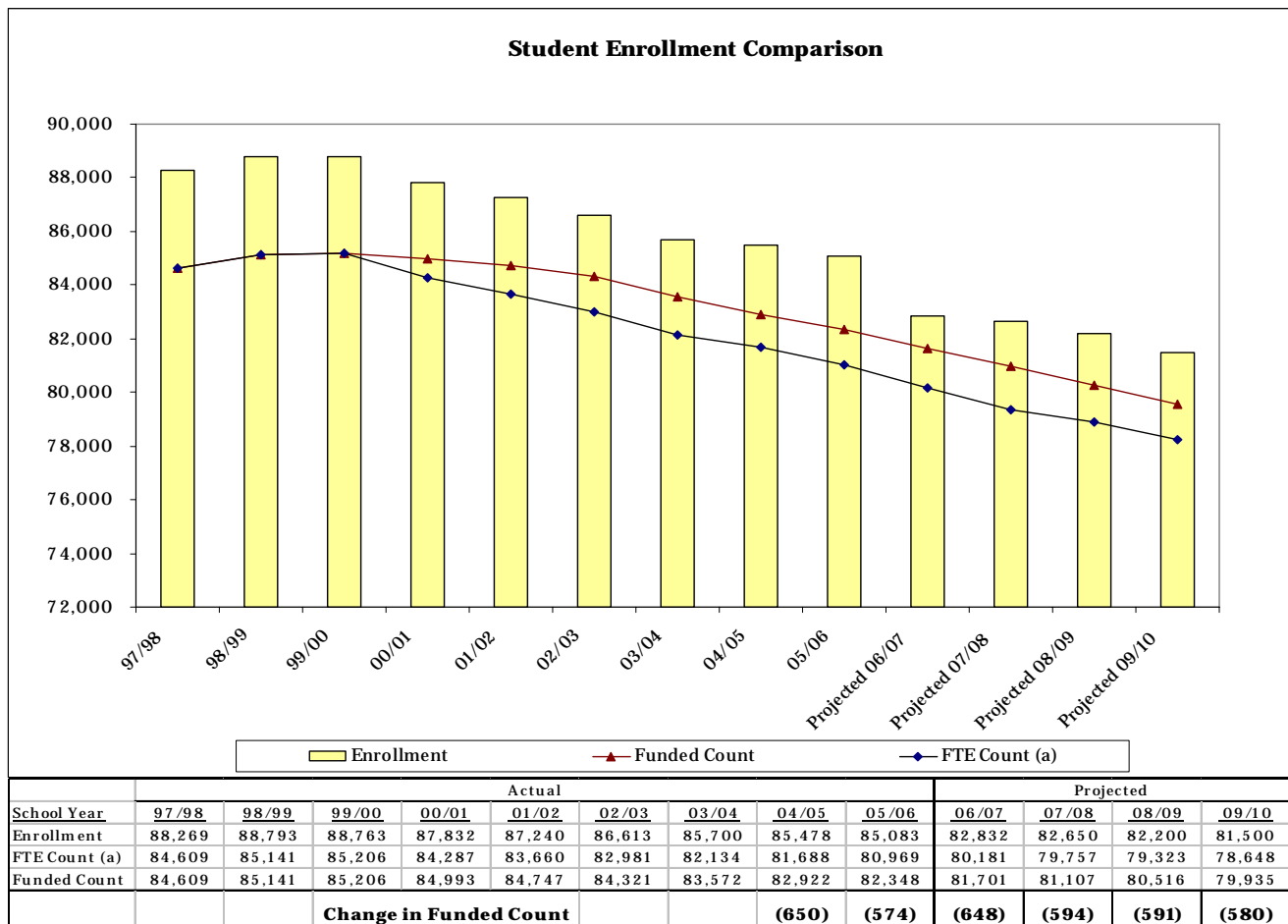
*Our Mission: To provide a quality education that prepares all children for a successful future.*



## Local Economy

The Colorado economy continues to improve, in some areas, exceeding the national economy. Employment in Colorado is estimated to increase 2.1 percent in 2006, equivalent to 46,600 new jobs. The national estimate of employment is for 1.4 percent increase in 2006. The 2006 unemployment rate is forecast to be 4.6 percent, down from 5.1 percent in 2005. The national unemployment for 2006 is forecast to be 4.7 percent. Consumer prices in the Denver-Boulder-Greeley area are forecast to rise 3.5 percent in 2006 and to be 3.2 percent in 2007. Net in-migration to Colorado will remain low at slightly below 30,000 and total population growth estimated at 1.4 percent. Lower migration has resulted from slow downs in employment growth. Growth in the number of new students enrolled in public schools between 2005 and 2010 is expected to rise an average annual 1.5 percent. Certain counties such as Douglas, Weld, El Paso and Adams have experienced rapid population growth whereas Jefferson County has lower growth and an aging community.

The District has been experiencing declining enrollment since the school year 2000/2001. This declining enrollment continues to challenge the District to provide services and keep a balanced budget while building up necessary reserves. Funded pupil count is projected to decline by approximately 701 students in fiscal 2006/2007 from the prior year. The decrease in enrollment will result in a decrease in funding of approximately \$4.3 million. Based on current county demographics, declining enrollment will continue for the next four years. The student count is conducted on October 1 of each year. Per state statute, the budget may be adjusted until October 15 of each year to take into account the October count.



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

### Notes:

Total Enrollment – Total students receiving services.

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

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

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

In November 2005, Colorado voters approved Referendum C allowing the state to retain all revenue collected from FY 2005/2006 through FY 2009/2010 and eliminating the TABOR refunds requirement. The referendum allocated one-third of anticipated revenue to be spent on K-12 education. Two areas that were specifically targeted were special education and the Giardino capital construction settlement. The District will not receive any funding from the Giardino construction settlement and minimal additional funding (approximately \$200,000) for special education. It is not anticipated the District will receive substantial funding in the future from Referendum C.

## **Major initiatives**

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### **Strategic plan**

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

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

With two goals;

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

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

### **Fiscal management and strategic policies**

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

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

### **Budget development process**

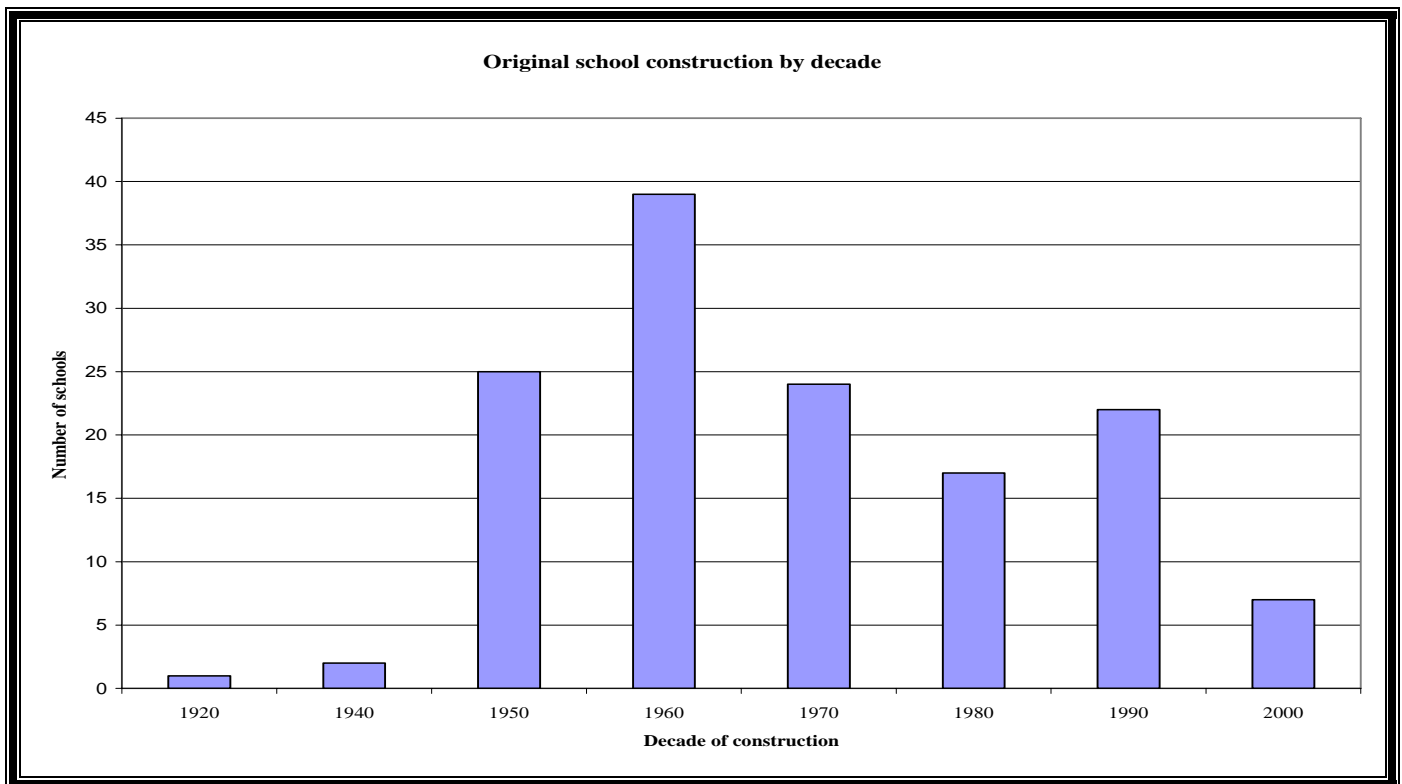
For the FY 2006/2007 budget development, the District implemented a budget development process similar to the concepts described in the book The Price of Government. The Budgeting for Results approach focuses on realignment of resources to improve performance and results. The District had historically taken the prior year budget and cut a flat percentage to achieve a current year balanced budget. The past process, over time, could eventually result in broken programs unable to function. The Budgeting for Results approach encourages communication and leverage between organizational units within the entire District and focuses attention on District goals such as student achievement.

### Student achievement

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

### Capital improvement program

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



### Bond and capital reserve proceeds and distribution

Since 1992, the District’s policy for capital improvement funding has been that all capital improvement projects with an estimated useful life in excess of 20 years are financed through the use of general obligation bonds. Those projects include construction of new facilities, additions to existing facilities, major renovations, replacement of heating/ventilating, electrical and plumbing systems. All capital improvements with an estimated useful life of less than 20 years are financed from the capital reserve fund. Projects in this category include improvement or replacement of roofs, floor coverings, parking lots, site work and minor remodeling. This process was successfully used for the 1992-1997 capital improvement program. In November 1997, voters approved a \$265 million bond issue to construct and improve district facilities accounting for over 1,000 projects. At the end of 2002/2003 the bond proceeds were expended. With the successful passage of the voter-approved bond election on November 2, 2004, Jeffco schools have finished its second year of the 2005-2010 capital construction program. Cycle four of a total of 12 cycles began on July 1, 2006. The construction program is reviewed by the Capital Improvement Oversight Committee. The Capital Improvement Program Oversight Committee is made up of independent citizens with experience in the construction industry. The committee provides guidance and advice to the District and the Board of Education on the management of the program.

## **Financial information**

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

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

As a part of the District's single audit, tests are made to determine the adequacy of internal controls, including that portion related to federal award programs, as well as to determine that the government has complied with applicable laws, regulations, contracts and grants. The results of the District's single audit for the fiscal year ended June 30, 2006 provided no instances of material weaknesses in internal controls or material violations of applicable laws, regulations, contracts and grants.

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

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

**Accounting policies** - Detailed descriptions of the District's accounting policies are contained in the Notes to the Basic Financial Statements on pages 48-69, and they are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments and other significant accounting information.

## **Independent audit**

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Under provisions of Article 29-1-603, Colorado Revised Statutes, 1973, an independent public accounting firm must perform an annual audit of the District's accounts. The accounting firm of Clifton Gunderson LLP was appointed by the Board of Education to perform the June 30, 2006 fiscal year audit. The independent auditors' report on the Basic Financial Statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Single Audit Section.

## **Recognition for financial reporting**

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The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Jefferson County School District, No. R-1, for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the twenty-third consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgment**

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

Respectfully submitted,



Lorie Gillis  
Chief Financial Officer



Kathleen Askelson  
Director of Accounting



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jefferson County  
School District No. R-1,  
Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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.



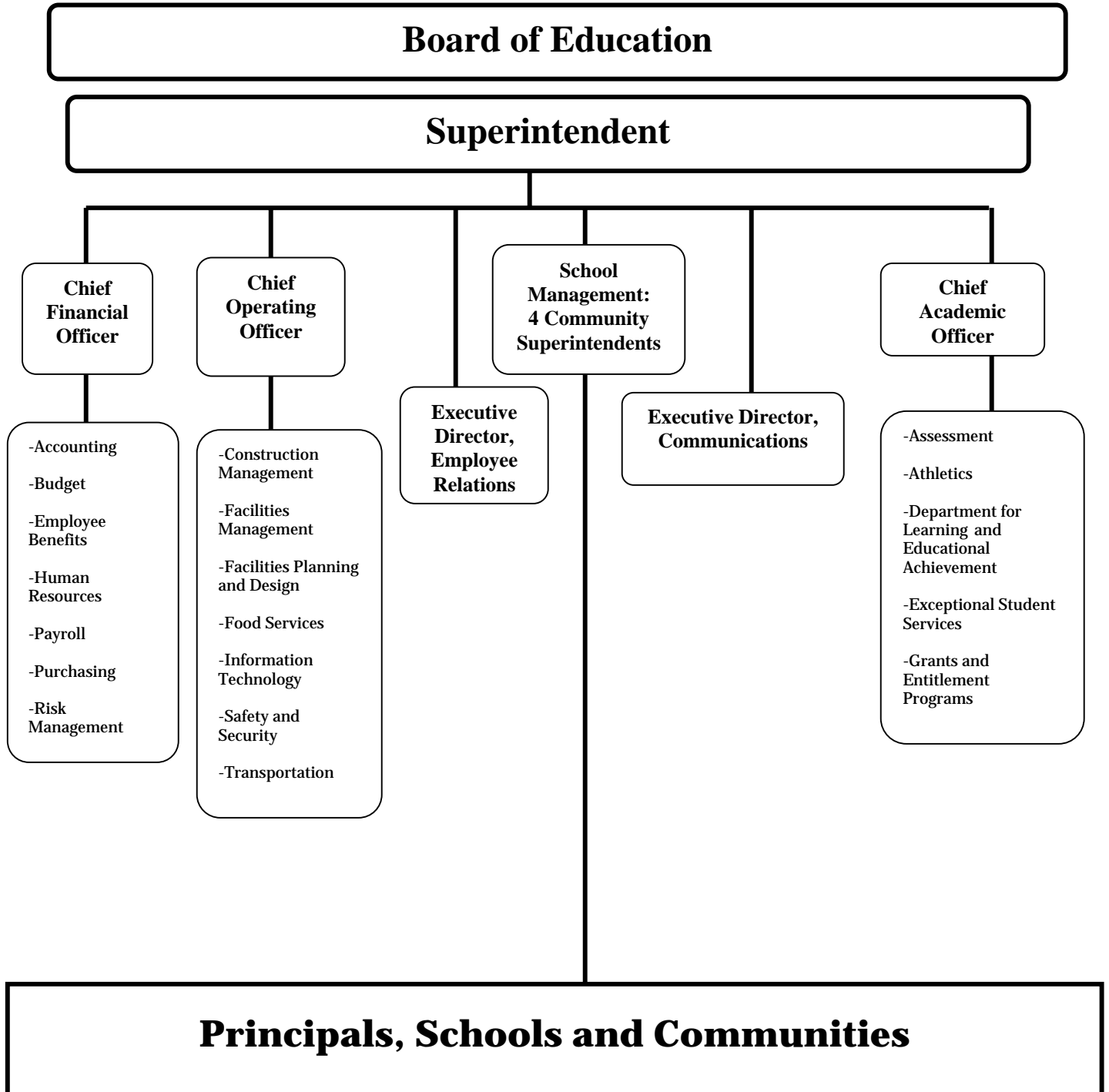
*Carla E. Perry*

President

*Jeffrey R. Emery*

Executive Director





**Superintendent's Cabinet**

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Cynthia Stevenson ..... Superintendent

Helen Neal ..... Manager

Debbie Backus ..... Chief Academic Officer

Lorie Gillis ..... Chief Financial Officer

Patrick Hickey ..... Chief Operating Officer

Lynn Setzer ..... Executive Director – Communications

Marcia Anker ..... Community Superintendent

Irene Griego ..... Community Superintendent

Peg Kastberg ..... Community Superintendent

Rick Myles ..... Community Superintendent

Phyllis Emrich ..... President, JCAA



## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District No. R-1 as of and for the year ended June 30, 2006, which collectively comprise Jefferson County School District No. R-1's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jefferson County School District No. R-1's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District No. R-1 as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2006 on our consideration of Jefferson County School District No. R-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

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

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

*Clifton Henderson LLP*

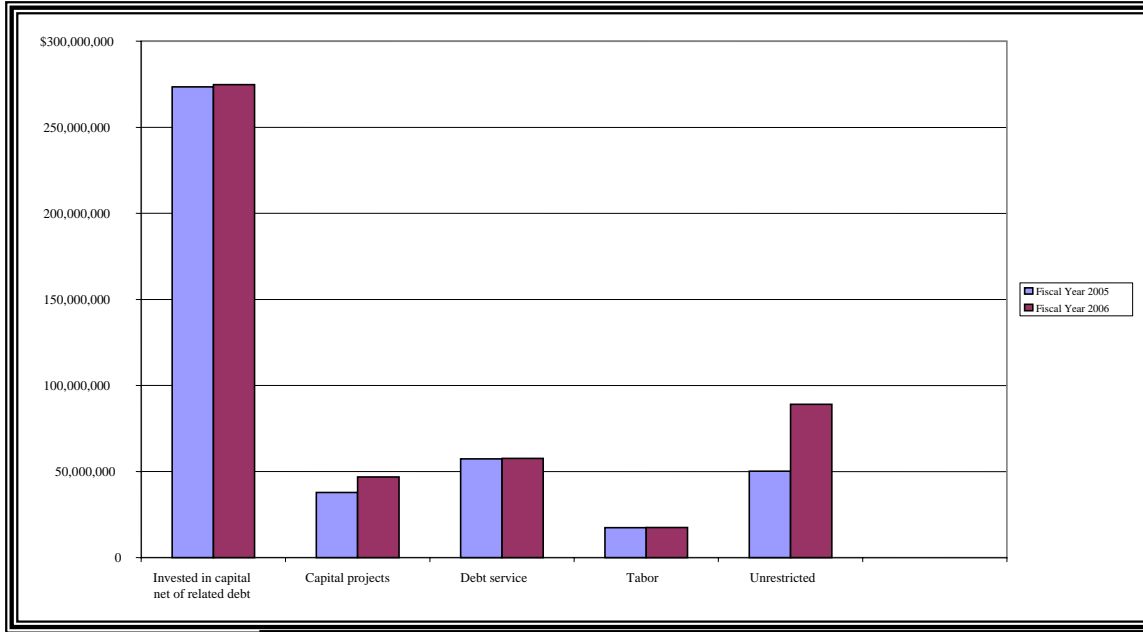
Greenwood Village, Colorado  
October 31, 2006





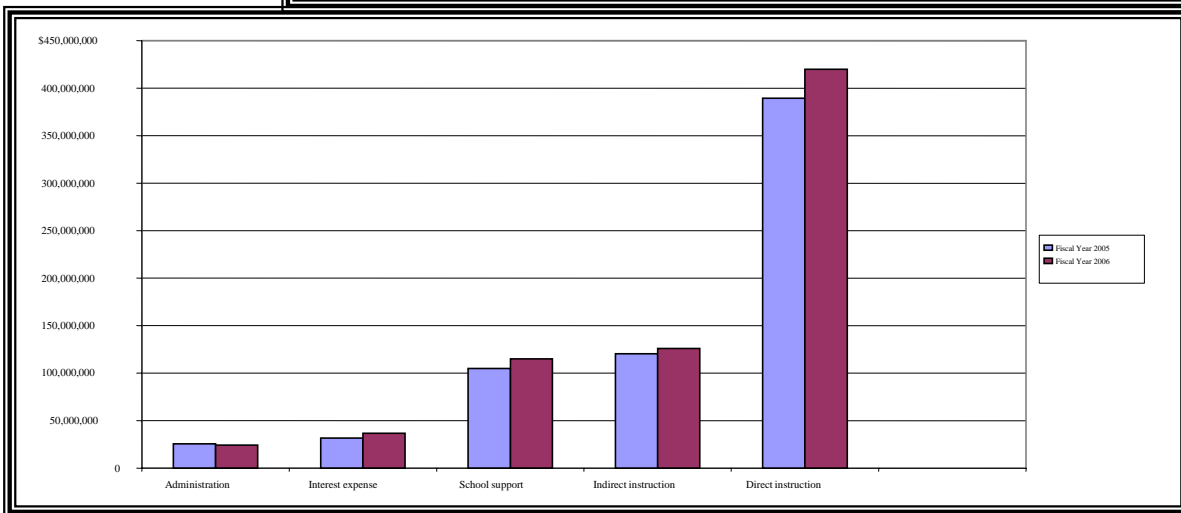
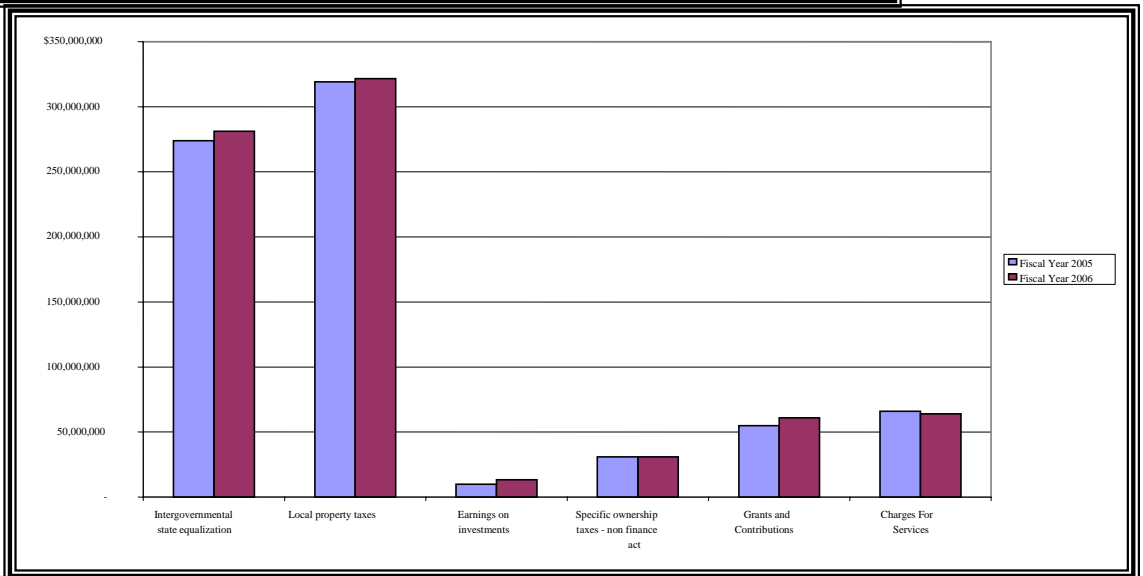
# **Management's Discussion and Analysis**

**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**



**Primary Government Government-wide Net Assets:**  
Increased \$49.7 million over prior year.

**Primary Government Government-wide Revenues:**  
Increased \$17 million over prior year.



**Primary Government Government-wide Expenses:**  
Increased \$50 million over prior year.

**Jefferson County School District, No. R-1**  
**Management's Discussion and Analysis**  
**As of and for the fiscal year ended June 30, 2006**

As management of the Jefferson County School District, No. R-1, Jefferson County, Colorado (the District), we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the primary government for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages 1-5.

**Financial highlights**

- The government-wide current assets decreased \$8 million over the prior year. Cash and investments had a net decrease of \$12.8 million. This net decrease is from the use of cash for the Building Fund – Capital Projects offset by the additional source of cash from the mill levy override. The spend down of the proceeds from the bonds are planned to be complete in 2010. The mill levy override was used in part, to continue to build a higher reserve balance therefore strategically stretching the voter approved revenues. Receivables had a net increase of \$4 million from the prior year. The Grants Fund receivables from federal and state sources increased \$4 million from the prior year.
- Capital assets, net of depreciation increased \$35 million. This increase is due to the capital projects being constructed from the Building Fund – Capital Projects.
- Government-wide current liabilities increased \$16.7 million over the prior year. Accounts payable increased \$12 million with the activity of the six year capital construction program in the Building Fund – Capital Projects. Increases also occurred in accrued salaries and benefits and payroll withholding of \$1.9 million.
- The District's noncurrent liabilities in the government-wide statement decreased \$39 million from the prior year. This decrease is from principal payments and amortization of discounts and premiums in 2006.
- Government-wide net assets increased \$49.7 million from year 2005. Capital Reserve Capital Projects fund net assets increased \$9 million. The reserve is being increased to complete the Capital Projects program as planned. The unrestricted portion of net assets increased \$39 million from the prior year, as planned with the strategic utilization of mill levy override revenues.
- Government-wide revenues increased \$17 million over the prior year. Intergovernmental state equalization increased \$7.2 million and interest earnings increased \$3.4 million. Grant revenues from IDEA – Part B, Title I – Part A and Title II contributed to the increase of \$5.6 million from the prior year.
- Government-wide expenses increased \$50 million from the prior year. Direct instruction costs increased \$30.8 million due to one new school opening, increases in salaries and benefits, increase grant expenditures and increased depreciation in 2006. Indirect expenses increased \$5.6 million from a new school opening and increases in salary and benefits. Interest expenses on debt service increased \$5 million. Telecom increased for technology services an additional \$700,000 and utilities increased \$2.5 million.

The District's financial position remained positive during fiscal 2006 as reflected by Standard & Poor's rating of AA- with a stable outlook and Moody's rating of A1.

**Overview of the financial statements**

Management's Discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 30-69 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves on pages 74-97.

**Jefferson County School District, No. R-1**  
**Management's Discussion and Analysis**  
**As of and for the fiscal year ended June 30, 2006**

**Government-wide financial statements**

The government-wide financial statements are designed to provide the reader of the District's Comprehensive Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net assets and the statement of activities. The statement of net assets presents information about all of the District's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time changes in net assets may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

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

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

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

The only activity of the District's Finance Corporation is to act as a conduit for the transfer of funds relating to the issuance and refunding of certificates of participation. The Corporation has no assets or liabilities at June 30, 2006, and therefore has no financial impact on the District. Financial information for the Charter Schools is presented separately from the primary government because the Charter Schools are considered discrete component units of the District.

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

**Fund financial statements**

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include two of the three possible fund types. The fund types presented here are governmental funds and proprietary funds. The District currently does not use fiduciary fund types.

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

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

The District maintains six different governmental funds. The major funds are the general fund, the capital reserve capital projects fund, the building fund capital projects and the bond redemption debt service fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled other governmental funds. Individual fund information for the non-major funds is presented as other supplemental information in this document.

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

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

**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**

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

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

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

**Notes to the basic financial statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 48-69 of this report.

**Other information**

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

**Government-wide financial analysis**

**Government-wide net assets**

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. Cash and investments account for 93 percent of the current assets. Receivables are due in large part as a result of the property tax collection process; the District receives almost 60 percent of the annual property tax assessment in May and June.

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenue, interest payable, estimates for claims and premiums, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal 2007. Long-term liabilities such as long-term debt obligations, early retirement benefits and compensated absences will be liquidated from resources that will become available after fiscal 2007.

The assets of the primary government activities exceed liabilities by \$486 million with an unrestricted net asset balance of \$89 million.



**Jefferson County School District, No. R-1**  
**Management's Discussion and Analysis**  
**As of and for the fiscal year ended June 30, 2006**

A net investment of \$275 million in land, buildings, equipment, and vehicles, net of debt, to provide the services to the District's 84,500 public school students represents 57 percent of the District's net assets. The capital projects net assets of \$47 million are restricted for construction projects. Debt service net assets of \$56 million have been accumulated due to voter approved bonded debt mill levy assessments that have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The legally required TABOR reserve has also been restricted.

The \$62 million of accrued salaries as of June 30, 2006 includes \$57 million of earned but unpaid salaries associated with teacher contracts for the 2006 school year requiring resources from fiscal 2007 to liquidate.

**Comparative Summary of Net Assets**  
**As of June 30, 2005 and 2006**

	June 30, 2005			June 30, 2006		
	Governmental Activities	Business-type Activities	Government Wide	Governmental Activities	Business-type Activities	Government Wide
<b>Assets:</b>						
Total current assets	\$ 537,550,657	\$ 7,688,013	\$ 545,238,670	\$ 527,048,861	\$ 10,443,889	\$ 537,492,750
<b>Capital assets:</b>						
Capital assets net of accumulated depreciation	<u>738,470,286</u>	<u>2,887,640</u>	<u>741,357,926</u>	<u>773,521,665</u>	<u>2,610,619</u>	<u>776,132,284</u>
Total assets	<u>\$1,276,020,943</u>	<u>\$ 10,575,653</u>	<u>\$ 1,286,596,596</u>	<u>\$ 1,300,570,526</u>	<u>\$ 13,054,508</u>	<u>\$ 1,313,625,034</u>
<b>Liabilities:</b>						
Total current liabilities	\$ 149,866,243	\$ 1,680,122	\$ 151,546,365	\$ 166,749,650	\$ 1,515,583	\$ 168,265,233
Total noncurrent liabilities	<u>698,756,782</u>	<u>79,299</u>	<u>698,836,081</u>	<u>659,330,784</u>	<u>141,177</u>	<u>659,471,961</u>
Total liabilities	<u>848,623,025</u>	<u>1,759,421</u>	<u>850,382,446</u>	<u>826,080,434</u>	<u>1,656,760</u>	<u>827,737,194</u>
<b>Net assets:</b>						
Invested in capital net of related debt	270,489,848	2,887,640	273,377,488	272,131,267	2,610,619	274,741,886
<b>Restricted for:</b>						
Capital projects	37,807,190	-	37,807,190	46,892,129	-	46,892,129
Debt service	57,407,112	-	57,407,112	56,153,394	-	56,153,394
TABOR	16,747,008	688,076	17,435,084	16,840,819	709,513	17,550,332
Unrestricted	<u>44,946,760</u>	<u>5,240,516</u>	<u>50,187,276</u>	<u>82,472,483</u>	<u>8,077,616</u>	<u>90,550,099</u>
Total net assets	<u>427,397,918</u>	<u>8,816,232</u>	<u>436,214,150</u>	<u>474,490,092</u>	<u>11,397,748</u>	<u>485,887,840</u>
Total liabilities and net assets	<u>\$ 1,276,020,943</u>	<u>\$ 10,575,653</u>	<u>\$ 1,286,596,596</u>	<u>\$ 1,300,570,526</u>	<u>\$ 13,054,508</u>	<u>\$ 1,313,625,034</u>

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

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

	Fiscal Year 2005		Fiscal Year 2006	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Capital assets, net of accumulated depreciation	\$ 738,470,286	\$ 2,887,640	\$ 773,521,665	\$ 2,610,619
Less: General obligation bonds	717,762,295	-	680,551,786	-
Certificates of participation	9,603,750	-	8,508,250	-
Capital leases	763,744	-	362,374	-
Add: Unspent proceeds from 2004 bonds	<u>260,149,351</u>	<u>-</u>	<u>188,032,012</u>	<u>-</u>
Invested in capital net of related debt	<u>\$ 270,489,848</u>	<u>\$ 2,887,640</u>	<u>\$ 272,131,267</u>	<u>\$ 2,610,619</u>

**Jefferson County School District, No. R-1**  
**Management's Discussion and Analysis**  
**As of and for the fiscal year ended June 30, 2006**

**Government-wide activities**

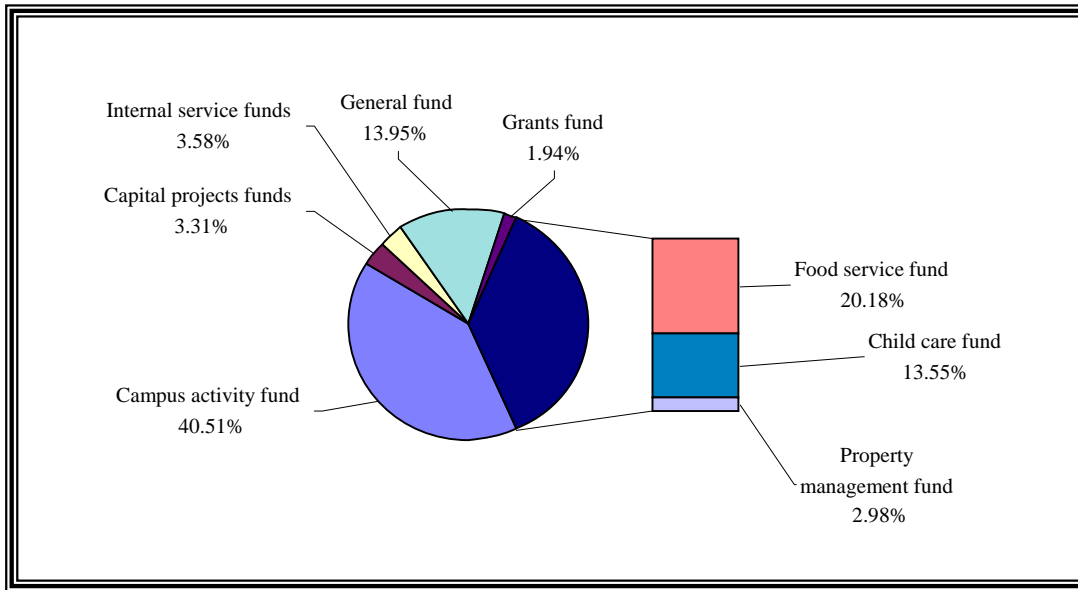
Government-wide activities increased the net assets of the District by \$49.7 million during the year ended June 30, 2006. Revenues increased \$17 million from the prior year, \$7.2 million in intergovernmental state equalization, \$3.4 million in interest earnings and \$5.6 million in additional grant revenues.

**Comparative Schedule of Changes in Net Assets**  
**For the fiscal years ended June 30, 2005 and 2006**

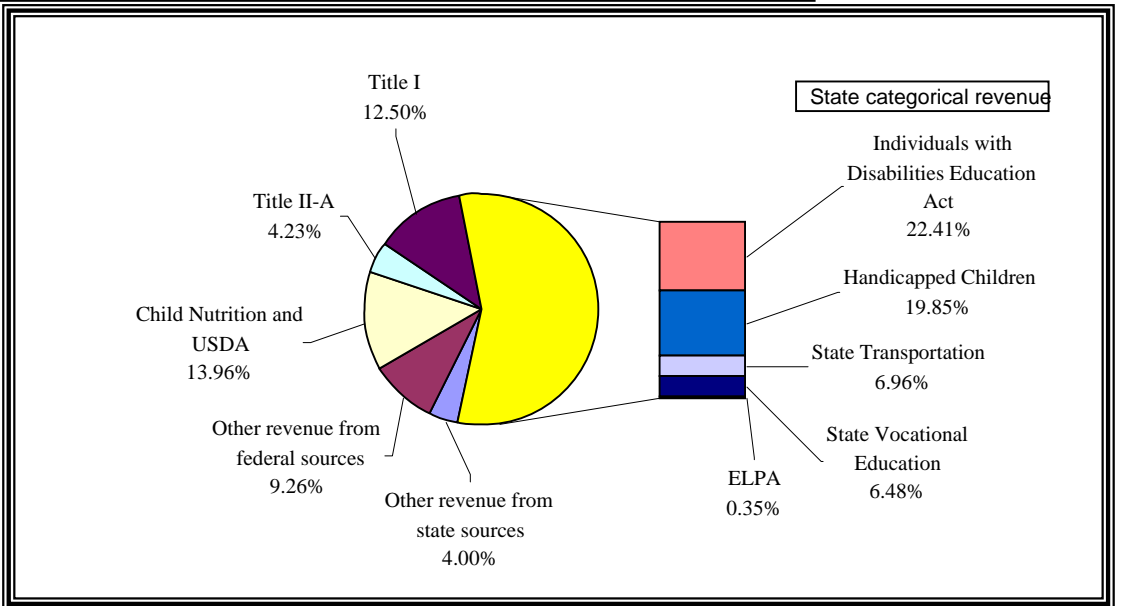
	Fiscal Year 2005			Fiscal Year 2006		
	Governmental Activities	Business-type Activities	Government Wide	Governmental Activities	Business-type Activities	Government Wide
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 43,139,868	\$ 22,891,139	\$ 66,031,007	\$ 40,500,148	\$ 23,482,265	\$ 63,982,413
Operating grants and contributions	47,437,286	6,360,540	53,797,826	52,386,865	7,092,392	59,479,257
Capital grants and contributions	-	1,011,907	1,011,907	-	1,405,393	1,405,393
General revenues:						
Taxes:						
Local property taxes	319,150,542	-	319,150,542	321,679,910	-	321,679,910
Specific ownership taxes	30,817,445	-	30,817,445	30,814,386	-	30,814,386
Intergovernmental state equalization	273,963,074	-	273,963,074	281,173,393	-	281,173,393
Earnings on investments	<u>9,924,454</u>	<u>44,723</u>	<u>9,969,177</u>	<u>13,237,589</u>	<u>184,004</u>	<u>13,421,593</u>
Total revenues	<u>724,432,669</u>	<u>30,308,309</u>	<u>754,740,978</u>	<u>739,792,291</u>	<u>32,164,054</u>	<u>771,956,345</u>
<b>Expenses</b>						
Governmental activities:						
Direct instruction	389,330,732	-	389,330,732	420,089,848	-	420,089,848
Indirect instruction	120,382,252	-	120,382,252	126,074,406	-	126,074,406
Transportation	17,269,372	-	17,269,372	18,779,643	-	18,779,643
Custodial services	23,354,067	-	23,354,067	24,209,356	-	24,209,356
Field services	18,665,080	-	18,665,080	21,508,695	-	21,508,695
Telecommunications, networking and utilities	16,500,402	-	16,500,402	19,653,828	-	19,653,828
Support services	18,753,372	-	18,753,372	18,789,170	-	18,789,170
General administration	2,859,645	-	2,859,645	2,894,361	-	2,894,361
District-wide	2,374,468	-	2,374,468	1,548,547	-	1,548,547
Interest expense, unallocated	31,651,073	-	31,651,073	36,819,243	-	36,819,243
Food services	-	19,130,176	19,130,176	-	19,750,220	19,750,220
Child care	-	9,899,843	9,899,843	-	11,039,953	11,039,953
Property management	-	<u>1,466,991</u>	<u>1,466,991</u>	-	<u>1,125,385</u>	<u>1,125,385</u>
Total expenses	<u>641,140,463</u>	<u>30,497,010</u>	<u>671,637,473</u>	<u>690,367,097</u>	<u>31,915,558</u>	<u>722,282,655</u>
Increase (decrease) in net assets before transfers	<u>83,292,206</u>	<u>(188,701)</u>	<u>83,103,505</u>	<u>49,425,194</u>	<u>248,496</u>	<u>49,673,690</u>
Transfers	<u>(1,733,944)</u>	<u>1,733,944</u>	<u>-</u>	<u>(2,333,020)</u>	<u>2,333,020</u>	<u>-</u>
Increase in net assets	81,558,262	1,545,243	83,103,505	47,092,174	2,581,516	49,673,690
Net assets, July 1	<u>345,839,656</u>	<u>7,270,989</u>	<u>353,110,645</u>	<u>427,397,918</u>	<u>8,816,232</u>	<u>436,214,150</u>
Net assets, June 30	<u>\$ 427,397,918</u>	<u>\$ 8,816,232</u>	<u>\$ 436,214,150</u>	<u>\$ 474,490,092</u>	<u>\$ 11,397,748</u>	<u>\$ 485,887,840</u>

**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**

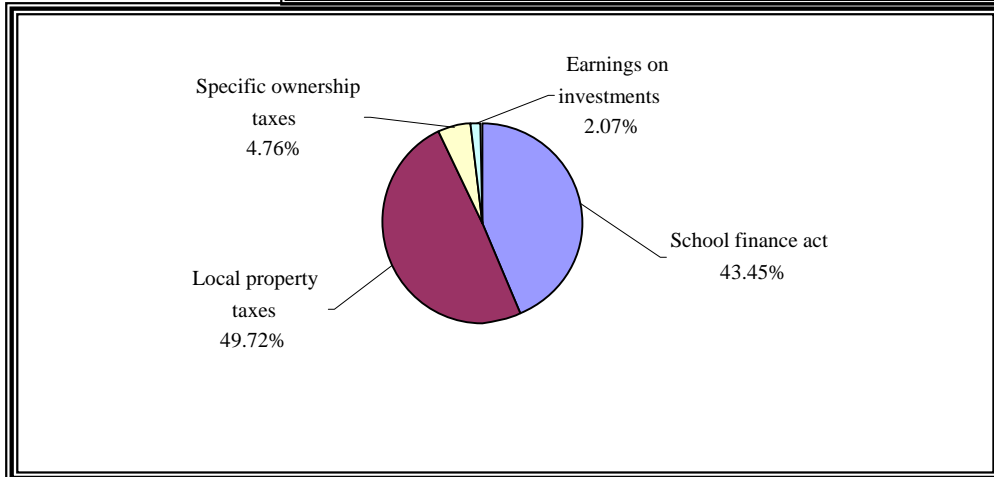
**Analysis of Revenues**



Government-wide  
Charges for Services  
totals  
\$64 million



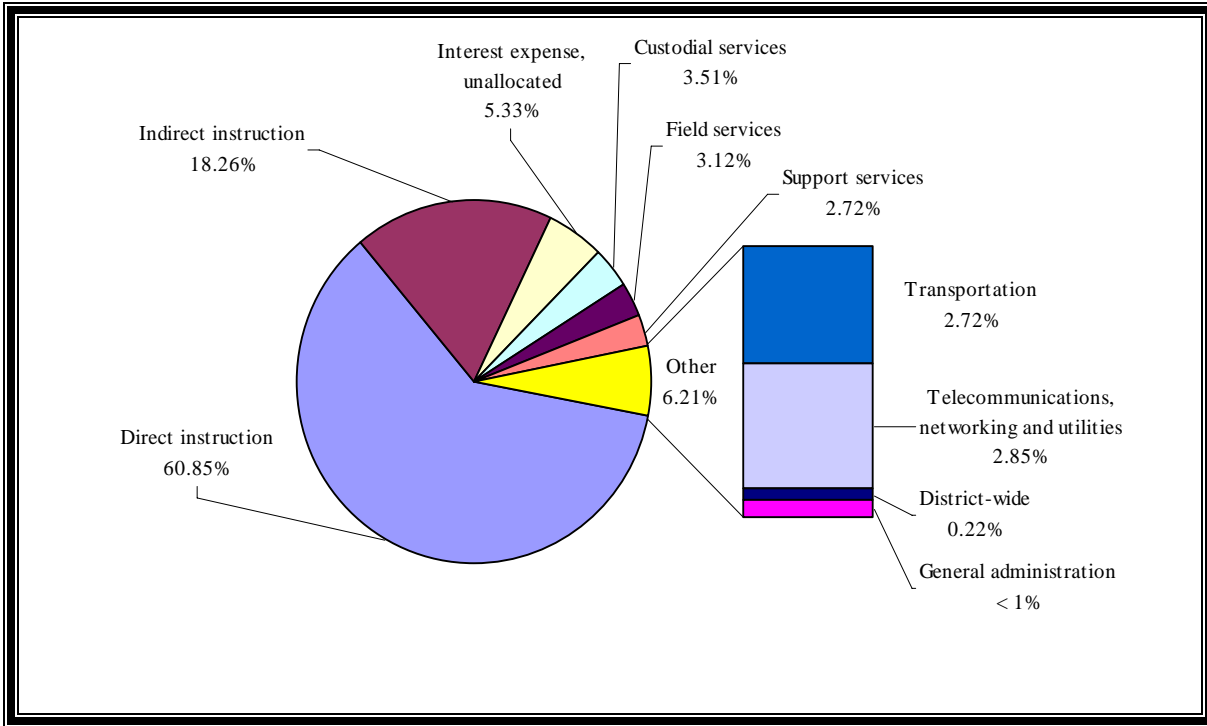
Government-wide  
Operating Grants and  
Contributions (includes  
Capital grants and  
contributions) totals \$61  
million



Total general  
revenues of  
\$647 million

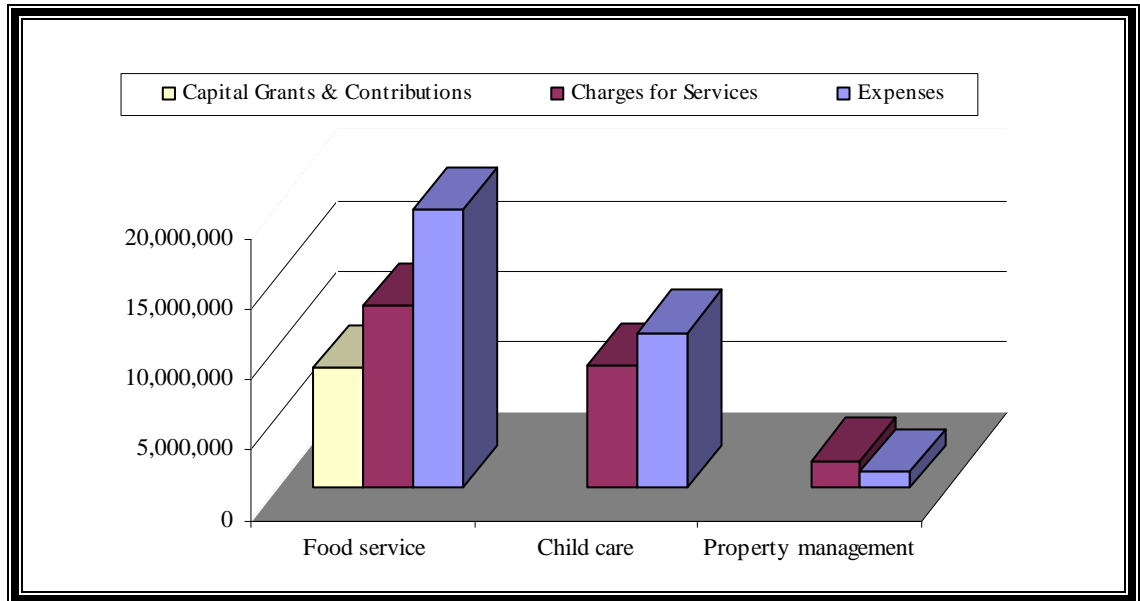
**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**

**Analysis of Expenditures**



**Governmental activities**  
Expenditures total \$690 million

**Business-type activities**  
Expenses and Program revenue



**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**

**Proprietary funds**

Governmental activities – Internal Service Funds for the District provide greater detail of the same information presented in the government – wide financial statements. Combining fund financial statements of the internal service funds can be found on pages 82-87 of this report. Following are highlights of activity in the District's internal service funds for fiscal year 2006.

- Central services ended the year with \$370,475 in net income. Rate increases, reduction in copier volume and savings on purchased paper contributed to the increase.
- The employee benefits fund increased net assets by \$4,140,495. The additional transfer from the General Fund of \$3,000,000 to provide reserves to offset medical insurance utilization risk being the large portion of this increase.
- The insurance reserve fund increased net assets by \$60,767. Lower insurance recoveries and higher claims costs resulted in lower net income than the prior year.
- The technology fund increased net assets by \$2,794,922, will be spent down in the next two years for technology initiatives.
- The utility revolving fund closed at the end of 2006.

The District's business-type activities increased net assets by \$2,581,516. Key elements that highlight the activities in fiscal year 2006 are as follows.

- The food services fund reported a change in net assets in the amount of \$1,714,644, an increase from the prior year of \$757,084. The increase was due to several factors; meal counts increased, federal reimbursements increased and efficiencies achieved through grab and go service that serves more children faster and uses less staff time.
- The child care fund reported an increase in net assets of \$35,933. This is lower than the prior year net increase of \$240,365. The decrease is due to spending down reserves on kindergarten programs and closing programs.
- The property management fund increased net assets by \$830,939. Salaries and benefits as well as depreciation were lower than the prior year. Revenues increased \$103,820 from building use.

**Financial analysis of the District's governmental funds**

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

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

Unreserved fund balance for the District at the end of the fiscal year includes a combination of the unreserved balance for the general fund of \$50,631,896 and an unreserved fund balance of \$6,730,727 for other governmental funds.

The general fund is the primary operating fund of the District with the majority of funding based on School Finance Act per pupil revenue. Student enrollment decreased by 395 students during the fiscal year. This reduction amounts to approximately \$2.3 million in decreases from the state's School Finance Act funding. The immediate effect of this decrease is softened by the four-year average calculation used by the Colorado Department of Education.

The bond redemption debt service fund has adequate resources accumulated to make the December 2006 principal and interest payments. The mill levy to accumulate resources for the June 2007 principal and interest payments will be certified in December 2006. In compliance with Senate Bill 237 the District has contracted with a third party custodian to administer bond principal and interest payments.

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

**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**

**General fund budgetary highlights**

The final budget of the general fund increased the anticipated excess of revenues over expenditures by \$8.3 million in comparison to the original budget. The major adjustments to the budget are as follows:

- Increase to property taxes of \$749,000.
- Increase to state equalization of \$7.3 million due to higher pupil counts than anticipated.
- Increase in education of handicapped state revenue of \$213,100. This is additional revenue received from Referendum C passing in the fall of 2005.

The unreserved fund balance for the general fund at the end of the fiscal year is \$50,631,896. For budgetary purposes, however, the current available resources for the general fund can be computed as follows:

Fund balance-GAAP basis	\$ 72,096,438
Add: Effect of salaries earned but unpaid	<u>56,664,191</u>
Total fund balance (Budgetary basis)	\$128,760,629
Less reserved for: TABOR	15,941,062
Board of education contingency	11,409,178
School carry forward	9,250,000
Additional 2% reserve	3,300,000
Maintenance operations	4,000,000
School operations	<u>6,000,000</u>
Unreserved fund balance (Budgetary basis)	<u>\$ 78,860,389</u>

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total fund expenditures. Actual budget basis expenditures of the general fund including other financing uses - transfers out amounted to \$570,494,672. Unreserved fund balance (budgetary basis) represents 14 percent of expenditures while total fund balance (budgetary basis) represents 23 percent of budget based expenditures. This is a percentage increase from the prior year of 5 percent for each.

**Capital assets and debt administration**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2006 increased to \$776,132,284 (net of accumulated depreciation). Capital assets include land, buildings, construction in progress, vehicles, and equipment.

Major capital events during the year include the following:

- Additions to construction in progress of \$86,308,661 which include: replacement of Dunstan Middle School, the new Al Meiklejohn Elementary school, and a major addition to Lakewood High school.
- Depreciation of \$57,017,193 for governmental activities and \$479,598 for business-type activities.

	Fiscal Year 2005		Fiscal Year 2006	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Non-depreciable assets:				-
Land	\$ 42,291,174	-	\$ 43,633,359	-
Construction in progress	<u>57,905,680</u>	<u>-</u>	<u>110,817,232</u>	<u>-</u>
Total non-depreciable assets	100,196,854	-	154,450,591	-
Depreciable assets:				
Buildings and site improvements	597,698,544	-	581,703,984	-
Equipment and vehicles	<u>40,574,888</u>	<u>\$ 2,887,640</u>	<u>37,367,090</u>	<u>\$ 2,610,619</u>
Total depreciable assets	<u>638,273,432</u>	<u>2,887,640</u>	<u>619,071,074</u>	<u>2,610,619</u>
Total assets:	<u>\$ 738,470,286</u>	<u>\$ 2,887,640</u>	<u>\$ 773,521,665</u>	<u>\$ 2,610,619</u>

Additional information on the District's capital assets can be found in note 7 on pages 58-60 of this report.

At June 30, 2006, the District had total bonded debt outstanding of \$664,553,474 backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for capital leases and certificates of participation in the amount of \$9,062,374 for governmental activities still outstanding at the end of the current fiscal year.



**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**

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

	Fiscal Year 2005			Fiscal Year 2006		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
General obligation bonds	\$ 700,940,289	-	\$ 700,940,289	\$ 664,553,474	-	\$ 664,553,474
Certificates of participation	9,825,000	-	9,825,000	8,700,000	-	8,700,000
Capital leases	<u>763,744</u>	<u>-</u>	<u>763,744</u>	<u>362,374</u>	<u>-</u>	<u>362,374</u>
Total outstanding long-term debt	<u>\$ 711,529,033</u>	<u>-</u>	<u>\$ 711,529,033</u>	<u>\$ 673,615,848</u>	<u>-</u>	<u>\$ 673,615,848</u>

The reduction in total outstanding long-term debt is due to retirements from annual principal payments.

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$1,324,813,065 and the legal debt margin was \$717,883,323.

Additional information on the District’s long-term obligations can be found in notes 10 and 11 on pages 62-65.

**General budgetary highlights and economic factors**

For the 2006–2007 budget, the Board of Education established parameters to be met by the budget process. They determined that the budget would:

- Balance with available resources including revenues and reserves exceeding expenditures.
- Communicate any planned spend down of reserves.
- Identify evidenced –based results that increase student achievement.
- Comply with all state, federal, and local statutes and regulations.
- Support necessary capital improvements and maintain existing capital investments.
- Comply with relevant Executive Limitations.
- Be aware of public perception and expectations.
- Identify major resource reallocations.
- Identify all changes from the current year’s budget.
- Help meet performance and financial objectives.
- Consider reserve balances at the fund level and set appropriations to ensure positive reserves.
- Include adequate funding for internal controls and management of District assets.
- Ensure long-term financial impacts are considered when adding, modifying or eliminating District programs.

Several factors impact the Districts Adopted Budget and are considered when making budget assumptions; student funded counts declined by 564 FTE’s, salary and benefit costs increased and fuel and utility costs increased in fiscal year 2006. Revenue increases for 2006/2007 of \$9.3 million include assumptions for state funding and continued declining student enrollment. Expenditure increases of \$30.3 million include assumptions for salaries and benefits, energy costs, and continued declining student enrollment. The \$21 million overage of expenditures will be used as planned from the mill levy dollars received.

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

**Jefferson County School District, No. R-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2006**

**Requests for information**

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

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



# Basic Financial Statements

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Statement of Net Assets  
June 30, 2006

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Total	Charter Schools
<b>Assets</b>				
<b>Current assets:</b>				
Cash	\$ 20,950,407	\$ 11,709	\$ 20,962,116	\$ 51,392
Restricted cash	259,259	-	259,259	4,888,508
Restricted cash TABOR	-	-	-	944,887
Cash held by county treasurer	4,436,453	-	4,436,453	-
Equity in pooled cash and temporary investments	179,734,118	8,391,698	188,125,816	4,406,770
Investments	283,298,156	-	283,298,156	-
Property taxes receivable	12,679,675	-	12,679,675	-
Accounts receivable	1,576,519	175,542	1,752,061	22,152
Intergovernmental receivable	8,437,439	867,265	9,304,704	-
Due from component units	51,581	-	51,581	-
Inventories	1,757,001	947,624	2,704,625	-
Prepaid expenses	13,868,253	50,051	13,918,304	1,566
Total current assets	<u>527,048,861</u>	<u>10,443,889</u>	<u>537,492,750</u>	<u>10,315,275</u>
<b>Capital assets:</b>				
Land and construction in progress	154,450,591	-	154,450,591	8,496,607
Depreciable assets	1,130,311,814	9,558,206	1,139,870,020	24,175,185
Accumulated depreciation	(511,240,740)	(6,947,587)	(518,188,327)	(3,185,063)
Capital assets, net of depreciation	<u>773,521,665</u>	<u>2,610,619</u>	<u>776,132,284</u>	<u>29,486,729</u>
<b>Total assets</b>	<u>\$ 1,300,570,526</u>	<u>\$ 13,054,508</u>	<u>\$ 1,313,625,034</u>	<u>\$ 39,802,004</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 24,307,381	\$ 109,803	\$ 24,417,184	\$ 442,471
Accrued salaries and benefits	61,373,267	822,574	62,195,841	1,144,859
Payroll withholding	15,419,828	-	15,419,828	-
Due to primary government	-	-	-	51,581
Unearned revenue	10,302,094	583,206	10,885,300	233,990
Liability claims/premiums	13,887,428	-	13,887,428	-
Interest payable	1,473,303	-	1,473,303	361,111
General obligation bonds	38,635,505	-	38,635,505	-
Certificates of participation	1,145,000	-	1,145,000	-
Capital leases	205,844	-	205,844	835,805
Total current liabilities	<u>166,749,650</u>	<u>1,515,583</u>	<u>168,265,233</u>	<u>3,069,817</u>
<b>Noncurrent liabilities:</b>				
General obligation bonds	641,916,281	-	641,916,281	-
Certificates of participation	7,363,250	-	7,363,250	-
Early retirement	7,000,000	-	7,000,000	-
Capital leases	156,530	-	156,530	36,100,920
Compensated absences	2,894,723	141,177	3,035,900	-
Total noncurrent liabilities	<u>659,330,784</u>	<u>141,177</u>	<u>659,471,961</u>	<u>36,100,920</u>
<b>Total liabilities</b>	<u>826,080,434</u>	<u>1,656,760</u>	<u>827,737,194</u>	<u>39,170,737</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	272,131,267	2,610,619	274,741,886	(6,594,839)
<b>Restricted for:</b>				
Capital projects	46,892,129	-	46,892,129	312,661
Debt service	56,153,394	-	56,153,394	4,656,895
TABOR	16,840,819	709,513	17,550,332	944,887
Unrestricted	82,472,483	8,077,616	90,550,099	1,311,663
<b>Total net assets</b>	<u>474,490,092</u>	<u>11,397,748</u>	<u>485,887,840</u>	<u>631,267</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,300,570,526</u>	<u>\$ 13,054,508</u>	<u>\$ 1,313,625,034</u>	<u>\$ 39,802,004</u>

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Statement of Activities  
Fiscal year ended June 30, 2006

	Net (Expenses) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government			Component Units
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	TOTAL
<b>Functions/Programs</b>							
Primary government:							
Governmental activities:							
Direct instruction	\$ 420,089,848	\$ 4,329,271	\$ 41,131,579	-	\$ (374,628,998)	-	\$ (374,628,998)
Indirect instruction	126,074,406	29,837,974	7,020,660	-	(89,215,772)	-	(89,215,772)
Transportation	18,779,643	502,601	4,234,626	-	(14,042,416)	-	(14,042,416)
Custodial services	24,209,356	-	-	-	(24,209,356)	-	(24,209,356)
Field services	21,508,695	2,292,589	-	-	(19,216,106)	-	(19,216,106)
Telecommunications, networking and utilities	19,653,828	-	-	-	(19,653,828)	-	(19,653,828)
Support services	18,789,170	-	-	-	(18,789,170)	-	(18,789,170)
General administration	2,894,361	-	-	-	(2,894,361)	-	(2,894,361)
District-wide	1,548,547	3,537,713	-	-	1,989,166	-	1,989,166
Interest expense, unallocated	36,819,243	-	-	-	(36,819,243)	-	(36,819,243)
Total governmental activities	690,367,097	40,500,148	52,386,865	-	(597,480,084)	-	(597,480,084)
Business-type Activities:							
Food services	19,750,220	12,906,439	7,092,392	\$ 1,405,393	-	\$ 1,654,004	1,654,004
Child care	11,039,953	8,669,515	-	-	-	(2,370,438)	(2,370,438)
Property management	1,125,385	1,906,311	-	-	-	780,926	780,926
Total business-type activities	31,915,558	23,482,265	7,092,392	1,405,393	-	64,492	64,492
Total primary government	\$ 722,282,655	\$ 63,982,413	\$ 59,479,257	\$ 1,405,393	\$ (597,480,084)	\$ 64,492	\$ (597,415,592)
Component units-Charter schools	\$ 28,832,930	\$ 5,354,784	-	-	-	-	\$ (23,478,146)
<b>General revenues</b>							
Taxes:							
Local property taxes					321,679,910	-	321,679,910
Automotive ownership taxes					30,814,386	-	30,814,386
Intergovernmental state equalization					281,173,393	-	281,173,393
Investment income					13,237,589	184,004	13,421,593
<b>Transfers</b>					(2,333,020)	2,333,020	-
Total general revenues and transfers					644,572,258	2,517,024	647,089,282
Change in net assets					47,092,174	2,581,516	49,673,690
Net assets July 1, 2005, as restated					427,397,918	8,816,232	436,214,150
Net assets June 30, 2006					\$ 474,490,092	\$ 11,397,748	\$ 485,887,840
							\$ 631,267

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Balance Sheet  
Governmental Funds  
June 30, 2006

	General	Bond Redemption Debt Service
Assets		
Cash	\$ 3,525	-
Restricted Cash	-	-
Cash held by county treasurer	4,015,172	\$ 421,281
Equity in pooled cash and temporary investments	125,497,193	-
Investments	-	56,039,529
Property taxes receivable, net of allowance for doubtful collections of \$6,498,606	9,770,834	2,908,841
Accounts, notes, contracts, and interest receivable	1,418,160	-
Intergovernmental receivables	-	-
Due from other funds	4,604,045	-
Due from component units	51,581	-
Inventories	1,252,449	-
Prepaid items	145,155	-
Total assets	\$ 146,758,114	\$ 59,369,651
Liabilities and Fund Balances (Deficit)		
Liabilities:		
Accounts and retainages payable	\$ 3,474,994	-
Accrued salaries, benefits, and compensated absences	56,664,191	-
Due to other funds	-	\$ 1,550
Unearned property tax revenues	5,867,700	1,744,369
Other unearned revenues	8,654,791	-
Total liabilities	74,661,676	1,745,919
Fund balances:		
Reserved for:		
TABOR	15,941,062	-
Grants	-	-
Inventory	1,252,449	-
Prepaid items	145,155	-
Debt service	-	57,623,732
Construction	-	-
Unreserved, designated for, reported in:		
Encumbrances	4,125,876	-
Special revenue funds	-	-
Unreserved, undesignated reported in:		
General fund	50,631,896	-
Total fund balances	72,096,438	57,623,732
Total liabilities and fund balances	\$ 146,758,114	\$ 59,369,651

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

Capital Reserve Capital Projects	Building Fund Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 185,257	\$ 20,661,972	\$ 99,353	\$ 20,950,107
176,151	83,108	-	259,259
-	-	-	4,436,453
6,476,723	-	9,250,015	141,223,931
40,760,385	186,484,213	-	283,284,127
-	-	-	12,679,675
82,274	17,079	42,526	1,560,039
-	-	8,437,439	8,437,439
983,341	-	-	5,587,386
-	-	-	51,581
-	-	377,376	1,629,825
-	-	-	145,155
<u>\$ 48,664,131</u>	<u>\$ 207,246,372</u>	<u>\$ 18,206,709</u>	<u>\$ 480,244,977</u>

\$ 1,607,936	\$ 18,231,019	\$ 460,445	\$ 23,774,394
57,938	-	2,214,708	58,936,837
-	983,341	3,329,400	4,314,291
-	-	-	7,612,069
-	-	586,816	9,241,607
<u>1,665,874</u>	<u>19,214,360</u>	<u>6,591,369</u>	<u>103,879,198</u>

106,131	-	726,048	16,773,241
-	-	2,714,437	2,714,437
-	-	377,376	1,629,825
-	-	-	145,155
-	-	-	57,623,732
46,892,126	188,032,012	-	234,924,138
-	-	1,066,752	5,192,628
-	-	6,730,727	6,730,727
-	-	-	50,631,896
<u>46,998,257</u>	<u>188,032,012</u>	<u>11,615,340</u>	<u>376,365,779</u>
<u>\$ 48,664,131</u>	<u>\$ 207,246,372</u>	<u>\$ 18,206,709</u>	<u>\$ 480,244,977</u>



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
 Reconciliation of governmental funds balance sheet to statement of net assets  
 June 30, 2006

Governmental funds total fund balances	\$	376,365,779
Add:		
Unearned property tax revenue: Revenues that do not provide current financial resources are unearned on the governmental fund financial statements but recognized on the government-wide financial statements.		7,612,069
Capital assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds.		1,263,658,397
Net pension assets are not considered current financial resources, therefore, not reported in the governmental funds. The net pension asset is recorded in the current asset section on the prepaid expense line.		12,248,581
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net assets of the internal service funds are included in the governmental activities statement of net assets.		15,883,298
Less:		
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition. Internal service funds include depreciation.		501,305,670
Long-term liabilities for general obligation debt, net of discounts and premiums (\$680,551,786), certificates of participation net of discounts and premiums (\$8,508,250), early retirement estimate (\$7,000,000), and compensated absences (\$2,441,991) are not due and payable in the current period and, therefore, not reported in the funds.		698,502,027
Interest payable on certificates of participation and general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.		1,470,331
Governmental activities net assets	\$	474,490,096

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



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds  
Fiscal Year Ended June 30, 2006

	General	Bond Redemption Debt Service	Capital Reserve Capital Projects
<b>Revenues:</b>			
Taxes	\$ 278,399,529	\$ 73,633,314	-
Intergovernmental	301,648,167	-	-
Investment income	3,755,042	-	\$ 1,417,543
Other	17,155,370	-	2,120,170
Total revenues	<u>600,958,108</u>	<u>73,633,314</u>	<u>3,537,713</u>
<b>Expenditures:</b>			
Current:			
Direct instruction	352,328,434	-	-
Indirect instruction	88,030,687	-	-
Transportation	18,502,815	-	-
Custodial services	23,956,510	-	-
Field services	17,608,414	-	-
Telecommunications, networking and utilities	19,606,348	-	-
Support services	17,482,207	-	-
General administration	2,716,752	-	-
Districtwide	662,017	-	-
Capital outlay	-	-	11,774,087
Debt Service:			
Principal retirements	-	36,810,000	1,125,000
Interest and fiscal charges	-	36,606,694	283,829
Total expenditures	<u>540,894,184</u>	<u>73,416,694</u>	<u>13,182,916</u>
Excess (deficiency) of revenues over (under) expenditures	60,063,924	216,620	(9,645,203)
<b>Other Financing Sources (Uses):</b>			
Transfers out	(30,898,320)	-	-
Transfers in	-	-	18,708,000
Total other financing sources (uses)	<u>(30,898,320)</u>	<u>-</u>	<u>18,708,000</u>
Net change in fund balances	29,165,604	216,620	9,062,797
Fund balances - July 1, 2005	42,930,834	57,407,112	37,935,460
Fund balances - June 30, 2006	<u>\$ 72,096,438</u>	<u>\$ 57,623,732</u>	<u>\$ 46,998,257</u>

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

Building Fund Capital Projects	Other Governmental Funds	Total Governmental Funds
	-	\$ 352,032,843
	\$ 31,912,090	333,560,257
\$ 8,049,107	15,898	13,237,590
-	27,160,528	46,436,068
<u>8,049,107</u>	<u>59,088,516</u>	<u>745,266,758</u>
	25,433,672	377,762,106
	32,428,854	120,459,541
	-	18,502,815
	-	23,956,510
	-	17,608,414
	-	19,606,348
	-	17,482,207
	-	2,716,752
	-	662,017
80,166,445	-	91,940,532
	-	37,935,000
	-	36,890,523
<u>80,166,445</u>	<u>57,862,526</u>	<u>765,522,765</u>
(72,117,338)	1,225,990	(20,256,007)
	-	(30,898,320)
	-	18,708,000
	-	<u>(12,190,320)</u>
(72,117,338)	1,225,990	(32,446,327)
260,149,350	10,389,350	408,812,106
<u>\$ 188,032,012</u>	<u>\$ 11,615,340</u>	<u>\$ 376,365,779</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
 Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the  
 Statement of Activities  
 Fiscal year ended June 30, 2006

Governmental funds changes in fund balances	\$	(32,446,327)
Add:		
Unearned property tax revenue: Revenues that do not provide current financial resources are unearned on the governmental fund financial statements but recognized on the government-wide financial statements.		7,612,069
Principal retirements (net of amortization of discounts): Retirements of principal outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these reductions against the long-term liabilities.		38,306,009
Reverse the prior year interest payable accrued to offset current year expenditures.		1,552,969
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income of the internal service funds are included in the statement of activities.		7,228,656
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (governmental additions less construction in progress transfers \$88,677,884) exceeded depreciation (governmental additions \$54,111,842) in the current period.		34,566,042
Additional amount of long term compensated absences accrued for the current year.		42,179
Governmental funds report pension funding in excess of the annual required contribution as expenditures. However, in the statement of activities the cost of pension funding in excess of the annual required contribution should be reported as an asset.		417,964
Less:		
Loss on disposals: The net effect of transactions involving these capital assets is to reduce net assets.		1,066,438
Unearned property taxes of the prior year: Property taxes unearned in the prior year and received in the current year are recognized in the prior year net assets on the statement of activities.		7,150,618
Interest payable on certificates of participation and general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.		1,470,331
Increase in the early retirement long term liability		500,000
Governmental activities change in net assets	\$	47,092,174

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 247,519,000	\$ 248,268,000	\$ 247,585,143	\$ (682,857)
Automotive ownership taxes	31,000,000	31,000,000	30,814,386	(185,614)
Total Taxes	<u>278,519,000</u>	<u>279,268,000</u>	<u>278,399,529</u>	<u>(868,471)</u>
<b>State of Colorado:</b>				
State equalization	274,013,900	281,325,900	281,173,393	(152,507)
Education of handicapped	11,600,000	11,813,100	12,085,660	272,560
Transportation	4,500,000	4,500,000	4,234,626	(265,374)
Vocational education	4,300,000	4,300,000	3,942,913	(357,087)
Other	250,000	250,000	211,575	(38,425)
Total State of Colorado	<u>294,663,900</u>	<u>302,189,000</u>	<u>301,648,167</u>	<u>(540,833)</u>
Investment income	850,000	850,000	3,755,042	2,905,042
Other	17,444,500	17,444,500	17,155,370	(289,130)
Total revenues	<u>591,477,400</u>	<u>599,751,500</u>	<u>600,958,108</u>	<u>1,206,608</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	363,347,282	355,945,519	350,719,118	5,226,401
Indirect instruction	89,172,069	89,722,842	88,287,398	1,435,444
Transportation	18,913,228	19,546,697	18,591,264	955,433
Custodial services	24,411,427	24,495,146	23,955,962	539,184
Field services and property management	19,012,052	19,188,230	17,609,668	1,578,562
Telecommunications, network and utilities	18,913,000	21,296,500	19,606,348	1,690,152
Support services	17,499,998	17,777,382	17,450,026	327,356
General administration	2,904,731	2,936,074	2,718,747	217,327
District-wide	1,015,602	1,015,800	657,821	357,979
Total expenditures	<u>555,189,389</u>	<u>551,924,190</u>	<u>539,596,352</u>	<u>12,327,838</u>
Excess of revenues over expenditures	36,288,011	47,827,310	61,361,756	13,534,446
<b>Other financing sources (uses) -</b>				
Transfers out	(27,633,300)	(30,898,500)	(30,898,320)	180
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 8,654,711</u>	<u>\$ 16,928,810</u>	<u>30,463,436</u>	<u>\$ 13,534,626</u>
Salaries, benefits, and compensated absences earned but unpaid: July 1, 2005			55,366,359	
June 30, 2006			(56,664,191)	
Fund balance - July 1, 2005			42,930,834	
Fund balance - June 30, 2006			<u>\$ 72,096,438</u>	

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Statement of Net Assets  
Proprietary Funds  
June 30, 2006

Assets	Business-Type Activities	
	Enterprise Funds	
	Food Services Fund	Child Care Fund
Current assets:		
Cash	\$ 9,001	\$ 2,708
Equity in pooled cash and temporary investments	3,549,748	2,586,470
Investments	-	-
Accounts and other receivable	21,020	14,893
Intergovernmental receivables	867,265	-
Inventories	947,624	-
Prepaid items	50,051	-
Total current assets	5,444,709	2,604,071
Noncurrent assets:		
Capital assets:		
Vehicles and equipment	5,958,383	622,633
Less accumulated depreciation	(3,966,557)	(528,595)
Total capital assets, net of accumulated depreciation	1,991,826	94,038
Total assets	\$ 7,436,535	\$ 2,698,109
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 70,862	\$ 38,941
Accrued salaries, benefits, and compensated absences	592,591	228,898
Payroll withholding	-	-
Interest Payable	-	-
Due to other funds	-	-
Other unearned revenues	278,789	304,417
Current capital lease obligations	-	-
Estimated liability for premiums and claims	-	-
Total current liabilities	942,242	572,256
Non-current liabilities:		
Compensated absences	71,189	67,819
Long-term capital lease obligations	-	-
Total noncurrent liabilities	71,189	67,819
Total liabilities	1,013,431	640,075
Net assets:		
Invested in capital assets, net of related debt	1,991,826	94,038
Restricted for:		
TABOR	388,795	262,028
Unrestricted	4,042,483	1,701,968
Total net assets	6,423,104	2,058,034
Total liabilities and net assets	\$ 7,436,535	\$ 2,698,109

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

Business-Type Activities Enterprise Funds		Governmental Activities - Internal Service Funds
Property Management Fund	Totals	Funds
-	\$ 11,709	\$ 300
\$ 2,255,480	8,391,698	38,510,187
-	-	14,029
139,629	175,542	16,480
-	867,265	-
-	947,624	127,176
-	50,051	1,474,517
<u>2,395,109</u>	<u>10,443,889</u>	<u>40,142,689</u>
2,977,190	9,558,206	21,104,009
(2,452,435)	(6,947,587)	(9,935,070)
<u>524,755</u>	<u>2,610,619</u>	<u>11,168,939</u>
<u>\$ 2,919,864</u>	<u>\$ 13,054,508</u>	<u>\$ 51,311,628</u>
-	\$ 109,803	\$ 532,987
\$ 1,085	822,574	2,436,430
-	-	15,419,828
-	-	2,972
-	-	1,273,095
-	583,206	1,060,484
-	-	205,844
-	-	13,887,428
<u>1,085</u>	<u>1,515,583</u>	<u>34,819,068</u>
2,169	141,177	452,732
-	-	156,530
<u>2,169</u>	<u>141,177</u>	<u>609,262</u>
<u>3,254</u>	<u>1,656,760</u>	<u>35,428,330</u>
524,755	2,610,619	10,806,565
58,690	709,513	67,578
2,333,165	8,077,616	5,009,155
<u>2,916,610</u>	<u>11,397,748</u>	<u>15,883,298</u>
<u>\$ 2,919,864</u>	<u>\$ 13,054,508</u>	<u>\$ 51,311,628</u>



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
Fiscal Year Ended June 30, 2006

	Business-Type Activities	
	Enterprise Funds	
	Food Services Fund	Child Care Fund
Operating Revenues:		
Food sales	\$ 12,630,088	-
Insurance premiums	-	-
Service contracts	276,351	\$ 1,317,485
Tuition	-	7,352,030
Total operating revenues	12,906,439	8,669,515
Operating Expenses:		
Purchased food	7,417,218	-
USDA commodities	1,177,801	-
Salaries and employee benefits	8,860,999	8,534,798
Administration services	569,372	994,396
Utilities	254,794	11,185
Supplies	922,475	602,634
Repairs and maintenance	26,656	1,056
Rent	-	842,984
Depreciation	299,169	41,255
Other	214,493	3,048
Claim losses	-	-
Premiums paid	-	-
Total operating expenses	19,742,977	11,031,356
Income (loss) from operations	(6,836,538)	(2,361,841)
Non-operating revenues (expenses):		
USDA commodities	1,405,393	-
Reimbursement from government sponsored programs	7,092,392	-
Investment income	60,640	73,351
Interest expense	-	-
Gain (loss) on sale of fixed assets	(7,243)	(8,597)
Total non-operating revenues (expenses)	8,551,182	64,754
Income (loss) before transfers	1,714,644	(2,297,087)
Capital Contributions	-	-
Transfers in from other funds	-	2,333,020
Change in net assets	1,714,644	35,933
Total net assets - July 1, 2005	4,708,460	2,022,101
Total net assets - June 30, 2006	\$ 6,423,104	\$ 2,058,034

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

Business-Type Activities Enterprise Funds		Governmental Activities -
Property Management Fund	Totals	Internal Service Funds
-	\$ 12,630,088	-
-	-	\$ 59,936,474
\$ 1,906,311	3,500,147	17,365,404
-	7,352,030	-
<u>1,906,311</u>	<u>23,482,265</u>	<u>77,301,878</u>
-	7,417,218	-
-	1,177,801	-
736,783	18,132,580	9,049,045
65,786	1,629,554	3,135,705
175,215	441,194	57,289
-	1,525,109	1,318,030
-	27,712	1,585,848
-	842,984	10,800
139,174	479,598	2,905,351
8,427	225,968	16,421
-	-	9,823,492
-	-	52,896,824
<u>1,125,385</u>	<u>31,899,718</u>	<u>80,798,805</u>
<u>780,926</u>	<u>(8,417,453)</u>	<u>(3,496,927)</u>
-	1,405,393	-
-	7,092,392	-
50,013	184,004	451,614
-	-	(39,784)
-	(15,840)	(170,311)
<u>50,013</u>	<u>8,665,949</u>	<u>241,519</u>
830,939	248,496	(3,255,408)
-	-	626,764
-	2,333,020	9,857,300
<u>830,939</u>	<u>2,581,516</u>	<u>7,228,656</u>
2,085,671	8,816,232	8,654,642
<u>\$ 2,916,610</u>	<u>\$ 11,397,748</u>	<u>\$ 15,883,298</u>

## JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

## Statement of Cash Flows

## Proprietary Funds

Fiscal Year Ended June 30, 2006

	Business-Type Activities	
	Enterprise Funds	
	Food Services Fund	Child Care Fund
Cash flows from operating activities:		
Receipts from customers	\$ 12,666,761	\$ 8,688,527
Payments to employees	(8,816,201)	(8,444,735)
Payments to vendors	(10,440,863)	(2,444,547)
Net cash provided by (used for) operating activities	<u>(6,590,303)</u>	<u>(2,200,755)</u>
Cash flows from noncapital financing activities:		
Transfers received	-	2,333,020
Federal reimbursements	8,497,785	-
Net cash provided by noncapital financing activities	<u>8,497,785</u>	<u>2,333,020</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(151,605)	-
Capital contributions	-	-
Principal payments	-	-
Interest payments	-	-
Net cash used for capital and related financing activities	<u>(151,605)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	60,640	73,351
Sale of investments	-	-
Net cash provided by (used for) noncapital financing activities	<u>60,640</u>	<u>73,351</u>
Net increase(decrease) in cash and cash equivalents	1,816,517	205,616
Cash and cash equivalents - July 1, 2005	1,742,232	2,383,562
Cash and cash equivalents - June 30, 2006	<u>\$ 3,558,749</u>	<u>\$ 2,589,178</u>
Reconciliation of cash flows from operating activities:		
Operating Income (Loss)	\$ (6,836,538)	\$ (2,361,841)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	299,169	41,255
(Increase) decrease intergovernmental and other receivables	(34,665)	(10,447)
Decrease in prepaid items	(8,685)	-
Decrease in USDA commodities inventories	8,069	-
(Increase) in purchased food and supplies inventories	212,616	-
(Increase) decrease in other inventories	-	-
Increase (decrease) in accounts payable	(70,054)	10,756
Increase (decrease) in accrued salaries, benefits, and compensated absences	44,798	90,063
Increase in payroll withholding	-	-
Increase (decrease) in due to other funds	-	-
Increase (decrease) in unearned revenues	(205,013)	29,459
Increase in estimated liability for premiums and claims	-	-
Net cash provided by (used for) operating activities	<u>\$ (6,590,303)</u>	<u>\$ (2,200,755)</u>
Noncash investing, capital, and financing activities:		
Donated commodities acquired and used from USDA	\$ 1,177,801	-
Disposal and write off of capital assets	7,243	\$ 8,597

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

Business-Type Activities Enterprise Funds		Governmental Activities - Internal Service Funds
Property Management Fund	Totals	Funds
\$ 1,875,518	\$ 23,230,806	\$ 77,347,446
(739,455)	(18,000,391)	(8,973,117)
(249,427)	(13,134,837)	(68,019,979)
<u>886,636</u>	<u>(7,904,422)</u>	<u>354,350</u>
-	2,333,020	9,857,300
-	8,497,785	-
-	<u>10,830,805</u>	<u>9,857,300</u>
(66,811)	(218,416)	(4,627,436)
-	-	626,764
-	-	(401,370)
-	-	(77,229)
<u>(66,811)</u>	<u>(218,416)</u>	<u>(4,479,271)</u>
50,013	184,004	451,614
-	-	-
<u>50,013</u>	<u>184,004</u>	<u>451,614</u>
869,838	2,891,971	6,183,993
1,385,642	5,511,436	32,340,523
<u>\$ 2,255,480</u>	<u>\$ 8,403,407</u>	<u>\$ 38,524,516</u>
\$ 780,926	\$ (8,417,453)	\$ (3,496,927)
139,174	479,598	2,905,351
(30,792)	(75,904)	(10,223)
-	(8,685)	82,553
-	8,069	-
-	212,616	-
-	-	11,866
-	(59,298)	(225,067)
-	-	-
(2,672)	132,189	(705,344)
-	-	981,714
-	-	(847,878)
-	(175,554)	55,790
-	-	1,602,515
<u>\$ 886,636</u>	<u>\$ (7,904,422)</u>	<u>\$ 354,350</u>
-	\$ 1,177,801	-
-	15,840	\$ 170,311



## **Notes to Basic Financial Statements**

# JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

## Notes to Basic Financial Statements

June 30, 2006

### **1. Summary of significant accounting policies**

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The Jefferson County School District, No. R-1 (the District) was formed in 1950 when 39 independent districts were consolidated into a countywide district encompassing the 785 square miles of Jefferson County, Colorado. The District operates under an elected Board of Education with five members and provides educational services to approximately 84,500 students.

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

#### **A) Reporting entity**

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

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

#### **Discretely presented component units - charter schools**

The State of Colorado Legislature in 1993 enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101." This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter schools are financed from a portion of the district's school finance act revenues, property taxes and from revenues generated by the charter school, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the Jefferson County School District's Board of Education must approve all Charter School applications and budgets. The Charter Schools are discretely presented component units as required by the Colorado Department of Education. Charter schools have the option to issue separate financial statements. Compass Montessori - Wheatridge, Free Horizon, Lincoln Academy, Rocky Mountain Academy of Evergreen and Rocky Mountain Deaf Schools did not issue separate statements for fiscal year 2005.

#### **Blended component unit - Jefferson County School District Finance Corporation**

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

#### **B) GASB statement No. 20**

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

**C) Government-wide and fund financial statements**

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

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

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

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

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

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

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

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

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

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



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

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

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

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

**E) Fund accounting**

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

• **Major governmental funds**

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

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

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

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

• **Internal service funds**

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

**Notes to Basic Financial Statements**

**F) Cash and investments**

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

**G) Restricted cash**

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

**H) Receivables**

Property taxes levied in 2005 but not yet collected in 2006 are identified as property taxes receivable and unearned revenues at June 30, 2006, and are presented net of an allowance for uncollectable taxes. Intergovernmental receivables of \$9,276,132 include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2006, the District had \$8,466,299 and \$838,405 due from the Federal and State government, respectively, reflected as intergovernmental receivables in the accompanying basic financial statements.

**I) Inventories and prepaid items**

Materials and supplies inventories are stated at average cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at average cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed. Fund balance is reserved for the inventory balances as follows: General Fund - \$1,252,449 and Special Revenue Funds - \$377,376.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The General Fund balance is reserved for prepaid items of \$145,155.

**J) Capital assets**

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

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

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

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

**K) Liabilities**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. The District records long-term debt of governmental funds at the face value. Currently, the District has no zero coupon bonds. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the Capital Reserve Fund and component units. The long-term accumulated unpaid vacation, accrued sick and personal leave, and estimated liability for insurance claims (note 13) are serviced from property taxes and other revenues by the respective fund type from future appropriations.

**L) Constitutional amendment**

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

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2006, for budgetary purposes the District reserved \$18,495,219 (\$15,941,062 in the General Fund, \$726,048 in the Campus Activity Special Revenue Fund, \$106,131 in the Capital Reserve Fund, \$388,795 in the Food Service Enterprise Fund, \$262,028 in the Child Care Enterprise Fund, \$58,690 in the Property Management Enterprise Fund, \$2,077 in the Central Services Internal Service Fund, \$34,278 in the Employee Benefits Internal Service Fund, \$17,763 in the Insurance Reserve Internal Service Fund, \$13,460 in the Technology Internal Service Fund and \$944,887 in the Component Units Charter Schools) for this purpose.

**M) Property taxes**

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

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

**N) Accumulated sick and personal leave and vacation**

District policy allows unlimited accumulation of sick and personal leave, and accumulation of vacation to a maximum of 40 days. Accrued vacation is paid to employees upon termination of employment. Payment for unused sick and personal leave days is made upon meeting eligibility requirements at the rate of .0015 times annual rate of pay times accumulated days. Each fund liquidates the accrued vacation, personal and sick leave for its respective liabilities.

As of June 30, 2006, accumulated unused benefits are as follows:

Fund Types	Accumulated Vacation		
	Current (Due within one year)	Long-term	Total
<i>Governmental:</i>			
General	\$ 1,144,088	\$ 2,288,211	\$ 3,432,299
Special revenue	18,952	37,903	56,855
Capital projects	<u>57,938</u>	<u>115,877</u>	<u>173,815</u>
	<u>1,220,978</u>	<u>2,441,991</u>	<u>3,662,969</u>
<i>Proprietary:</i>			
Enterprise	70,587	141,177	211,764
Internal service	<u>226,363</u>	<u>452,732</u>	<u>679,095</u>
	<u>296,950</u>	<u>593,909</u>	<u>890,859</u>
Total	<u>\$1,517,928</u>	<u>\$ 3,035,900</u>	<u>\$ 4,553,828</u>

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

Fund	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
General	\$ 2,347,534	\$ 438,341	\$ (497,664)	\$ 2,288,211
Special revenue	48,074	12,756	(22,927)	37,903
Capital projects	88,562	39,119	(11,804)	115,877
Enterprise	79,299	82,383	(20,505)	141,177
Internal service	<u>402,379</u>	<u>107,817</u>	<u>(57,464)</u>	<u>452,732</u>
	<u>\$ 2,965,848</u>	<u>\$ 680,416</u>	<u>\$ (610,364)</u>	<u>\$ 3,035,900</u>

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

**O) Fund equity**

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

**2. Reconciliation of government-wide and fund financial statements**

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

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

Due to the general fund from other funds – fund statements	\$ 4,655,626
Elimination of governmental and internal service interfund activity	<u>(4,604,045)</u>
Due to the general fund from component units – governmental activities	<u>\$ 51,581</u>

**3. Budgetary information**

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

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

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

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

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

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

Individual amendments in the General Fund were not material in relation to the original appropriation. The budget for the Grants Fund includes the adopted budget and additional expenditures and grants approved by the Board of Education. The budget and actuals for the Proprietary Funds and Internal Service Funds at June 30, 2006 are as follows:

	<u>Budget</u>	<u>Actuals</u>	<u>Variance</u>
Food services fund	\$ 20,854,800	\$19,742,977	\$1,111,823
Child care fund	10,621,800	11,031,356	(409,556)
Property management fund	1,584,450	1,125,385	459,065
Central services fund	3,384,900	3,201,967	182,933
Employee benefits fund	64,060,800	58,527,050	5,533,750
Insurance reserve fund	6,799,570	6,596,892	202,678
Technology fund	13,640,600	12,255,582	1,385,018
Utility revolving fund	423,300	217,314	205,986

**4. Budget/GAAP reporting differences**

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

<u>Expenditure Schedule</u>	Expenditures Reported on a GAAP Basis	Effect of: Salaries and Benefits Earned but Unpaid	Compensated Absences	Expenditures Reported on a Budget Basis
Governmental Fund Type				
General fund	<u>\$ 540,894,184</u>	<u>\$ (1,324,626)</u>	<u>\$ 26,794</u>	<u>\$ 539,596,352</u>
Capital reserve fund	<u>\$ 13,182,916</u>	<u>\$ -</u>	<u>\$ (13,658)</u>	<u>\$ 13,169,258</u>
Component units (charter schools):				
Collegiate Academy of Colorado	\$ 3,730,567	\$ (19,838)	-	\$ 3,710,729
Compass Montessori-Wheatridge	1,836,157	(71,598)	-	1,764,559
Compass Montessori-Golden	2,574,348	(22,162)	-	2,552,186
Excel	4,203,652	(26,234)	-	4,177,418
Free Horizon	1,377,945	(15,728)	-	1,362,217
Jefferson	4,772,750	(25,817)	-	4,746,933
Lincoln Academy	3,889,549	(18,695)	-	3,870,854
Montessori Peaks	2,701,700	(21,558)	-	2,680,142
Rocky Mtn. Academy	1,818,504	(17,294)	-	1,801,210
Rocky Mtn. Deaf School	652,040	33,784	-	685,824
Woodrow Wilson	<u>4,677,071</u>	<u>(10,812)</u>	<u>-</u>	<u>4,666,259</u>
Total component units	<u>\$ 32,234,283</u>	<u>\$ (215,952)</u>	<u>\$ -</u>	<u>\$ 32,018,331</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Governmental Fund Type	Fund Balance (Deficit) Reported on a GAAP Basis	Plus effect of accrued salaries, benefits and compensated absences earned but unpaid	Fund Balance on a Budgetary Basis
General Fund	\$ 72,096,438	\$ 56,664,191	\$ 128,760,629
Capital reserve/Building capital projects funds	<u>46,998,257</u>	<u>57,938</u>	<u>47,056,195</u>
Total governmental funds	<u>\$ 119,094,695</u>	<u>\$ 56,722,129</u>	<u>\$ 175,816,824</u>

Governmental Fund Type	Fund Balance (deficit) Reported on a GAAP Basis	Plus effect of accrued salaries, benefits and compensated absences earned but unpaid	Fund Balance on a Budgetary Basis
Component units:			
Collegiate Academy of Colorado	\$ 1,006,333	\$ 145,068	\$ 1,151,401
Compass Montessori – Wheatridge	(132,459)	150,687	18,228
Compass Montessori - Golden	689,065	109,531	798,596
Excel	1,766,894	91,697	1,858,591
Free Horizon	(6,258)	56,909	50,651
Jefferson	716,348	219,751	936,099
Lincoln Academy	1,638,973	106,289	1,745,262
Montessori Peaks	973,778	106,632	1,080,410
Rocky Mtn. Academy	122,252	73,659	195,911
Rocky Mtn. Deaf School	(53,375)	34,779	(18,596)
Woodrow Wilson	<u>1,720,822</u>	<u>49,857</u>	<u>1,770,679</u>
Total component units	<u>\$ 8,442,373</u>	<u>\$ 1,144,859</u>	<u>\$ 9,587,232</u>

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

Salaries and benefits earned but unpaid at June 30, 2006, including accrued vacation pay, are not required to be funded by Colorado State law. Accordingly, for budgetary purposes, the District considers accrued salaries, benefits and compensated absences amounting to \$56,664,191 to be permanently deferred and therefore available for budgetary purposes.

**5. Excess expenditures over appropriations and deficit fund equity**

As of June 30, 2006, three Component Unit Charter Schools had accumulated deficits of \$192,092. The charter schools review their budgets with management and are monitored closely.

The District exceeded Board-approved appropriation budgets in the Building Fund – Capital Projects and the Child Care proprietary fund. The difference is as follows:

Fund	Appropriation	Expenditure	Variance
Building Fund – Capital Projects	\$78,416,800	\$80,166,445	\$(1,749,645)
Child Care Fund	10,621,800	11,031,356	(409,556)

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

**6. Deposits and investments**

**Deposits:**

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District and the discretely presented component units do not have a deposit policy for custodial credit risk. As of June 30, 2006, \$3,476,797 of the District and the discretely presented component unit's bank balance of \$3,788,303 were exposed to custodial credit risk. Deposits exposed to credit risk of \$3,476,797 are collateralized with securities held by the pledging financial institution through PDPA.

**Cash held in trust:**

As of June 30, 2006 the District had \$4,436,453 held in trust. Jefferson County collects the property taxes for the District and holds the funds in trust until sent to the District monthly.

**Investments:**

As of June 30, 2006, the District had the following investments. Investments held in the guaranteed investment contract are not a part of pooled cash until drawn. All other deposits and investments are internally pooled to maximize investment safety, liquidity, and interest yield.

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
JP Morgan (Flex Repo Agreement)	02/01/2008	\$ 40,760,385
Colorado Surplus Asset Fund Trust (external investment pool)	Weighted average under 60 days	52,162,736
Smith Barney Citigroup (money market)	Dollar average under 90 days	2,583,840
Colotrust (external investment pool)	Less than 1 year	138,265,656
Bank One – JP Morgan (forward delivery agreement)	12/15/2017	56,039,529
MBIA (U.S Treasuries)	Weighted average of 171 days	2,547,620
MBIA (U.S. Instrumentality)	Weighted average of 715 days	9,904,723
MBIA (Commercial Paper)	Weighted average of 26 days	5,285,749
U.S. Bank (Repurchase agreement)	Overnight Sweep	5,381,503
FSA Capital Management Services (Guaranteed Investment Contract)	06/04/2008	186,484,213
Total Investments:		\$ 499,415,954



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

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

Forward delivery agreements – The agreement with JP Morgan has a maturity date of December 15, 2017, but the District has the option of canceling the agreement prior to that date. The District has received interest in advance on the investment which is recorded in deferred revenue in the General Fund. If the District cancelled the agreement prior to the December 15, 2017 date, an amount calculated at that date would be returned to JP Morgan.

Credit risk - State law allows school districts to invest U.S. treasury securities and other securities guaranteed by the full credit of the U.S. Treasury without any credit quality limitations. Securities issued by the Government National Mortgage Association and by Federal Government Sponsored Enterprises require the highest rating by at least two nationally recognized rating agencies. Money market instruments including bankers acceptances and commercial paper must be rated A-1, P-1, or F-1, or the equivalent by at least two nationally recognized rating agencies. State law allows other securities, including money market funds that are registered under the Federal Investment Company Act of 1940, if they have assets in excess of \$1 billion or have the highest credit rating from one or more of a nationally recognized rating agency. Colorado Surplus Asset Fund Trust (CSAFE) and Colorado Local Government Liquid Asset Trust (Colotrust) are rated AAAM by Standard & Poors. These local government investment pools are regulated by the Colorado Division of Securities and they maintain a constant net asset value of \$1.00. Smith Barney Citigroup is not rated. MBIA is rated AAA by Standard & Poors and Aaa by Moody's. The commercial paper at MBIA is rated A1 by S&P and P1 by Moody's. The FSA Capital Management Guaranteed Investment Contract is not rated but the provider must maintain a rating of Aaa by Moody's and AAA by Standard & Poors.

Concentration of Credit Risk – The District places no limit on the amount the district may invest in any one issuer. More than 5 percent of the district's investments are in the JP Morgan (flex repo agreement) which holds FHA securities, JP Morgan (forward delivery agreement) which holds FNMA and FHLMC securities and FSA Capital Management Services guaranteed investment contract. These investments are 8 percent, 12 percent and 37 percent, respectively, of the District's total investments.

**7. Capital assets**

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2006</u>
Non-depreciable assets:				
Land	\$ 42,291,174	\$ 1,342,185	-	\$ 43,633,359
Construction in progress	<u>57,905,680</u>	<u>86,308,661</u>	<u>\$ (33,397,109)</u>	<u>110,817,232</u>
Total Non-depreciable assets	<u>\$ 100,196,854</u>	<u>\$ 87,650,846</u>	<u>\$ (33,397,109)</u>	<u>\$ 154,450,591</u>
Depreciable assets:				
Buildings and site improvements	\$ 992,831,812	\$ 32,164,181	\$ (41,487)	\$1,024,954,506
Equipment and vehicles – <b>Internal service funds</b>	37,315,052	4,627,436	(20,838,480)	21,104,008
Equipment and vehicles	<u>88,924,163</u>	<u>2,259,967</u>	<u>(6,930,830)</u>	<u>84,253,300</u>
Total Depreciable assets	<u>\$1,119,071,027</u>	<u>\$ 39,051,584</u>	<u>\$ (27,810,797)</u>	<u>\$1,130,311,814</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Less accumulated depreciation for:				
Building and site improvements	\$ (395,133,268)	\$ (48,130,771)	\$ 13,517	\$ (443,250,522)
Equipment and vehicles – <b>Internal service funds</b>	(27,697,888)	(2,905,351)	20,668,169	(9,935,070)
Equipment and vehicles	<u>(57,966,439)</u>	<u>(5,981,071)</u>	<u>5,892,362</u>	<u>(58,055,148)</u>
Total Accumulated depreciation	<u>\$ (480,797,595)</u>	<u>\$ (57,017,193)</u>	<u>\$ 26,574,048</u>	<u>\$ (511,240,740)</u>
 Total capital assets, net	 <u>\$ 738,470,286</u>	 <u>\$ 69,685,237</u>	 <u>\$ (34,633,858)</u>	 <u>\$ 773,521,665</u>

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

Business-type activities

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

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Equipment	\$ 6,828,171	\$ 151,605	\$(1,021,393)	\$ 5,958,383
Accumulated depreciation	<u>(4,681,538)</u>	<u>(299,169)</u>	<u>1,014,150</u>	<u>(3,966,557)</u>
Total	<u>\$ 2,146,633</u>	<u>\$ (147,564)</u>	<u>\$ (7,243)</u>	<u>\$ 1,991,826</u>

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

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Equipment	\$ 683,264	-	\$ (60,631)	\$ 622,633
Accumulated depreciation	<u>(539,375)</u>	<u>\$ (41,255)</u>	<u>52,035</u>	<u>(528,595)</u>
Total	<u>\$ 143,889</u>	<u>\$ (41,255)</u>	<u>\$ (8,596)</u>	<u>\$ 94,038</u>

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

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Equipment	\$ 2,910,379	\$ 66,811	-	\$ 2,977,190
Accumulated depreciation	<u>(2,313,261)</u>	<u>(139,174)</u>	<u>-</u>	<u>(2,452,435)</u>
Total	<u>\$ 597,118</u>	<u>\$ (72,363)</u>	<u>-</u>	<u>\$ 524,755</u>

Total capital assets being depreciated, business-type activities	\$ 9,558,206
Accumulated depreciation	<u>(6,947,587)</u>
Business-type activities capital assets, net	<u>\$ 2,610,619</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

Discretely presented component units

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

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Non-depreciable assets:				
Land	\$ 2,898,719	-	-	\$ 2,898,719
Construction in progress	<u>3,089,443</u>	<u>\$ 2,508,445</u>	-	<u>5,597,888</u>
Total Non-depreciable assets:	<u>\$ 5,988,162</u>	<u>\$ 2,508,445</u>	-	<u>\$ 8,496,607</u>
Depreciable assets:				
Buildings and equipment	\$ 24,021,794	\$ 175,892	\$ (22,501)	\$ 24,175,185
Accumulated depreciation	<u>(1,994,483)</u>	<u>(1,200,698)</u>	<u>10,118</u>	<u>(3,185,063)</u>
Total	<u>\$ 28,015,473</u>	<u>\$ 1,483,639</u>	<u>\$ (12,383)</u>	<u>\$ 29,486,729</u>

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

Governmental activities:

Direct instruction	\$ 40,746,579
Indirect instruction	7,371,517
Field services	3,794,087
Support services	100,778
General administration	139,823
District-wide (Non-departmental)	1,959,058
Capital assets held by the District's internal service funds	<u>2,905,351</u>
Total depreciation expense – governmental activities	<u>\$ 57,017,193</u>

Business-type activities:

Food services	\$ 299,169
Child care	41,255
Property management	<u>139,174</u>
Total depreciation expense – business-type activities	<u>\$ 479,598</u>

**Construction commitments**

The District has active construction projects as of June 30, 2006. The projects include renovations and site improvements. At year end, commitments with contractors on all projects are too numerous to list. All accumulated resources for capital projects are reserved for construction commitments. A list of significant commitments as of June 30, 2006 are as follows:

	<u>Spent-to-Date</u>	<u>Remaining</u> <u>Commitment</u>
Arvada West HS Replacement Site	\$2,028,573	\$24,403,384
Lakewood HS Addition	9,248,167	20,362,782
Chatfield HS Addition Site	5,909,886	20,349,616
Bear Creek K-8 Replacement	6,343,038	10,673,825
Hackberry Hill ES Replacement	1,122,858	5,060,762
Fairmount ES Remodel/Renovation	1,825,009	3,903,063
Ralston Valley HS Addition	4,886,781	3,078,210
Bear Creek HS Replace Facility	362,747	2,405,450
Wheat Ridge HS Remote Site Develop	759,887	2,346,268
Dunstan MS Replace Facility Site	17,781,072	1,134,117

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

**8. Interfund receivables and payables**

The following identifies amounts due to and from individual funds at June 30, 2006:

Fund	Due To	Due From
General fund	\$ 4,604,045	-
Governmental fund:		
Bond Redemption Debt Service	-	\$ 1,550
Capital Reserve Capital Projects	983,341	-
Building Fund Capital Projects	-	983,341
Special revenue fund:	-	
Grants	-	3,329,400
Internal service fund:		
Technology	-	<u>1,273,095</u>
	<u>\$5,587,386</u>	<u>\$5,587,386</u>

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

**9. Transfers**

The District transfers amounts from the General Fund to other funds to meet their operational needs and legal requirements. At June 30, 2006 the detail for these transfers is as follows:

**General Fund Transfers**

Capital reserve fund	<u>\$ 18,708,000</u>
Net transfers within the governmental funds	<u>18,708,000</u>
Child care fund	2,333,020
Insurance reserve fund	5,607,300
Employee benefits fund	3,000,000
Technology fund	<u>1,250,000</u>
Net transfers into the proprietary funds	<u>12,190,320</u>
Total transfers out from the General fund	<u>\$ 30,898,320</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

**10. Capital leases and certificates of participation**

The 2003 COP's were issued to purchased new school buses for the District. The buses were used as collateral in the COPs Series 2003 which are also included in the District's capital assets. The net book value at June 30, 2006 was \$9,862,941.

The District has entered into several capital lease agreements for the purchase of copiers and computers. The lease terms are generally three to five years with interest ranging from 4.65 percent to 8 percent. Certificates of participation terms are ten years with interest ranging from 2 percent to 3.75 percent. Certificates of participation and capital lease obligations for the fiscal year ended June 30, 2006, are comprised of the following:

	Balance <u>July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	Outstanding <u>June 30, 2006</u>	<u>Current Portion</u>
<b><u>Governmental activities</u></b>					
Bus – 2003 COP's	\$ 9,825,000	-	\$ (1,125,000)	\$ 8,700,000	\$ 1,145,000
Less deferred amounts:					
For issuance costs	<u>(221,250)</u>	<u>-</u>	<u>29,500</u>	<u>(191,750)</u>	<u>-</u>
Total COP's	<u>\$ 9,603,750</u>	<u>-</u>	<u>\$ (1,095,500)</u>	<u>\$ 8,508,250</u>	<u>\$ 1,145,000</u>
Internal service funds – capital leases:					
Copiers	\$ 213,643	-	\$ (161,386)	\$ 52,257	\$ 52,257
Computers	523,433	-	(213,316)	310,117	153,587
Utility lighting retro-fit	<u>26,668</u>	<u>-</u>	<u>(26,668)</u>	<u>-</u>	<u>-</u>
Subtotal - Internal service funds	<u>763,744</u>	<u>-</u>	<u>(401,370)</u>	<u>362,374</u>	<u>205,844</u>
Governmental activity long-term liabilities	<u>\$ 10,367,494</u>	<u>-</u>	<u>\$ (1,496,870)</u>	<u>\$ 8,870,624</u>	<u>\$ 1,350,844</u>
<b><u>Component unit activities:</u></b>					
Component units – Buildings/Capital leases	\$ 38,270,000	\$ 7,610,000	\$ (7,270,000)	\$ 38,610,000	\$ 665,000
Less deferred amounts:					
For issuance costs	<u>(1,461,218)</u>	<u>(1,171,891)</u>	<u>473,298</u>	<u>(2,159,811)</u>	<u>-</u>
Total Component unit capital lease	<u>\$ 36,808,782</u>	<u>\$ 6,438,109</u>	<u>\$ (6,796,702)</u>	<u>\$ 36,450,189</u>	<u>\$ 665,000</u>
Component Units - Promissory notes	<u>\$ 445,025</u>	<u>\$ 260,192</u>	<u>\$ (218,681)</u>	<u>\$ 486,536</u>	<u>\$ 170,805</u>

In fiscal year 2006, Excel Academy charter school (a component unit) refunded the 2003 capital lease with a 2005 capital lease, realizing an economic gain (difference between the present values of the old and new debt service payments) of \$975,067.

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

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

Asset:	
Equipment and vehicles	\$ 1,119,863
Less: Accumulated depreciation	<u>(691,856)</u>
Total:	<u>\$ 428,007</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

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

**Capital leases**

Fiscal Year Ending June 30	Governmental Activities COP'S		Governmental Activities Internal Service Funds		Component Units Charter Schools	
	Principal	Interest	Principal	Interest	Principal	Interest
	2007	\$ 1,145,000	\$ 257,542	\$ 205,844	\$ 7,772	\$ 665,000
2008	1,170,000	232,053	156,530	3,000	740,000	2,229,624
2009	1,200,000	200,912	-	-	765,000	2,198,655
2010	1,235,000	164,053	-	-	805,000	2,165,899
2011	1,270,000	122,068	-	-	840,000	2,127,386
2012-2016	2,680,000	101,108	-	-	4,770,000	9,978,681
2017-2021	-	-	-	-	5,730,000	8,542,494
2022-2026	-	-	-	-	8,845,000	6,578,834
2027-2031	-	-	-	-	10,205,000	3,574,844
2032-2036	-	-	-	-	5,245,000	472,594
Total	<u>\$8,700,000</u>	<u>\$1,077,736</u>	<u>\$ 362,374</u>	<u>\$ 10,772</u>	<u>\$38,610,000</u>	<u>\$40,128,116</u>

**Promissory note**

Fiscal Year Ending June 30	Component Units Charter Schools	
	Principal	Interest
	2007	\$ 170,805
2008	95,079	20,537
2009	24,815	15,670
2010	23,160	13,902
2011	24,958	12,104
2012 – 2016	<u>147,719</u>	<u>28,328</u>
Total	<u>\$ 486,536</u>	<u>\$ 121,642</u>

The District has appropriated amounts from 2007 revenues in the Capital Reserve Fund to meet the lease payments for the buses which are due in 2007. Appropriations for the 2007 copier and computer lease payments have been made in the Central Services Fund and Technology Fund for 2007.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

**11. General obligation bonds payable**

General obligation bonds payable and payments on the bonds for the fiscal year ended June 30, 2006 are comprised of the following:

\$39,595,000 2005 Series A Refunding Bonds due in semi-annual installments with annual payments of \$453,701 to \$20,484,625 through December 15, 2017. Interest rate: 3.00% to 5.00%.	\$ 39,020,000
\$257,000,000 2004 Series Bonds due in semi-annual installments with annual payments of \$5,883,963 to \$38,601,125 through December 15, 2024. Interest rate: 3.50% to 5.00%.	257,000,000
\$63,440,000 2004 Series A Refunding Bonds due in semi-annual installments with annual payments of \$1,680,989 to \$18,711,375 through December 15, 2015. Interest rate: 2.00% to 5.25%.	62,680,000
\$48,315,000 2003 Series Refunding Bonds due in semi-annual installments with annual payments of \$430,000 to \$18,130,000 through December 15, 2014. Interest rate: 3.00% to 5.00%.	48,315,000
\$2,230,000 in registered coupons for 2003 due in semi-annual installments of \$110,000 to \$1,425,000 through December 15, 2009.	575,000
\$200,000,000 1998 Series A Bonds due in semi-annual installments with annual payments of \$8,676,000 to \$13,304,925 through December 15, 2008. Interest rate: 4.20% to 7.00%. \$48,310,000 of these bonds were refunded and defeased with the 2003 series refunding bonds, and \$103,035,000 were refunded and defeased with the 2004 and 2005 series refunding bonds. (See note 12)	36,205,000
\$309,885,000 1997 Series Refunding Bonds due in semi-annual installments with annual payments of \$15,689,000 to \$39,673,000 through December 15, 2012. Interest rate: 4.30% to 6.50%.	213,775,000
\$7,670,000 1992 Series Capital Appreciation Bonds discounted at 6.35%, due December 15, 2007; net of unamortized discount of \$686,526	<u>6,983,474</u>
Total	<u>\$ 664,553,474</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

	Balance July 1, <u>2005</u>	New and Refunding <u>Issues</u>	Payments & Amortization <u>of Discount</u>	Balance June 30, <u>2006</u>	Current <u>Portion</u>
<u>General obligation bonds:</u>					
Refunding - 2005	\$ 39,595,000	-	\$ (575,000)	\$ 39,020,000	-
Construction - 2005	257,000,000	-	-	257,000,000	-
Refunding - 2004	62,680,000	-	-	62,680,000	-
Refunding - 2003	48,315,000	-	-	48,315,000	-
Registered coupons 2003	690,000	-	(115,000)	575,000	115,000
Construction - 1998A	46,900,000	-	(10,695,000)	36,205,000	11,335,000
Refunding - 1997	239,200,000	-	(25,425,000)	213,775,000	26,735,000
Capital appreciation - 1992	6,560,289	-	423,185	6,983,474	450,505
Less deferred amounts:					
On refunding discounts, premiums and issue costs	<u>16,822,006</u>	<u>-</u>	<u>(823,694)</u>	<u>15,998,312</u>	<u>-</u>
	<u>\$ 717,762,295</u>	<u>-</u>	<u>\$ (37,210,509)</u>	<u>\$ 680,551,786</u>	<u>\$ 38,635,505</u>

Future years general obligation bonds repayment schedule:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 38,635,505	\$ 34,532,000
2008	39,127,969	32,371,100
2009	42,385,000	29,916,163
2010	45,120,000	27,229,425
2011	47,270,000	24,482,088
2012-2016	172,205,000	87,333,531
2017-2021	139,570,000	53,235,000
2022-2026	<u>140,240,000</u>	<u>14,413,000</u>
Total	<u>\$ 664,553,474</u>	<u>\$ 303,512,307</u>

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

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

Payment of principal and interest for general obligation bonds is made from the Bond Redemption Fund. The legal debt limit and debt margin as of June 30, 2006, are \$1,324,813,065 and \$717,883,323, respectively. The District is in compliance with the legal debt limit.



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

**12. Defeased debt**

In prior years, the District has issued bonds for the purpose of refunding portions of the 1998A bonds. The proceeds of these bonds were placed in an irrevocable trust to provide the future debt service payments on the old bonds. The trust account assets and the liabilities for the defeased bonds are not included in the District's basic financial statements. At June 30, 2006 the defeased debt and respective assets and liabilities are as follows:

<u>Refunding Series</u>	<u>Amount Financed</u>	<u>Escrow Disbursement Completion</u>	<u>Assets in Trust</u>	<u>Principal Outstanding</u>
2003	\$48,310,000	December, 2008	\$50,058,159	\$48,310,000
2004	64,450,000	December, 2008	67,612,044	64,450,000
2005	40,325,000	December, 2008	41,857,102	40,325,000

**13. Risk management**

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

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

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

The cost of Insurance Reserve Fund claims and premiums are recorded when incurred. Estimates for unsettled and incurred but not reported claims in the amount of \$6,143,810 are included as an estimated liability in the Insurance Reserve Fund as of June 30, 2006. Claim liabilities are calculated considering the effects of inflation and claim settlement trends that include such factors as pay-out amounts and economic and social indicators. The incurred but not reported amount was calculated by the Mercer Firm at the request of the District. It is contained in the Unpaid Loss and Allocated Loss Adjustment Expense Reserve Review as of June 30, 2006 for Jefferson County School District.

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

Balance July 1, 2005	\$ 5,695,659
Increase (Decrease) in estimated claims:	
Estimated property claims	84,926
Errors and omissions claims	(93,879)
Automobile claims	(40,328)
General liability claims	(23,308)
Workers' compensation claims	<u>520,740</u>
Balance June 30, 2006	<u>\$ 6,143,810</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

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

	<u>2005</u>	<u>2006</u>
Amount of claims liabilities at July 1	\$ 5,242,832	\$ 5,695,659
Incurred claims and change in reserve	4,358,405	4,629,956
Payments on claims	<u>(3,905,578)</u>	<u>(4,181,805)</u>
Amount of claims liabilities at June 30	<u>\$ 5,695,659</u>	<u>\$ 6,143,810</u>

The Employee Benefits Fund was established in 1984 to account for the District's previous self-insured medical plan and retired paid-up life insurance programs for eligible employees, retirees, dependents, and other approved individuals. On January 1, 1995, the self-insured medical plan was replaced with a third-party insured medical plan, no claims are outstanding on the old self-insured medical plan as of June 30, 2006. The Employee Benefits Fund is reimbursed by the other funds based on predetermined rates or allowances. Included in the current liability total in the Employee Benefits Fund is \$705,100 and \$123,700 to cover the estimated cost of claims incurred but not paid or reported as of June 30, 2006, related to the District's self-insured dental and vision plans respectively and \$6,914,818 for medical insurance and other benefit premiums.

	<u>2005</u>	<u>2006</u>
Amount of claims liabilities at July 1	\$ 842,500	\$ 841,700
Incurred claims and change in reserve	5,257,859	5,193,536
Payments on claims	<u>(5,258,659)</u>	<u>(5,206,436)</u>
Amount of claims liabilities at June 30	<u>\$ 841,700</u>	<u>\$ 828,800</u>

**14. Commitments and contingencies**

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

**15. Pension plan**

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

Plan members and the District are required to contribute to the CSSDTF at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 percent and for the District it is 10.65 percent. Also, a portion of the District's contribution (1.02 percent of covered salary) is allocated for the Health Care Trust Fund (see below). The District's contributions to CSSDTF for the years ending June 30, 2004, 2005 and 2006 were, \$40,450,862, and \$43,416,334, and \$45,816,817 respectively, equal to their required contributions for each year.

The District also contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The Health Fund provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. The District is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contributions requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District's contributions to HCTF for the years ending June 30, 2004, 2005 and 2006 were \$4,383,832, \$4,361,922, and \$4,419,565 respectively, equal to their required contributions for each year.

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

**Notes to Basic Financial Statements**

Additionally, Trust members for the District may voluntarily contribute to the Voluntary Investment Program (VIP), an internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary and contributions are separate from others made to PERA. Statutes have assigned the State Legislature the authority to establish VIP plan provisions. The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$13,000 in 2004, \$14,000 in 2005, and \$15,000 in 2006).

**16. Early, supplemental and post retirement benefits**

Plan Description - On October 15, 1998, the District obtained approval from the Board of Education (the Board) to revise its early retirement plan. Subsequently, the Board adopted the Supplemental Retirement Plan effective August 31, 1999 and amended and restated the plan effective December 9, 1999 and adopted an amendment on June 15, 2006. The supplemental retirement plan is a single employer defined benefit plan qualified under Section 401(a) of the Internal Revenue Service Code. Covered employees are those that were actively employed in full-time or approved job-share positions by the District on August 31, 1999, and certain employees who were on an authorized unpaid leave of absence on August 31, 1999 which leave did not exceed 39 months for certified employees and administrators and 36 months for classified and other employees as of August 31, 1999. A participant reaches normal retirement date when he or she has attained 55 years of age and has completed 20 years of service. An employee may elect early retirement if he or she has have attained 20 years of service and is age 50. The monthly-accrued benefit that an employee may receive is .257 percent of monthly 1999 base salary multiplied by years of service as of August 31, 1999 up to a maximum of 20 years. The monthly benefit is payable as a life annuity with three optional forms of payment: 100 percent Joint and Survivor Annuity, 50 percent Joint and Survivor Annuity, 10-Year Certain Payment Only. The Life Annuity, the 100 percent Joint and Survivor Annuity and the 50 percent Joint and Survivor Annuity will not be available to employees who elect to retire after the January 16, 2007 application deadline. In 2006, the plan was amended to allow a fourth optional form of payment, available to individuals retiring in that year. The Board approves funding of the plan each year with the budget adoption. The plan financials are available from Key Bank. To obtain a copy, contact Key Bank at 1674 Broadway, Suite 300, Denver, Colorado 80202, or telephone 720-904-4321.

Funding Policy – The Plan and each obligation of the District hereunder are subject to and contingent upon funds being budgeted and appropriated for such purpose prior to the beginning of each applicable fiscal year of the District in accordance with the requirements of Article X, Section 20 of the Colorado State Constitution and any other existing or future constitutional or statutory provision that may apply.

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

Annual required contributions (ARC)	\$ 3,577,818
Contributions made for fiscal year 2006	<u>3,856,788</u>
Increase in net pension obligation (Asset)	(278,970)
Interest on net pension obligation	(1,035,179)
Adjustment on annual required contribution	896,185
Net pension asset, beginning of year	<u>(11,830,617)</u>
Net pension asset, end of year	<u>\$ (12,248,581)</u>

The annual required contribution for the current year was determined as part of the September 1, 2005 actuarial valuation prepared by Mercer Human Resource Consulting, using the traditional unit credit actuarial cost method and a level dollar amortization method for a 40 year open period. The actuarial assumptions include (a) 7.75 percent investment rate of return for August 31, 2005, and later, 8.75 percent before August 31, 2005, (b) inflation at 2.5 percent, and no projected salary or cost of living increases. The actuarial value of assets was equal to market value. The net pension asset is recorded as prepaid expense in the government-wide statements.

Trend information –

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Obligation (Asset)
August 31, 2003	\$3,395,114	\$4,290,423	127.7%	\$ (12,063,914)
August 31, 2004	3,584,562	3,351,265	94.5	(11,830,616)
August 31, 2005	3,438,824	3,856,788	107.8	(12,248,581)

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Basic Financial Statements

Schedule of funding progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
August 31, 2003	\$17,704,428	\$57,918,504	\$40,214,076	30.6%	\$189,293,462	21.2%
August 31, 2004	18,333,937	58,094,029	39,760,092	31.6	158,996,444	25.0
August 31, 2005	19,754,373	66,985,446	47,231,073	29.5	149,593,414	31.6

Payment of unused sick and personal leave in the amount of \$2,442,457 was paid to 232 early retirees in fiscal year 2006. The Board has appropriated \$7,000,000 for its early retirement programs to be paid in Fiscal year 2007. It is anticipated expenditures for health/group life and sick/personal leaves for Fiscal year 2007 will be \$2,354,269. The remaining \$4,645,731 will be paid to the supplemental retirement program.

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

**17. Prior period adjustment**

A prior period adjustment was made to beginning net assets to record \$330,696 of bond premiums associated with Woodrow Wilson Academy ( a component unit of Jeffco Public Schools) debt issuance in fiscal year 2005. The result of this adjustment decreased the beginning net assets of Woodrow Wilson Academy from \$691,600 to a restated balance of \$360,904. The aggregate discretely presented component units beginning balance was decreased from a beginning balance of \$(81,386) to \$(412,082) as a result of this adjustment.



## **Supplemental Information**

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



## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

## **Major Governmental Funds**

### **Bond Redemption Debt Service**

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

### **Capital Projects**

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

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



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Combining Balance Sheet  
Nonmajor Governmental Funds - Special Revenue Funds  
June 30, 2006

	Special Revenue Funds		Total
	Grants Fund	Campus Activity Fund	Nonmajor Governmental Funds
<b>Assets</b>			
Cash	-	\$ 99,353	\$ 99,353
Equity in pooled cash and temporary investments	-	9,250,015	9,250,015
Accounts and interest receivable	-	42,526	42,526
Intergovernmental receivables:			
From the federal government	\$ 7,599,034	-	7,599,034
From the state government	838,405	-	838,405
Inventories	-	377,376	377,376
<b>Total assets</b>	<b>\$ 8,437,439</b>	<b>\$ 9,769,270</b>	<b>\$ 18,206,709</b>
<b>Liabilities</b>			
Accounts payable	\$ 179,335	\$ 281,110	\$ 460,445
Accrued salaries and benefits	2,214,267	441	2,214,708
Due to other funds	3,329,400	-	3,329,400
Unearned revenues	-	586,816	586,816
<b>Total liabilities</b>	<b>5,723,002</b>	<b>868,367</b>	<b>6,591,369</b>
<b>Fund Balance:</b>			
Reserved for TABOR	-	726,048	726,048
Reserved for designated purpose grants	2,714,437	-	2,714,437
Reserved for inventory	-	377,376	377,376
Unreserved, designated for encumbrances	-	1,066,752	1,066,752
Unreserved, designated for subsequent year budget	-	6,730,727	6,730,727
<b>Total fund balance</b>	<b>2,714,437</b>	<b>8,900,903</b>	<b>11,615,340</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,437,439</b>	<b>\$ 9,769,270</b>	<b>\$ 18,206,709</b>

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds - Special Revenue Funds  
Fiscal Year Ended June 30, 2006

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Grants Fund	Campus Activity Fund	
Revenues:			
Intergovernmental:			
Federal government	\$ 29,478,410	-	\$ 29,478,410
State of Colorado	2,433,680	-	2,433,680
Other:			
Interest	-	\$ 15,898	15,898
Gifts and grants	1,241,027	-	1,241,027
Student activities	-	7,808,253	7,808,253
Fund raising	-	5,092,407	5,092,407
Fees and dues	-	5,952,921	5,952,921
Donations	-	1,733,815	1,733,815
Miscellaneous	-	5,332,105	5,332,105
Total revenues	<u>33,153,117</u>	<u>25,935,399</u>	<u>59,088,516</u>
Expenditures:			
Current:			
Elementary instruction	9,033,521	-	9,033,521
Middle level instruction	652,835	-	652,835
Senior high instruction	459,418	-	459,418
Athletics and activities	-	26,030,343	26,030,343
Instructional services	6,398,512	-	6,398,512
Intervention services	15,287,897	-	15,287,897
Total expenditures	<u>31,832,183</u>	<u>26,030,343</u>	<u>57,862,526</u>
Excess of revenues over (under) expenditures	1,320,934	(94,944)	1,225,990
Fund balances - July 1, 2005	1,393,503	8,995,847	10,389,350
Fund balances - June 30, 2006	<u>\$ 2,714,437</u>	<u>\$ 8,900,903</u>	<u>\$ 11,615,340</u>

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Schedule of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual (Budget Basis)  
Bond Redemption Debt Service Fund  
Fiscal Year Ended June 30, 2006

	Debt Service Fund		
	Original and Final Budget Amounts	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes:			
Property taxes	\$ 74,000,000	\$ 73,633,314	\$ (366,686)
Interest	100,000	-	(100,000)
Total taxes	74,100,000	73,633,314	(466,686)
Expenditures:			
Debt Service			
Principal retirement	36,810,000	36,810,000	-
Interest and fiscal charges	37,189,200	36,606,694	582,506
Total Expenditures	73,999,200	73,416,694	582,506
Excess of revenues and other financing sources over (under) expenditures	\$ 100,800	216,620	\$ 115,820
Fund balances - July 1, 2005		57,407,112	
Fund balances - June 30, 2006		\$ 57,623,732	

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (Budget Basis)  
Capital Reserve Capital Projects Fund  
Fiscal Year Ended June 30, 2006

	Capital Reserve Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Budget Basis	
	Original	Final		
Revenues:				
Interest	\$ 510,000	\$ 910,000	\$ 1,417,543	507,543
Other	1,335,000	2,235,000	2,120,170	(114,830)
Total revenues	1,845,000	3,145,000	3,537,713	392,713
Expenditures:				
Capital outlay:				
New buildings and land	11,267,100	13,267,100	9,745,308	3,521,792
School additions and improvements	-	-	509,419	(509,419)
Grounds improvements	-	-	848,335	(848,335)
Mechanical and electrical improvements	-	-	15,414	(15,414)
Roof replacement	-	-	1,073	(1,073)
Vehicles and large equipment	1,094,800	1,094,800	640,880	453,920
Debt Service:				
Principal retirements	1,125,000	1,125,000	1,125,000	-
Interest	280,200	280,200	283,829	(3,629)
Total expenditures	13,767,100	15,767,100	13,169,258	2,597,842
Excess of revenues over (under) expenditures	(11,922,100)	(12,622,100)	(9,631,545)	2,990,555
Other Financing Sources:				
Transfers in	18,708,000	18,708,000	18,708,000	-
Total other financing sources (uses)	18,708,000	18,708,000	18,708,000	-
Excess of revenues and other financing sources over (under) expenditures	\$ 6,785,900	\$ 6,085,900	9,076,455	\$ 2,990,555
Salaries, benefits, and compensated absences earned but unpaid:				
July 1, 2005			44,280	
June 30, 2006			(57,938)	
Fund balance - July 1, 2005			37,935,460	
Fund balance - June 30, 2006			\$ 46,998,257	

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (Budget Basis)  
Building Fund - Capital Projects  
Fiscal Year Ended June 30, 2006

Building Fund - Capital Projects				
	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 7,086,000	\$ 7,086,000	\$ 8,049,107	\$ 963,107
Total revenues	<u>7,086,000</u>	<u>7,086,000</u>	<u>8,049,107</u>	<u>963,107</u>
Expenditures:				
Capital outlay:				
New buildings and land	58,416,800	78,416,800	36,452,768	41,964,032
School additions and improvements	-	-	35,168,688	(35,168,688)
Grounds improvements	-	-	2,822,586	(2,822,586)
Mechanical and electrical improvements	-	-	1,340,280	(1,340,280)
Roof replacement	-	-	4,382,123	(4,382,123)
Total expenditures	<u>58,416,800</u>	<u>78,416,800</u>	<u>80,166,445</u>	<u>(1,749,645)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (51,330,800)</u>	<u>\$ (71,330,800)</u>	(72,117,338)	<u>\$ (786,538)</u>
Fund balance - July 1, 2005			<u>260,149,350</u>	
Fund balance - June 30, 2006			<u>\$ 188,032,012</u>	

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Schedules of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (Budget Basis)  
Grants Special Revenue Fund  
Fiscal Year Ended June 30, 2006

	Grants Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Budget Basis	
	Original	Final		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Federal government	\$ 23,164,800	\$ 31,133,000	\$ 29,478,410	\$ (1,654,590)
State of Colorado	2,641,600	1,767,000	2,433,680	666,680
<b>Other:</b>				
Gifts and grants	965,200	316,000	1,241,027	925,027
Total revenues	26,771,600	33,216,000	33,153,117	(62,883)
<b>Expenditures:</b>				
<b>Current:</b>				
Elementary instruction	8,340,900	8,139,000	9,033,521	(894,521)
Middle level instruction	177,100	648,000	652,835	(4,835)
Senior high instruction	206,700	798,000	459,418	338,582
Instructional services	5,161,200	7,858,000	6,398,512	1,459,488
Intervention services	12,835,000	14,857,000	15,287,897	(430,897)
Total expenditures	26,720,900	32,300,000	31,832,183	467,817
Excess of revenues and other financing sources over (under) expenditures	\$ 50,700	\$ 916,000	1,320,934	\$ 404,934
Fund balance - July 1, 2005			1,393,503	
Fund balance - June 30, 2006			\$ 2,714,437	

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (Budget Basis)  
Campus Activity Special Revenue Fund  
Fiscal Year Ended June 30, 2006

Campus Activity Fund				
	Budget Amounts		Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 4,000	\$ 4,000	\$ 15,898	\$ 11,898
Student activities	8,550,000	8,550,000	7,808,253	(741,747)
Fund raising	5,350,000	5,350,000	5,092,407	(257,593)
Fees and dues	5,600,000	5,600,000	5,952,921	352,921
Donations	2,100,000	2,100,000	1,733,815	(366,185)
Miscellaneous	5,900,000	5,900,000	5,332,105	(567,895)
Carryforward	-	500,000	-	(500,000)
Total revenues	27,504,000	28,004,000	25,935,399	(2,068,601)
Expenditures:				
Current:				
Athletics and activities	27,500,000	28,000,000	26,030,343	1,969,657
Total expenditures	27,500,000	28,000,000	26,030,343	1,969,657
Excess of revenues over expenditures	\$ 4,000	\$ 4,000	(94,944)	\$ (98,944)
Fund balance - July 1, 2005			8,995,847	
Fund balance - June 30, 2006			\$ 8,900,903	

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

## **Internal Service Funds**

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

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

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

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

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

**Utility Revolving Fund** – This fund is used to self-fund energy saving capital improvements with the savings achieved from the improvements combined with rebates provided by the Public Service Company Demand Site Management program. This fund was closed at the end of fiscal year 2006.



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2006

<u>Assets</u>	Central Services Fund	Employee Benefits Fund	Insurance Reserve Fund
Current assets:			
Cash	\$ 300	-	-
Equity in pooled cash and temporary investments	293,647	\$ 32,045,566	\$ 6,170,974
Investments	-	14,029	-
Accounts and other receivable	1,751	1,624	13,105
Inventories	101,895	-	-
Prepaid items		36,248	1,020,498
Total current assets	<u>397,593</u>	<u>32,097,467</u>	<u>7,204,577</u>
Capital assets:			
Vehicles and equipment	3,568,054	-	450,215
Less: Accumulated depreciation	(2,473,660)	-	(365,429)
Total capital assets net of accumulated depreciation	<u>1,094,394</u>	<u>-</u>	<u>84,786</u>
Total assets	<u>\$ 1,491,987</u>	<u>\$ 32,097,467</u>	<u>\$ 7,289,363</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	\$ 85,666	-	\$ 100,070
Accrued salaries, benefits, and compensated absences	20,843	\$ 2,210,020	46,247
Payroll withholding	-	15,419,828	-
Interest Payable	-	-	-
Due to other funds	-	-	-
Other unearned revenues	-	-	-
Current capital lease obligations	52,257	-	-
Estimated liability for premiums and claims	-	7,743,618	6,143,810
Total current liabilities	<u>158,766</u>	<u>25,373,466</u>	<u>6,290,127</u>
Non-current liabilities:			
Compensated absences	41,687	1,508	92,494
Long-term capital lease obligations	-	-	-
Total non-current liabilities	<u>41,687</u>	<u>1,508</u>	<u>92,494</u>
Total liabilities	<u>200,453</u>	<u>25,374,974</u>	<u>6,382,621</u>
<u>Net Assets</u>			
Invested in capital assets net of related debt	1,042,137	-	84,786
Restricted for:			
TABOR	2,077	34,278	17,763
Unrestricted	247,320	6,688,215	804,193
Total net assets	<u>1,291,534</u>	<u>6,722,493</u>	<u>906,742</u>
Total liabilities and net assets (deficit)	<u>\$ 1,491,987</u>	<u>\$ 32,097,467</u>	<u>\$ 7,289,363</u>

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

Technology Fund	Utility Revolving Fund	Total Governmental Activities - Internal Service Funds
-	\$ -	\$ 300
-	-	38,510,187
-	-	14,029
-	-	16,480
\$ 25,281	-	127,176
417,771	-	1,474,517
<u>443,052</u>	-	<u>40,142,689</u>
17,085,740	-	21,104,009
(7,095,981)	-	(9,935,070)
9,989,759	-	11,168,939
<u>\$ 10,432,811</u>	<u>\$ -</u>	<u>\$ 51,311,628</u>
\$ 347,251	\$ -	\$ 532,987
159,320	-	2,436,430
-	-	15,419,828
2,972	-	2,972
1,273,095	-	1,273,095
1,060,484	-	1,060,484
153,587	-	205,844
-	-	13,887,428
<u>2,996,709</u>	-	<u>34,819,068</u>
317,043	-	452,732
156,530	-	156,530
<u>473,573</u>	-	<u>609,262</u>
<u>3,470,282</u>	-	<u>35,428,330</u>
9,679,642	-	10,806,565
13,460	-	67,578
(2,730,573)	-	5,009,155
6,962,529	-	15,883,298
<u>\$ 10,432,811</u>	<u>\$ -</u>	<u>\$ 51,311,628</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Funds  
Fiscal Year Ended June 30, 2006

	Central Services Fund	Employee Benefits Fund	Insurance Reserve Fund
<b>Revenues:</b>			
Insurance premiums		\$ 59,403,149	\$ 533,325
Service contracts	\$ 3,594,683	-	329,816
Total revenues	<u>3,594,683</u>	<u>59,403,149</u>	<u>863,141</u>
<b>Expenses:</b>			
Salaries and employee benefits	994,622	49,552	1,527,383
Administration services	258,635	387,138	409,289
Utilities	3,876	-	-
Supplies	1,131,330	-	-
Repairs and maintenance	294,164	-	-
Rent	10,800	-	-
Depreciation	502,042	-	30,264
Other	6,498	-	-
Claim losses	-	5,193,536	4,629,956
Premiums paid	-	52,896,824	-
Total expenses	<u>3,201,967</u>	<u>58,527,050</u>	<u>6,596,892</u>
Income (loss) from operations	<u>392,716</u>	<u>876,099</u>	<u>(5,733,751)</u>
<b>Non-operating revenues (expenses):</b>			
Interest revenues	-	264,396	187,218
Interest expense	(9,580)	-	-
Gain (loss) on sale of fixed assets	(12,661)	-	-
Total non-operating revenues (expenses)	<u>(22,241)</u>	<u>264,396</u>	<u>187,218</u>
Income (loss) before transfers and capital contributions	370,475	1,140,495	(5,546,533)
Capital contributions	-	-	-
Transfers from the general fund	-	3,000,000	5,607,300
Change in net assets	<u>370,475</u>	<u>4,140,495</u>	<u>60,767</u>
Net assets - July 1, 2005	921,059	2,581,998	845,975
Net assets - June 30, 2006	<u>\$ 1,291,534</u>	<u>\$ 6,722,493</u>	<u>\$ 906,742</u>

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

Technology Fund	Utility Revolving Fund	Total Governmental Activities - Internal Service Funds
-	-	\$ 59,936,474
\$ 13,255,548	\$ 185,357	17,365,404
<u>13,255,548</u>	<u>185,357</u>	<u>77,301,878</u>
6,477,488	-	9,049,045
2,065,246	15,397	3,135,705
53,413	-	57,289
186,700	-	1,318,030
1,291,684	-	1,585,848
-	-	10,800
2,171,128	201,917	2,905,351
9,923	-	16,421
-	-	9,823,492
-	-	52,896,824
<u>12,255,582</u>	<u>217,314</u>	<u>80,798,805</u>
<u>999,966</u>	<u>(31,957)</u>	<u>(3,496,927)</u>
-	-	451,614
(29,270)	(934)	(39,784)
<u>(52,538)</u>	<u>(105,112)</u>	<u>(170,311)</u>
<u>(81,808)</u>	<u>(106,046)</u>	<u>241,519</u>
918,158	(138,003)	(3,255,408)
626,764	-	626,764
1,250,000	-	9,857,300
<u>2,794,922</u>	<u>(138,003)</u>	<u>7,228,656</u>
4,167,607	138,003	8,654,642
<u>\$ 6,962,529</u>	<u>\$ -</u>	<u>\$ 15,883,298</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Combining Statement of Cash Flows  
Internal Service Funds  
Fiscal Year Ended June 30, 2006

	Central Services Fund	Employee Benefits Fund	Insurance Reserve Fund
Cash flows from operating activities:			
Cash received from customers	\$ 3,593,973	\$ 59,401,690	\$ 855,088
Cash paid to employees	(987,665)	(48,654)	(1,487,178)
Cash paid to vendors	(1,767,626)	(56,987,288)	(4,858,724)
Net cash provided by (used for) in operating activities	<u>838,682</u>	<u>2,365,748</u>	<u>(5,490,814)</u>
Cash flows from noncapital financing activities:			
Transfers in and (out)	-	3,000,000	5,607,300
Net cash provided by noncapital financing activities	<u>-</u>	<u>3,000,000</u>	<u>5,607,300</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(372,105)	-	(43,502)
Capital contributions	-	-	-
Principal payments	(161,386)	-	-
Interest payments	(11,544)	-	-
Net cash (used for) in capital and related financing activities	<u>(545,035)</u>	<u>-</u>	<u>(43,502)</u>
Cash flows from investing activities:			
Interest received	-	264,396	187,218
Purchase of investments	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>264,396</u>	<u>187,218</u>
Net increase in cash and cash equivalents	293,647	5,630,144	260,202
Cash and cash equivalents - July 1, 2005	300	26,429,451	5,910,772
Cash and cash equivalents - June 30, 2006	<u>\$ 293,947</u>	<u>\$ 32,059,595</u>	<u>\$ 6,170,974</u>
Reconciliation of cash flows from operating activities:			
Income (Loss) from operations	\$ 392,716	\$ 876,099	\$ (5,733,751)
Cash flows from operating activities:			
Depreciation	502,042	-	30,264
(Increase) decrease intergovernmental and other receivables	(710)	(1,459)	(8,054)
(Increase) decrease in prepaid items	-	135,404	(87,190)
(Increase) decrease in other inventories	9,729	-	-
Increase (decrease) in accounts payable	(23,866)	-	(180,439)
Increase (decrease) in accrued salaries, benefits, and compensated and compensated balances	6,957	(780,374)	40,205
Increase in payroll withholding	-	981,714	-
Increase (decrease) in due to other funds	(48,186)	-	-
Increase in deferred revenues	-	-	-
Increase (decrease) in estimated liability for premiums and claims	-	1,154,364	448,151
Net cash provided by (used for) in operating activities	<u>\$ 838,682</u>	<u>\$ 2,365,748</u>	<u>\$ (5,490,814)</u>
Noncash investing, capital, and financing activities:			
Disposal and write off of capital assets	\$ 12,661	\$ -	\$ -

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

Technology Fund	Utility Revolving Fund	Governmental Activities - Internal Service Funds
\$ 13,311,338	\$ 185,357	\$ 77,347,446
(6,449,620)	-	(8,973,117)
(4,248,587)	(157,754)	(68,019,979)
<u>2,613,131</u>	<u>27,603</u>	<u>354,350</u>
1,250,000	-	9,857,300
<u>1,250,000</u>	<u>-</u>	<u>9,857,300</u>
(4,211,829)	-	(4,627,436)
626,764	-	626,764
(213,316)	(26,668)	(401,370)
(64,750)	(935)	(77,229)
<u>(3,863,131)</u>	<u>(27,603)</u>	<u>(4,479,271)</u>
-	-	451,614
-	-	-
-	-	<u>451,614</u>
-	-	6,183,993
-	-	32,340,523
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,524,516</u>
\$ 999,966	\$ (31,957)	\$ (3,496,927)
2,171,128	201,917	2,905,351
-	-	(10,223)
34,339	-	82,553
2,137	-	11,866
(20,762)	-	(225,067)
27,868	-	(705,344)
-	-	981,714
(657,335)	(142,357)	(847,878)
55,790	-	55,790
-	-	1,602,515
<u>\$ 2,613,131</u>	<u>\$ 27,603</u>	<u>\$ 354,350</u>
\$ 52,538	\$ 105,112	\$ 170,311



## **Component Units**

The component units consist of eleven charter school administrative units: Collegiate Academy of Colorado, Compass Montessori - Wheatridge, Compass Montessori – Golden, Excel, Free Horizon, Jefferson Academy, Lincoln Academy, Montessori Peaks, Rocky Mountain Academy Evergreen, Rocky Mountain Deaf School and Woodrow Wilson Charter Schools. The schools have separate governing boards.



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Combining Statement of Net Assets  
Component Units  
June 30, 2006

	Collegiate Academy of Colorado	Compass Montessori - Wheatridge	Compass Montessori - Golden	Excel Charter School	Free Horizon
<b>Assets</b>					
<b>Current assets:</b>					
Cash	\$ 1,300	\$ -	\$ 46,368	\$ 500	\$ 500
Restricted cash	701,997	-	730,442	668,045	-
Restricted cash for TABOR	112,959	51,528	77,382	133,117	42,346
Equity in pooled cash and temporary investments	380,811	69,270	-	1,059,961	102,081
Accounts receivable	13	-	404	13	-
Prepaid items	-	-	-	-	-
Total current assets:	<u>1,197,080</u>	<u>120,798</u>	<u>854,596</u>	<u>1,861,636</u>	<u>144,927</u>
<b>Noncurrent assets:</b>					
Nondepreciable assets	650,000	-	913,509	235,981	-
Depreciable assets	5,193,036	24,177	3,482,152	5,034,543	368,565
Accumulated depreciation	(709,057)	(10,758)	(369,983)	(224,016)	(24,571)
Total noncurrent assets:	<u>5,133,979</u>	<u>13,419</u>	<u>4,025,678</u>	<u>5,046,508</u>	<u>343,994</u>
<b>Total assets</b>	<u><u>\$ 6,331,059</u></u>	<u><u>\$ 134,217</u></u>	<u><u>\$ 4,880,274</u></u>	<u><u>\$ 6,908,144</u></u>	<u><u>\$ 488,921</u></u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 45,679	\$ 12,658	\$ 18,530	\$ 3,045	\$ 13,163
Accrued salaries and benefits	145,068	150,687	109,531	91,697	56,909
Due to the general fund	-	-	1,030	-	-
Unearned revenues	-	89,912	36,440	-	81,113
Accrued interest	16,249	-	166,773	32,174	-
Current capital leases	191,070	-	116,567	140,000	33,284
Total current liabilities:	<u>398,066</u>	<u>253,257</u>	<u>448,871</u>	<u>266,916</u>	<u>184,469</u>
<b>Noncurrent liabilities:</b>					
Capital Leases	7,480,657	-	5,315,992	6,338,519	3,201
Total Noncurrent liabilities:	<u>7,480,657</u>	<u>-</u>	<u>5,315,992</u>	<u>6,338,519</u>	<u>3,201</u>
<b>Total liabilities</b>	<u>7,878,723</u>	<u>253,257</u>	<u>5,764,863</u>	<u>6,605,435</u>	<u>187,670</u>
<b>Net Assets</b>					
Invested in capital net of debt	(2,537,748)	13,419	(1,406,881)	(1,432,011)	307,510
<b>Restricted for:</b>					
Capital projects	-	4,684	-	-	-
Debt service	701,997	-	730,442	668,045	-
TABOR	112,959	51,528	77,382	133,117	42,346
Unrestricted	175,128	(188,671)	(285,532)	933,558	(48,605)
Total net assets	<u>(1,547,664)</u>	<u>(119,040)</u>	<u>(884,589)</u>	<u>302,709</u>	<u>301,251</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 6,331,059</u></u>	<u><u>\$ 134,217</u></u>	<u><u>\$ 4,880,274</u></u>	<u><u>\$ 6,908,144</u></u>	<u><u>\$ 488,921</u></u>

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

Jefferson Academy	Lincoln Academy Charter School	Montessori Peaks	Rocky Mountain Academy Evergreen	Rocky Mountain Deaf School	Woodrow Wilson Academy	Total Charter Schools
\$ 600	\$ 487	\$ 500	\$ 343	\$ 294	\$ 500	\$ 51,392
360,291	441,242	670,634	-	-	1,315,857	4,888,508
148,950	125,952	91,722	56,413	21,901	82,617	944,887
454,242	1,188,562	306,677	184,515	-	660,651	4,406,770
-	8	11,876	78	9,760	-	22,152
-	-	-	-	-	1,566	1,566
964,083	1,756,251	1,081,409	241,349	31,955	2,061,191	10,315,275
-	397,320	1,099,229	-	-	5,200,568	8,496,607
3,277,577	2,663,380	3,371,972	741,205	18,578	-	24,175,185
(603,045)	(426,630)	(365,978)	(439,921)	(11,104)	-	(3,185,063)
2,674,532	2,634,070	4,105,223	301,284	7,474	5,200,568	29,486,729
<u>\$ 3,638,615</u>	<u>\$ 4,390,321</u>	<u>\$ 5,186,632</u>	<u>\$ 542,633</u>	<u>\$ 39,429</u>	<u>\$ 7,261,759</u>	<u>\$ 39,802,004</u>

\$ 27,984	\$ 9,689	\$ 999	\$ 20,213	-	\$ 290,511	\$ 442,471
219,751	106,289	106,632	73,659	\$ 34,779	49,857	1,144,859
-	-	-	-	50,551	-	51,581
-	1,300	-	25,225	-	-	233,990
7,431	35,305	76,333	1,599	-	25,247	361,111
55,000	80,000	65,000	79,884	-	75,000	835,805
310,166	232,583	248,964	200,580	85,330	440,615	3,069,817
2,901,416	2,196,614	5,298,425	304,161	-	6,261,935	36,100,920
2,901,416	2,196,614	5,298,425	304,161	-	6,261,935	36,100,920
3,211,582	2,429,197	5,547,389	504,741	85,330	6,702,550	39,170,737
(281,884)	357,456	(1,258,202)	(82,761)	7,474	(281,211)	(6,594,839)
254,232	-	-	-	28,968	24,777	312,661
360,291	441,242	670,634	-	-	1,084,244	4,656,895
148,950	125,952	91,722	56,413	21,901	82,617	944,887
(54,556)	1,036,474	135,089	64,240	(104,244)	(351,218)	1,311,663
427,033	1,961,124	(360,757)	37,892	(45,901)	559,209	631,267
<u>\$ 3,638,615</u>	<u>\$ 4,390,321</u>	<u>\$ 5,186,632</u>	<u>\$ 542,633</u>	<u>\$ 39,429</u>	<u>\$ 7,261,759</u>	<u>\$ 39,802,004</u>



JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Combining Statement of Activities  
Component Units  
Fiscal year ended June 30, 2006

	Expenses	Charges For Services	Governmental Activities
Schools			
Collegiate Academy of Colorado	\$ 3,739,275	\$ 340,012	\$ (3,399,263)
Compass Montessori - Wheatridge	1,837,820	500,770	(1,337,050)
Compass Montessori - Golden	2,655,748	592,293	(2,063,455)
Excel Charter School	3,019,995	340,534	(2,679,461)
Free Horizon	1,371,129	436,286	(934,843)
Jefferson Academy	4,780,933	249,663	(4,531,270)
Lincoln Academy Charter School	3,354,683	366,086	(2,988,597)
Montessori Peaks	2,862,453	1,040,758	(1,821,695)
Rocky Mountain Academy Evergreen	2,126,553	710,702	(1,415,851)
Rocky Mountain Deaf School	653,898	493,846	(160,052)
Woodrow Wilson Academy	2,430,443	283,834	(2,146,609)
Total Expenditures	28,832,930	5,354,784	(23,478,146)
General Revenues			
School finance act:			
Collegiate Academy of Colorado			3,425,290
Compass Montessori - Wheatridge			1,216,838
Compass Montessori - Golden			1,987,105
Excel Charter School			2,685,701
Free Horizon			975,257
Jefferson Academy			4,660,323
Lincoln Academy Charter School			3,807,312
Montessori Peaks			2,016,626
Rocky Mountain Academy Evergreen			1,169,743
Rocky Mountain Deaf School			232,387
Woodrow Wilson Academy			2,344,913
Total General Revenues			24,521,495
Change in net assets			1,043,349
Net Assets Beginning, as restated			(412,082)
Net Assets Ending			\$ 631,267

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
All Component Units  
Combining Balance Sheet  
June 30, 2006

	Collegiate Academy of Colorado	Compass Montessori - Wheatridge	Compass Montessori - Golden	Excel Charter School	Free Horizon
<b>Assets</b>					
<b>Assets:</b>					
Cash	\$ 1,300	-	\$ 46,368	\$ 500	\$ 500
Restricted Cash	814,956	\$ 51,528	807,824	801,162	42,346
Equity in pooled cash	380,811	69,270	-	1,059,961	102,081
Accounts, notes, contracts, and interest receivable	13	-	404	13	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$ 1,197,080</u>	<u>\$ 120,798</u>	<u>\$ 854,596</u>	<u>\$ 1,861,636</u>	<u>\$ 144,927</u>
<b>Liabilities, Equity (Deficit)</b>					
<b>Liabilities:</b>					
Accounts and retainages payable	\$ 45,679	\$ 12,658	\$ 18,530	\$ 3,045	\$ 13,163
Accrued salaries, benefits, and compensated absences	145,068	150,687	109,531	91,697	56,909
Due to primary government	-	-	1,030	-	-
Unearned revenues	-	89,912	36,440	-	81,113
Total Liabilities	<u>190,747</u>	<u>253,257</u>	<u>165,531</u>	<u>94,742</u>	<u>151,185</u>
<b>Equity (Deficit)</b>					
<b>Fund balance reserved for:</b>					
Capital Projects	-	4,684	-	-	-
Debt service	701,997	-	730,442	668,045	-
TABOR	112,959	51,528	77,382	133,117	42,346
<b>Fund balance (deficit) unreserved:</b>					
Undesignated fund balance (deficit)	191,377	(188,671)	(118,759)	965,732	(48,604)
Total equity (deficit)	<u>1,006,333</u>	<u>(132,459)</u>	<u>689,065</u>	<u>1,766,894</u>	<u>(6,258)</u>
Total Liabilities, Equity (Deficit)	<u>\$ 1,197,080</u>	<u>\$ 120,798</u>	<u>\$ 854,596</u>	<u>\$ 1,861,636</u>	<u>\$ 144,927</u>
Amounts reported for component unit activities in the statement of net assets are different because:					
Component units total equity	\$ 1,006,333	\$ (132,459)	\$ 689,065	\$ 1,766,894	\$ (6,258)
Add: Capital Assets	5,843,036	24,177	4,395,661	5,270,524	368,565
Less: Accumulated depreciation	(709,057)	(10,758)	(369,983)	(224,016)	(24,571)
Long-term liabilities	(7,671,727)	-	(5,432,559)	(6,478,519)	(36,485)
Accrued interest	(16,249)	-	(166,773)	(32,174)	-
Net assets of component unit activities	<u>\$(1,547,664)</u>	<u>\$ (119,040)</u>	<u>\$ (884,589)</u>	<u>\$ 302,709</u>	<u>\$ 301,251</u>

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

Jefferson Academy	Lincoln Academy Charter School	Montessori Peaks	Rocky Mountain Academy Evergreen	Rocky Mountain Deaf School	Woodrow Wilson Academy	Total Charter Schools
\$ 600	\$ 487	\$ 500	\$ 343	\$ 294	\$ 500	\$ 51,392
509,241	567,194	762,356	56,413	21,901	1,398,474	5,833,395
454,242	1,188,562	306,677	184,515	-	660,651	4,406,770
-	8	11,876	78	9,760	-	22,152
-	-	-	-	-	1,566	1,566
<u>\$ 964,083</u>	<u>\$ 1,756,251</u>	<u>\$ 1,081,409</u>	<u>\$ 241,349</u>	<u>\$ 31,955</u>	<u>\$ 2,061,191</u>	<u>\$ 10,315,275</u>

\$ 27,984	\$ 9,689	\$ 999	\$ 20,213	-	\$ 290,512	\$ 442,472
219,751	106,289	106,632	73,659	\$ 34,779	49,857	1,144,859
-	-	-	-	50,551	-	51,581
-	1,300	-	25,225	-	-	233,990
<u>247,735</u>	<u>117,278</u>	<u>107,631</u>	<u>119,097</u>	<u>85,330</u>	<u>340,369</u>	<u>1,872,902</u>

254,232	-	-	-	28,968	24,777	312,661
360,291	441,242	670,634	-	-	1,084,244	4,656,895
148,950	125,952	91,722	56,413	21,901	82,617	944,887
(47,125)	1,071,779	211,422	65,839	(104,244)	529,184	2,527,930
<u>716,348</u>	<u>1,638,973</u>	<u>973,778</u>	<u>122,252</u>	<u>(53,375)</u>	<u>1,720,822</u>	<u>8,442,373</u>
<u>\$ 964,083</u>	<u>\$ 1,756,251</u>	<u>\$ 1,081,409</u>	<u>\$ 241,349</u>	<u>\$ 31,955</u>	<u>\$ 2,061,191</u>	<u>\$ 10,315,275</u>

\$ 716,348	\$ 1,638,973	\$ 973,778	\$ 122,252	\$ (53,375)	\$ 1,720,822	\$ 8,442,373
3,277,577	3,060,700	4,471,201	741,205	18,578	5,200,568	32,671,792
(603,045)	(426,630)	(365,978)	(439,921)	(11,104)	-	(3,185,063)
(2,956,416)	(2,276,614)	(5,363,425)	(384,045)	-	(6,336,934)	(36,936,724)
(7,431)	(35,305)	(76,333)	(1,599)	-	(25,247)	(361,111)
<u>\$ 427,033</u>	<u>\$ 1,961,124</u>	<u>\$ (360,757)</u>	<u>\$ 37,892</u>	<u>\$ (45,901)</u>	<u>\$ 559,209</u>	<u>\$ 631,267</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
All Component Units  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)  
Fiscal Year Ended June 30, 2006

	Collegiate Academy of Colorado	Compass Montessori - Wheatridge	Compass Montessori - Golden	Excel Charter School	Free Horizon
Revenues:					
Intergovernmental	\$ 3,425,290	\$ 1,216,838	\$ 1,987,105	\$ 2,685,701	\$ 975,257
Other revenue	340,012	500,770	592,293	340,534	436,286
Total revenues	<u>3,765,302</u>	<u>1,717,608</u>	<u>2,579,398</u>	<u>3,026,235</u>	<u>1,411,543</u>
Expenditures:					
Current:					
Salaries	1,932,871	1,111,499	1,168,913	1,409,359	804,623
Benefits	217,506	120,953	128,296	155,269	91,191
Purchased services	692,443	525,674	466,959	882,432	326,774
Materials and supplies	290,581	72,420	185,755	149,637	88,798
Capital outlay	7,580	5,611	2,963	4,904	28,938
Debt service	589,586	-	621,462	1,602,051	37,621
Total other instructional programs	<u>3,730,567</u>	<u>1,836,157</u>	<u>2,574,348</u>	<u>4,203,652</u>	<u>1,377,945</u>
Excess of revenues over (under) expenditures	34,735	(118,549)	5,050	(1,177,417)	33,598
Other Financing Sources (uses):					
Other financing sources - capital leases	-	-	-	7,610,000	-
Other financing sources - premium	-	-	-	630,995	-
Other financing uses - refunding capital leases	-	-	-	(6,830,000)	-
Other financing sources - sale of capital asset	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,410,995</u>	<u>-</u>
Excess of Revenues and other Financing Sources Over (Under) Expenditures	34,735	(118,549)	5,050	233,578	33,598
Fund balance (deficit) - July 1, 2005	971,598	(13,910)	684,015	1,533,316	(39,856)
Fund balance (deficit) - June 30, 2006	<u>\$ 1,006,333</u>	<u>\$ (132,459)</u>	<u>\$ 689,065</u>	<u>\$ 1,766,894</u>	<u>\$ (6,258)</u>
Amounts reported for component unit activities in the statement of activities are different because:					
Excess of Revenues and other Financing Sources Over (Under) Expenditures	\$ 34,735	\$ (118,549)	\$ 5,050	\$ 233,578	\$ 33,598
Less: Depreciation expense	(180,341)	(1,663)	(243,574)	(197,214)	(24,571)
Loss on disposal of assets	(8,581)	-	-	-	-
Other sources - debt and amortization of issuance costs	(11,046)	-	(5,791)	(6,870,210)	-
Change in accrued interest	188	-	3,355	10,086	-
Add: Net capital outlay asset additions	-	-	-	-	-
Amortization of premium net of issuance costs	-	-	-	-	-
Principal payment on long-term liabilities	191,072	-	164,610	6,830,000	31,387
Change in net assets of component unit activities	<u>\$ 26,027</u>	<u>\$ (120,212)</u>	<u>\$ (76,350)</u>	<u>\$ 6,240</u>	<u>\$ 40,414</u>

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

Jefferson Academy	Lincoln Academy Charter School	Montessori Peaks	Rocky Mountain Academy Evergreen	Rocky Mountain Deaf School	Woodrow Wilson Academy	Total Charter Schools
\$ 4,660,323	\$ 3,807,312	\$ 2,016,626	\$ 1,169,743	\$ 232,387	\$ 2,344,913	\$ 24,521,495
249,663	366,086	1,040,758	710,702	493,846	283,834	5,354,784
<u>4,909,986</u>	<u>4,173,398</u>	<u>3,057,384</u>	<u>1,880,445</u>	<u>726,233</u>	<u>2,628,747</u>	<u>29,876,279</u>

2,932,243	1,907,324	1,444,915	1,014,617	425,287	1,425,558	15,577,209
317,749	223,778	158,778	110,086	46,830	169,063	1,739,499
1,014,611	784,466	457,260	522,495	164,312	517,712	6,355,138
270,624	260,611	82,175	84,151	15,571	128,167	1,628,490
-	542,829	34,897	1,497	40	2,111,125	2,740,384
237,523	170,541	523,675	85,658	-	325,446	4,193,563
<u>4,772,750</u>	<u>3,889,549</u>	<u>2,701,700</u>	<u>1,818,504</u>	<u>652,040</u>	<u>4,677,071</u>	<u>32,234,283</u>

137,236	283,849	355,684	61,941	74,193	(2,048,324)	(2,358,004)
-	-	-	-	-	-	7,610,000
-	-	-	-	-	-	630,995
-	-	-	-	-	-	(6,830,000)
55,000	25,000	-	-	-	125,154	205,154
<u>55,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,154</u>	<u>1,616,149</u>

192,236	308,849	355,684	61,941	74,193	(1,923,170)	(741,855)
524,112	1,330,124	618,094	60,311	(127,568)	3,643,992	9,184,228
<u>\$ 716,348</u>	<u>\$ 1,638,973</u>	<u>\$ 973,778</u>	<u>\$ 122,252</u>	<u>\$ (53,375)</u>	<u>\$ 1,720,822</u>	<u>\$ 8,442,373</u>

\$ 192,236	\$ 308,849	\$ 355,684	\$ 61,941	\$ 74,193	\$(1,923,170)	\$ (741,855)
(111,076)	(90,643)	(237,841)	(111,917)	(1,858)	-	(1,200,698)
-	-	(3,802)	-	-	-	(12,383)
(7,170)	(5,419)	(13,907)	(260,191)	-	-	(7,173,734)
63	(18,433)	947	(1,599)	-	2,258	(3,135)
-	539,361	33,850	-	-	2,111,125	2,684,336
-	-	-	-	-	2,136	2,136
55,000	85,000	60,000	65,658	-	5,955	7,488,682
<u>\$ 129,053</u>	<u>\$ 818,715</u>	<u>\$ 194,931</u>	<u>\$ (246,108)</u>	<u>\$ 72,335</u>	<u>\$ 198,304</u>	<u>\$ 1,043,349</u>





## Statistical Section

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

<u>Content</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's Financial performance and well-being have changed over time.	100-107
Revenue Capacity These schedules contain information to help the reader assess the District's property tax revenue.	108-113
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.	114-119
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.	120-121
Operating Information These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	122-127

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

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

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

<u>2005</u>	<u>2006</u>
\$ 270,489,848	\$ 272,131,267
111,961,310	119,886,342
<u>44,946,760</u>	<u>82,472,483</u>
<u>\$ 427,397,918</u>	<u>\$ 474,490,092</u>
\$ 2,887,640	\$ 2,610,619
688,076	709,513
<u>5,240,516</u>	<u>8,077,616</u>
<u>\$ 8,816,232</u>	<u>\$ 11,397,748</u>
\$ 273,377,488	\$ 274,741,886
112,649,386	120,595,855
<u>50,187,276</u>	<u>90,550,099</u>
<u>\$ 436,214,150</u>	<u>\$ 485,887,840</u>

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

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

a) Transfers in 2001 include transfers to component units.

	<u>2005</u>		<u>2006</u>
\$	389,330,732	\$	420,089,848
	120,382,252		126,074,406
	17,269,372		18,779,643
	23,354,067		24,209,356
	18,665,080		21,508,695
	16,500,402		19,653,828
	18,753,372		18,789,170
	2,859,645		2,894,361
	2,374,468		1,548,547
	31,651,073		36,819,243
	<u>641,140,463</u>		<u>690,367,097</u>
	19,130,176		19,750,220
	9,899,843		11,039,953
	1,466,991		1,125,385
	-		-
	<u>30,497,010</u>		<u>31,915,558</u>
\$	<u>671,637,473</u>	\$	<u>722,282,655</u>
\$	4,366,210	\$	4,329,271
	32,540,920		29,837,974
	229,677		502,601
	3,258,778		2,292,589
	2,744,283		3,537,713
	37,005,381		41,131,579
	6,038,113		7,020,660
	4,393,792		4,234,626
	<u>90,577,154</u>		<u>92,887,013</u>
	12,705,589		12,906,439
	8,383,059		8,669,515
	1,802,491		1,906,311
	-		-
	6,360,540		7,092,392
	1,011,907		1,405,393
	-		-
	<u>30,263,586</u>		<u>31,980,050</u>
\$	<u>120,840,740</u>	\$	<u>124,867,063</u>
\$	(550,563,309)	\$	(597,480,084)
	(233,424)		64,492
\$	<u>(550,796,733)</u>	\$	<u>(597,415,592)</u>
\$	319,150,542	\$	321,679,910
	30,817,445		30,814,386
	273,963,074		281,173,393
	9,924,454		13,237,589
	(1,733,944)		(2,333,020)
	<u>632,121,571</u>		<u>644,572,258</u>
	44,723		184,004
	1,733,944		2,333,020
	1,778,667		2,517,024
\$	<u>633,900,238</u>	\$	<u>647,089,282</u>
\$	81,558,262	\$	47,092,174
	1,545,243		2,581,516
\$	<u>83,103,505</u>	\$	<u>49,673,690</u>

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

	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General fund				
Reserved	\$ 15,174,109	\$ 25,920,189	\$ 21,608,077	\$ 15,801,521
Unreserved	<u>(33,032,145)</u>	<u>(49,772,393)</u>	<u>(47,107,707)</u>	<u>(20,345,026)</u>
Total general fund	<u><u>\$ (17,858,036)</u></u>	<u><u>\$ (23,852,204)</u></u>	<u><u>\$ (25,499,630)</u></u>	<u><u>\$ (4,543,505)</u></u>
All other governmental funds				
Reserved	\$ 38,679,302	\$ 325,261,940	\$ 321,338,500	\$ 213,775,190
Unreserved, reported in:				
Other governmental funds	<u>4,236,983</u>	<u>5,342,367</u>	<u>7,293,290</u>	<u>10,122,621</u>
Total all other governmental funds	<u><u>\$ 42,916,285</u></u>	<u><u>\$ 330,604,307</u></u>	<u><u>\$ 328,631,790</u></u>	<u><u>\$ 223,897,811</u></u>

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 31,643,631	\$ 28,570,597	\$ 21,624,045	\$ 17,845,224	\$ 20,017,939	\$ 21,464,542
<u>(39,309,021)</u>	<u>(30,852,000)</u>	<u>(38,036,687)</u>	<u>(32,447,844)</u>	<u>22,912,895</u>	<u>50,631,896</u>
<u>\$ (7,665,390)</u>	<u>\$ (2,281,403)</u>	<u>\$ (16,412,642)</u>	<u>\$ (14,602,620)</u>	<u>\$ 42,930,834</u>	<u>\$ 72,096,438</u>
\$157,990,772	\$113,334,703	\$106,172,193	\$ 92,998,438	\$359,255,671	\$297,538,614
6,913,002	6,931,972	6,367,463	6,005,720	6,625,601	6,730,727
<u>\$164,903,774</u>	<u>\$120,266,675</u>	<u>\$112,539,656</u>	<u>\$ 99,004,158</u>	<u>\$365,881,272</u>	<u>\$304,269,341</u>



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

	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Revenues</b>				
Taxes	\$ 208,928,178	\$ 240,010,242	\$ 241,404,301	\$ 275,576,856
Intergovernmental	239,745,584	251,045,812	265,080,191	274,606,540
Interest	4,811,438	16,264,547	18,600,688	15,657,164
Other	28,870,994	29,453,179	35,199,572	39,288,046
Total revenues	<u>482,356,194</u>	<u>536,773,780</u>	<u>560,284,752</u>	<u>605,128,606</u>
<b>Expenditures</b>				
Direct instruction	315,586,907	331,059,941	338,924,887	343,671,305
Indirect instruction	31,408,521	32,305,688	34,261,626	40,138,074
Transportation	-	-	-	-
Custodial services	-	-	-	-
Field services	52,569,669	53,186,600	54,075,753	53,628,198
Telecommunications, networking and utilities	-	-	-	-
Support services	11,161,945	14,930,980	14,585,708	16,392,934
General administration	1,965,424	2,309,587	2,248,632	2,284,795
Districtwide	9,194,233	9,943,840	8,653,163	12,501,634
Capital outlay	49,050,903	26,644,392	33,289,358	138,980,598
Debt service				
Principal	19,905,000	26,925,959	28,845,000	30,590,000
Interest	25,109,467	17,741,753	39,000,000	34,153,407
Total expenditures	<u>515,952,069</u>	<u>515,048,740</u>	<u>553,884,127</u>	<u>672,340,945</u>
Excess of revenues over (under) expenditures	(33,595,875)	21,725,040	6,400,625	(67,212,339)
<b>Other financing sources (uses)</b>				
Certificates of participation proceeds	-	-	20,240,575	-
Capital lease proceeds	-	-	-	-
Estimated loss in market value of investments	-	-	-	-
Arbitrage expenses	-	-	-	-
General obligation bond proceeds	-	574,885,000	-	-
Payment to refunded escrow agent	-	(309,575,000)	(20,240,575)	-
Premium from refunding bonds	-	-	-	-
Transfers out	(23,148,892)	(24,069,309)	(27,692,911)	(34,513,271)
Transfers in	15,516,768	16,828,429	17,348,363	17,947,756
Total other financing sources (uses)	<u>(7,632,124)</u>	<u>258,069,120</u>	<u>(10,344,548)</u>	<u>(16,565,515)</u>
Net change in fund balances	<u>\$ (41,227,999)</u>	<u>\$ 279,794,160</u>	<u>\$ (3,943,923)</u>	<u>\$ (83,777,854)</u>
Debt service as a percentage of noncapital expenditures	10.7%	10.1%	15.0%	13.8%

a) Prior to 2001, field services amounts included transportation, custodial services, telecommunications, networking and utilities.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 280,398,987	\$ 296,701,600	\$ 299,934,107	\$ 304,409,919	\$ 351,941,711	\$ 352,032,843
283,309,206	290,600,006	310,966,205	318,211,869	321,400,360	333,560,257
12,480,360	5,800,179	3,089,821	2,023,751	9,924,454	13,237,590
<u>42,606,199</u>	<u>42,320,764</u>	<u>44,976,788</u>	<u>46,339,211</u>	<u>47,875,643</u>	<u>46,436,068</u>
<u>618,794,752</u>	<u>635,422,549</u>	<u>658,966,921</u>	<u>670,984,750</u>	<u>731,142,168</u>	<u>745,266,758</u>
319,062,589	335,287,629	362,594,502	363,285,730	358,618,075	377,762,106
104,332,068	112,558,563	118,402,775	112,680,365	115,402,442	120,459,541
14,480,978	15,081,315	16,461,189	16,513,997	17,027,582	18,502,815
19,012,889	20,678,375	22,662,070	22,739,292	23,053,952	23,956,510
14,915,622	15,392,722	16,641,671	16,809,203	16,600,149	17,608,414
15,282,320	14,274,105	15,764,323	15,940,510	16,424,892	19,606,348
15,455,206	15,908,474	16,386,545	17,036,206	16,297,504	17,482,207
3,493,917	3,639,111	2,978,076	2,016,778	2,721,353	2,716,752
2,396,936	1,000,370	1,179,969	828,320	678,239	662,017
87,807,935	64,750,148	42,385,785	37,025,914	42,507,356	91,940,532
31,975,000	33,420,000	35,110,000	38,625,000	36,215,000	37,935,000
<u>32,740,950</u>	<u>31,172,723</u>	<u>28,609,813</u>	<u>28,106,178</u>	<u>39,781,092</u>	<u>36,890,523</u>
<u>660,956,410</u>	<u>663,163,535</u>	<u>679,176,718</u>	<u>671,607,493</u>	<u>685,327,636</u>	<u>765,522,765</u>
(42,161,658)	(27,740,986)	(20,209,797)	(622,743)	45,814,532	(20,256,007)
-	-	11,695,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(2,802,549)	-	-	-
-	-	50,545,000	-	360,035,000	-
-	-	(57,471,000)	-	(104,775,000)	-
-	-	7,312,299	-	30,240,565	-
(38,405,083)	(30,169,184)	(33,179,406)	(32,587,152)	(27,642,544)	(30,898,320)
<u>18,450,819</u>	<u>18,657,058</u>	<u>19,416,000</u>	<u>21,484,419</u>	<u>20,738,015</u>	<u>18,708,000</u>
<u>(19,954,264)</u>	<u>(11,512,126)</u>	<u>(4,484,656)</u>	<u>(11,102,733)</u>	<u>278,596,036</u>	<u>(12,190,320)</u>
<u>\$ (62,115,922)</u>	<u>\$ (39,253,112)</u>	<u>\$ (24,694,453)</u>	<u>\$ (11,725,476)</u>	<u>\$ 324,410,568</u>	<u>\$ (32,446,327)</u>
12.7%	12.1%	11.1%	11.8%	13.4%	12.5%

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

Fiscal Year Ended June 30,	Residential Property (1)	Commercial Property (1)	Industrial Property (1)	Agriculture Property (1)	Natural Resources (1)	Public Utilities (1)
1997	\$ 2,282,329	\$ 987,137	\$ 323,805	\$ 11,003	\$ 3,815	\$163,270
1998	2,463,733	1,164,998	412,893	13,686	4,286	168,771
1999	2,526,738	1,172,832	376,061	13,762	5,247	169,051
2000	2,868,753	1,351,348	396,134	16,206	5,775	193,291
2001	2,934,559	1,410,795	408,361	17,089	5,664	201,555
2002	3,548,445	1,636,541	471,096	21,551	5,934	215,468
2003	3,610,972	1,633,992	470,016	22,025	5,998	231,254
2004	3,784,449	1,744,314	506,747	23,037	7,371	246,370
2005	3,828,912	1,750,309	496,363	24,538	6,929	221,699
2006	3,935,613	1,970,232	502,297	25,275	7,971	223,203

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

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

<u>Total Taxable Assessed Value (1)</u>	<u>Mill Levy General Fund and Bond</u>	<u>Estimated Actual Taxable Value (2)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 3,771,359	49.96 %	\$ 25,846,989	14.59 %
4,228,367	51.36	30,007,227	14.09
4,263,691	51.33	30,513,099	13.97
4,831,507	51.76	34,807,819	13.88
4,978,023	50.87	35,640,463	13.97
5,899,035	45.20	45,361,477	13.00
5,974,257	45.39	46,108,599	12.96
6,312,288	43.85	54,763,946	11.53
6,328,750	51.10	55,709,328	11.36
6,664,591	49.05	57,874,509	11.52



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

Fiscal Year	School District Rates			Overlapping Rates	
	General Fund	Debt Service Fund	Total	Jefferson County	Broomfield County
1997	\$ 39.66	\$ 10.30	\$ 49.96	\$ 25.98	-
1998	36.88	14.48	51.36	25.12	-
1999	37.03	14.30	51.33	25.98	-
2000	39.05	12.71	51.76	24.69	-
2001	38.54	12.34	50.88	24.69	-
2002	35.20	10.00	45.20	22.42	\$ 27.23
2003	35.24	10.15	45.39	23.54	27.23
2004	33.70	10.15	43.85	23.87	27.23
2005	39.85	11.25	51.10	24.35	27.24
2006	37.80	11.25	49.05	24.35	27.24

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

Note: The District's property tax rate may be increased only by a majority vote of the county's residents. Rates for debt service are set based on each year's requirements for bonds authorized by a majority vote of the county's residents.

The Special Revenue Fund and the Capital Project Funds have been included in the General Fund.

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

Taxpayer	2005			1996		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Adolph Coors Company	\$ 122,258,300	1	1.8 %	\$ 148,698,720	1	4.0 %
Excel Energy	104,848,700	2	1.6	70,950,100	2	1.9
Qwest Communications	55,571,400	4	0.8	65,648,800	3	1.8
Lockheed Martin	68,415,350	3	1.0	61,459,980	4	1.7
Villa Italia				23,617,080	5	0.7
Ball Corporation				13,191,860	8	0.4
Southwest Plaza Mall	22,263,160	8	0.3	16,276,640	6	0.4
Westminster Mall				15,162,710	7	0.4
Arvada Marketplace				9,194,510	9	0.2
Denver West	27,021,110	7	0.4			
Cobe Laboratories				8,947,260	10	0.2
Colorado Mills Limited Partnership	45,675,000	5	0.7			
Teachers Insurance & Annuity Assoc	39,121,780	6	0.6			
Belmar Mainstreet	17,858,770	9	0.3			
Plains End LLC	13,639,510	10	0.2			
Total	<u>\$ 516,673,080</u>		<u>7.7 %</u>	<u>\$ 433,147,660</u>		<u>11.7 %</u>

Source: Jefferson County

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collected	(1) Total Tax Collections	% of Total Tax Collected to Tax Levy
1997	\$ 188,420,894	\$ 178,597,209	94.8 %	\$ 8,659,277	\$ 187,256,486	99.4 %
1998	217,173,146	205,571,006	94.7	8,312,329	213,823,335	98.5
1999	218,712,084	207,130,846	94.7	7,610,786	214,741,632	98.2
2000	248,178,309	234,489,261	94.5	11,598,393	246,087,654	99.2
2001	251,226,125	235,469,913	93.7	13,622,581	249,092,494	99.2
2002	264,210,517	250,017,865	94.6	14,358,902	264,376,767	100.0
2003	271,163,790	256,050,652	94.4	12,387,911	268,438,563	99.0
2004	276,374,730	260,315,593	94.2	13,212,875	273,528,468	99.0
2005	322,746,732	306,490,187	95.0	14,333,830	320,824,017	99.4
2006	324,930,276	308,601,938	95.0	12,188,005	320,789,943	98.8

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

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

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

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

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



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

Fiscal Year	Governmental Activities			Business-Type Activities
	General Obligation Bonds	Certificates of Participation	Capital Leases	Capital Leases
1997	\$ 411,113,613	\$ 22,875,000	\$ 4,213,219	-
1998	653,835,267	19,205,000	9,316,211	-
1999	625,263,472	20,195,000	7,657,042	-
2000	598,709,303	16,450,000	3,658,229	\$ 1,453,289
2001	570,928,895	12,565,000	2,307,585	1,161,067
2002	541,868,460	8,535,000	1,732,500	852,101
2003	513,529,286	16,045,000	2,155,014	525,432
2004	480,392,738	10,930,000	1,422,926	180,045
2005	700,940,289	9,825,000	763,744	-
2006	664,553,474	8,700,000	362,374	-

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

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

<u>Total Primary Government</u>	<u>Ratio of Net Bonded Debt to Assessed Value (a)</u>	<u>Net Bonded Debt Per Capita</u>	<u>Population</u>
\$ 438,201,832	11.62%	\$ 870	503,915
682,356,478	16.14%	1,332	512,114
653,115,514	15.32%	1,255	520,390
620,270,821	12.84%	1,177	527,056
586,962,547	11.79%	1,109	529,401
552,988,061	9.37%	1,042	530,821
532,254,732	8.91%	994	535,658
492,925,709	7.81%	920	535,657
711,529,033	11.24%	1,328	535,657
673,615,848	10.64%	1,251	538,556



Debt Capacity Schedule 10  
 Jefferson County School District, No.R-1  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2006

	Estimated Outstanding General Obligation Debt	Percentage Applicable to Jefferson County School District	Estimated Amount Applicable to Jefferson County School District
<u>Direct Debt</u>			
Jefferson County School District, No. R-1	\$ 664,553,474	100%	\$ 664,553,474
<u>Overlapping Debt</u>			
Plaza Metro District No. 1	83,000,000	100%	83,000,000
Denver West Metro District	61,325,000	100%	61,325,000
South Suburban Park & Rec District	35,810,000	1.13%	404,653
Countrydale Metro District	26,335,000	100%	26,335,000
Foothills Park & Rec District	22,580,000	100%	22,580,000
North Jeffco Park & Rec District	18,565,000	98.10%	18,212,265
Bowles Metro District	24,685,000	49.02%	12,100,587
Evergreen Park & Rec District	13,022,605	100%	13,022,605
Mount Carbon Metro District	16,000,000	100%	16,000,000
Evergreen Fire Protection District	9,385,000	87.77%	8,237,215
Kipling Ridge Metro District	14,990,000	100.00%	14,990,000
Section 14 Metro District	10,230,000	80.24%	8,208,552
Town of Bow Mar	650,000	28.59%	185,835
Superior Metropolitan District #3	3,215,000	0.0013%	42
Other	104,711,253	100%	104,711,253
Total Overlapping Debt	444,503,858		389,313,007
Total Direct and Overlapping Debt	\$ 1,109,057,332		\$ 1,053,866,481

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

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

	Fiscal Year			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General bonded debt outstanding				
General obligation debt	\$411,113,613	\$653,835,267	\$625,263,472	\$598,709,303
Percentage of estimated property value (a)	1.59%	2.18%	2.05%	1.72%
Per capita (b)	816	1,277	1,202	1,136
Less: Amounts set aside to repay general debt	<u>(30,859,564)</u>	<u>(52,743,573)</u>	<u>(46,770,619)</u>	<u>(48,150,652)</u>
Total net debt applicable to debt limit	380,254,049	601,091,694	578,492,853	550,558,651
Legal debt limit (c)	754,271,908	845,673,356	852,163,736	958,939,392
Legal debt margin (d)	<u>\$374,017,859</u>	<u>\$244,581,662</u>	<u>\$273,670,883</u>	<u>\$408,380,741</u>
Legal debt margin as a percentage of the debt limit	49.59%	28.92%	32.11%	42.59%

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

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

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

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

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

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$570,928,895	\$541,868,460	\$513,529,286	\$480,392,738	\$700,940,289	\$664,553,474
1.60%	1.19%	1.11%	0.88%	1.26%	1.15%
1,078	1,021	959	897	1,309	1,241
(49,600,372)	(48,534,818)	(49,985,495)	(52,208,259)	(57,407,112)	(57,623,732)
521,328,523	493,333,642	463,543,791	428,184,479	643,533,177	606,929,742
987,659,958	1,169,047,220	1,194,896,294	1,260,603,585	1,263,992,262	1,324,813,065
<u>\$466,331,435</u>	<u>\$675,713,578</u>	<u>\$731,352,503</u>	<u>\$832,419,106</u>	<u>\$620,459,085</u>	<u>\$717,883,323</u>
47.22%	57.80%	61.21%	66.03%	49.09%	54.19%

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1996	497,774	\$ 14,185,563	28,498	36	13.1	86,868	3.4 %
1997	503,915	15,556,360	30,871	36	13.1	88,269	2.4
1998	512,114	17,077,978	33,348	36	13.1	88,793	2.5
1999	520,390	15,946,311	30,643	36	13.1	88,763	2.8
2000	527,056	17,081,358	32,409	37	13.1	87,832	2.0
2001	529,401	17,946,694	33,900	41	13.1	87,240	3.2
2002	530,821	20,280,547	38,206	42	14.5	86,613	5.1
2003	535,658	21,105,997	39,402	42	14.5	85,700	5.6
2004	531,424	21,594,414	40,635	38	14.5	85,478	4.4
2005	538,556	22,547,185	41,866	38	14.5	85,083	4.2

Sources: Jefferson County

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

Employer	2006			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Denver Federal Center	6,000	1	2.95 %	5,000	3	2.38 %
Lockheed Martin Astronautics of Denver	5,500	2	2.71	5,500	2	2.62
Coors Brewing Company	3,000	4	1.48	5,500	1	2.62
Rocky Flats/Kaiser Hill				2,500	5	1.19
Exempla Healthcare/Lutheran Medical Center	2,500	5	1.23	2,600	4	1.24
Gambro Companies	1,500	6	0.74	1,300	6	0.62
Ball Corporation	1,200	7	0.59			
National Renewable Energy Laboratory	950	9	0.47	960	8	0.46
CoorsTek, Inc.	1,200	8	0.59	1,000	7	0.48
AON Innovative Solutions, Inc.				950	9	0.46
COBE Cardiovascular	620	10	0.31	750	10	0.36
Alpine Access Inc.	4,660	3	2.29			

Source: Jefferson Economic Council

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



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

Employee Category	As of June 30		
	2004	2005	2006
<b>Educational services</b>			
Chief academic officer	1	1	1
Community superintendents	7	7	6
Executive director	2	1	1
Principals	138	138	141
Assistant principals	120	118	123
Teachers	4,600	4,508	4,656
Counselors	127	129	130
Library media specialists	139	128	127
Social workers	60	57	62
Secretaries	393	375	375
Campus supervisors	48	46	59
Directors/Assistant Directors	43	37	51
Physical/occupational/speech therapists	144	148	159
Psychologists	79	82	79
Nurses	28	29	28
Technicians/specialists classified	66	55	46
Childcare specialists classified	165	166	261
Managers	7	6	0
Coordinators	17	4	8
Other	39	19	19
Total educational services	6,223	6,054	6,332
<b>Support services</b>			
Chief financial officer	0	1	1
Executive director	7	4	11
Assistant superintendent	1	1	0
Directors/Assistant Directors	11	31	38
Supervisor	8	7	6
Manager	33	30	40
Technical specialist - administrative	58	63	60
Coordinator level/consultant	0	18	24
Technicians/specialists classified	122	156	186
Secretaries	25	32	26
Custodians	496	482	490
Trades technicians	216	214	204
Food service managers	134	132	130
Food service hourly worker	145	135	123
Security officer/alarm monitor	10	10	14
Bus drivers	229	235	212
Other	42	45	50
Total support services and human resources	1,537	1,596	1,615
<b>Districtwide leadership</b>			
Superintendent	1	1	1
Chief operating officer	1	1	1
Executive director	1	1	2
Administrative assistant to superintendent/BOE	0	1	0
Coordinator level/consultant	0	1	1
Manager	3	4	7
Secretaries	4	1	1
Technicians/specialists classified	1	1	3
Other	1	2	2
Total districtwide	12	13	18
Grand total	7,772	7,663	7,965

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

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

Fiscal Year	Expenses (1)	Enrollment (2)	Cost per Pupil	Percentage Change	Teaching Staff (3)	Pupil Teacher Ratio	Graduation Rate (2)	Percent of Free and Reduced Students in the Lunch Program
2003	\$ 553,610,400	86,613	\$ 6,392	8.42%	4,695	18.45	81.8 %	25.69 %
2004	544,494,799	85,700	6,353	7.77%	4,600	18.63	76.3	28.47
2005	539,480,892	85,478	6,311	-0.66%	4,508	18.96	75.0	31.04
2006	571,792,503	85,083	6,720	6.48%	4,656	18.27	*	33.35

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

(2) Enrollment data report

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

\*Not available



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

	2004	2005	2006
Elementary schools	93	93	93
Total square feet	4,160,960	4,160,960	4,298,372
Total program capacity	41,880	41,880	41,880
Enrollment	40,060	39,123	38,806
Middle schools	19	19	19
Total square feet	1,924,789	1,924,789	2,001,718
Total program capacity	13,759	13,759	14,502
Enrollment	12,816	12,592	12,182
High schools	17	17	17
Total square feet	3,207,614	3,207,614	3,334,138
Total program capacity	24,959	24,959	25,455
Enrollment	25,199	25,282	25,293
Option schools	7	7	8
Total square feet	530,178	530,178	720,655
Enrollment	3,314	4,347	4,571
Charter schools	11	11	11
Enrollment	3,516	4,134	4,231
Districtwide facilities			
Total square feet	453,228	453,228	460,200
Support facilities			
Total square feet	419,518	419,518	419,518

Sources: Jefferson County Schools Enrollment Data

Jefferson County Schools Asset Management Plan August 2003 Update/Facilities Planning and Design

Jefferson County Schools Enrollment Projections Report 2004-2005

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

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

Fiscal Year	Non-Degree Vocational	Bachelor's Degree	Bachelor's Degree Plus 20 semester hours (undergraduate or graduate)	Bachelor's Degree Plus 40 semester hours (undergraduate or graduate)
2004	15	772	586	1,392
2005	15	708	574	1,373
2006	17	786	566	1,566

Source: Jefferson County Schools human resources and budget departments.

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

Bachelor's Degree Plus 60 semester hours (30 credits must be graduate level) Must include masters degree	Bachelor's Degree Plus 75 semester hours (37.5 credits must be graduate level) Must include masters degree	Salary Ranges	Average Salary
464	2,182	27,501 to 82,002	\$ 50,100
449	2,250	27,707 to 82,617	50,800
524	2,199	28,542 to 85,106	51,500



## **Single Audit**

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





JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Single Audit

Fiscal Year Ended June 30, 2006

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**Schedule of Expenditures  
of Federal Awards**

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
Schedule of Expenditures of Federal Awards  
Expenditures July 1, 2005 through June 30, 2006

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number (1)	Expenditures
<u>U.S Department of Agriculture</u>			
Direct:			
Donated commodities: June 30, 2006	10.550		\$ 1,405,393
Passed through Colorado Department of Education:			
National school breakfast program June 30, 2006	10.553		976,748
National school lunch program June 30, 2006	10.555		6,025,026
Summer food service program for children June 30, 2006	10.559		90,618
Child nutrition cluster subtotal			<u>7,092,392</u>
Agency subtotal			<u>8,497,785</u>
<u>U.S Department of Health and Human Services</u>			
Refugee and entrant assistance	93.576		8,744
Sun safety	93.938		6,001
Total U.S. Dept of health and human services			<u>14,745</u>
<u>U. S. Department of Education</u>			
Direct:			
Indian education-formula grants to LEA and tribal schools	84.060a		122,981
JAVITS gifted/talented students	84.206		(35)
Fund for improvement of education	84.215		90,750
Twenty-First century community learning	84.287		975,945
Total direct			<u>1,189,641</u>
Passed through Colorado Department of Education:			
Individuals with disabilities education act-part B basic state grants	84.027		13,655,385
Individuals with disabilities education act-preschool services	84.173		430,999
Special education cluster subtotal			<u>14,086,384</u>
State library program	45.310		-
Adult education-state administered basic grant program	84.002		205,047
Title I grants to local education agencies	84.010		7,608,913
Migrant education – basic state grant program	84.011		842,443
Neglected/delinquent - Title I-D	84.013		146,589
Safe and drug free schools – state grants	84.186		336,799
Education for homeless children and youth	84.196		29,356
Public charter schools	84.282		82,995
Innovative education program strategies	84.298		251,848
Goals 2000-parental assistance	84.310		26,413
Colorado high school online-technology literacy challenge	84.318		81,375
State program improvement	84.323		15,596
Comprehensive school reform	84.332		(3,682)
Reading first, NCLB	84.357		543,697
English language acquisition, language enhancement, and academic achievement	84.365		359,409
Title II-B - Math and Science	84.366		18,924
Title II, Part A: (NCLB) teacher and principal training and recruiting fund	84.367		2,573,763
Violence prevention	84.929		29,825
Emergency Impact Aid Program - Katrina	84.938		248,329
Passed through Colorado Community College and Occupational: Educational			
Vocational and applied technology education-basic state grants	84.048a	98266	372,285
Vocational education-state administered tech prep program	84.243a	98428	170,000
Passed through Colorado Department of Human Services:			
Rehabilitation services – vocational rehabilitation grants to states (SWAP)	84.126	645867	247,495
National Science Foundation			
Passed through University of Colorado Health Sciences Center	47.076		20,888
Agency subtotal			<u>29,484,332</u>

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1  
 Schedule of Expenditures of Federal Awards  
 Expenditures July 1, 2005 through June 30, 2006

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number (1)</u>	<u>Expenditures</u>
<u>Corporation for National and Community Service</u>			
Passed through Colorado Department of Local Affairs: AmeriCorp	94.006	C858107	<u>56,118</u>
<u>U.S. Department of Veteran Affairs</u>			
Learn and serve America:school and community based programs	94.004		<u>22,894</u>
Total expenditures of federal awards			<u>\$ 38,075,874</u>

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



*Building Bright Futures*

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Notes to Schedule of Expenditures of Federal Awards

June 30, 2006

(1) General

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

(2) Basis of Accounting

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

(3) Noncash Programs

Commodities donated to the District by the U. S. Department of Agriculture (USDA) of \$1,405,393 are valued based on the USDA's Donated Commodity Price List.

(4) Reconciliation to basic financial statements

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

The following analysis reconciles amounts in the accompanying Schedule to the District's basic financial statements of the special revenue funds for the year ended June 30, 2006.

Reconciliation of Expenditures

Schedule of Expenditures of Federal Awards

Total federal expenditures	\$ 38,075,874
Less: USDA *	<u>(8,497,785)</u>
	<u>\$ 29,578,089</u>

Special Revenue Funds

Total expenditures from basic financial statements	\$ 57,862,526
Less: Nonfederal grants expenditures	<u>(28,284,438)</u>
	<u>\$ 29,578,089</u>

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





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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County School District No. R-1 as of and for the year ended June 30, 2006, which collectively comprise Jefferson County School District No. R-1's basic financial statements and have issued our report thereon dated October 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Jefferson County School District No. R-1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management of Jefferson County School District No. R-1 in a separate letter dated October 31, 2006.



## Compliance and Other Matters

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

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

*Clifton Henderson LLP*

Greenwood Village, Colorado  
October 31, 2006



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

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

**Compliance**

We have audited the compliance of Jefferson County School District No. R-1 with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Jefferson County School District No. R-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jefferson County School District No. R-1's management. Our responsibility is to express an opinion on Jefferson County School District No. R-1's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson County School District No. R-1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jefferson County School District No. R-1's compliance with those requirements.

In our opinion, Jefferson County School District No. R-1 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2006-1.



## Internal Control Over Compliance

The management of Jefferson County School District No. R-1 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jefferson County School District No. R-1's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Jefferson County School District No. R-1's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable condition, described above is a material weakness.

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

*Clifton Henderson LLP*

Greenwood Village, Colorado  
October 31, 2006





**JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1**

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2006

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: UNQUALIFIED OPINION
- (b) Reportable conditions in internal control disclosed by the audit of the basic financial statements: NONE REPORTED  
Material weaknesses: NO
- (c) Noncompliance which is material to the basic financial statements: NO
- (d) Reportable conditions in internal control over major programs: YES  
Material weaknesses: NO
- (e) The type of report issued on compliance for major programs: UNQUALIFIED OPINION
- (f) Any audit findings which are required to be reported under section .510(a) of OMB Circular A-133: YES
- (g) Major programs:

<b>National School Breakfast Program</b>	<b>10.553</b>
<b>National School Lunch Program</b>	<b>10.555</b>
<b>Summer Food Service Program</b>	<b>10.559</b>
<b>Title II, Part A (NCLB) Teacher and Principal Training and Recruiting</b>	<b>84.367</b>
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$1,142,276
- (i) Auditee qualified as a low-risk auditee under section .530 of OMB Circular A-133: YES

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

(3) Findings and Questioned Costs relating to Federal Awards in the Current Year: YES

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

JEFFERSON COUNTY SCHOOL DISTRICT, NO. R-1

Schedule of Findings and Questioned Costs – Findings Relating to Federal Awards  
For the Fiscal Year Ended June 30, 2006

**PART III – Federal Award Findings and Questioned Costs**

Pass through Colorado Department of Education

**No. 2006-1**                      **CFDA Nos. 10.553, 10.555 and 10.559**                      **Child Nutrition Cluster**

Eligibility  
Reportable Condition and Noncompliance

*Criteria.* Title 7 Part 245 of the Code of Federal Regulations outlines regulations for eligibility relating to child nutrition based on income levels and number of members in the household.

*Condition.* Two instances of overpayments of benefits occurred.

*Questioned Costs.* \$1,077. The costs include known and likely errors of \$855 that were found by the District based on their self-audit. .

*Context:* We reviewed 25 case files relating to the program. The total amount of program payments tested was \$5,034 and the related error amount was \$222.

*Effect.* Failure to properly calculate benefits to participants may result in overpayments or underpayments of benefits. The cost of the assistance may be disallowed.

*Cause.* System errors caused by MCS (Merrill Computing Services) system..

*Recommendation.* The District should strengthen controls to monitor eligibility to ensure that all participants are properly processed and paid based on their eligibility status.

*Management Response.* Jeffco has a record of excellence in application processing. We continually review our practices and evaluate our accuracy, especially with employees new to processing positions.

Food and Nutrition Services conducted a self audit of early processing consisting of 550 applications in 2005. Results of the audit revealed a sensitivity of the MCS scanning program that interpreted writing into a blank space or information crossed out, as an additional household member, possibly altering the approved status. This sensitivity was immediately conveyed to MCS and immediately corrected by requiring an edit check on household members. All known errors were corrected at once. This issue also affected the instances encountered by Clifton Gunderson.

All employees are highly motivated to be efficient and precise in free and reduced eligibility processing. Every effort is made to update systems and review practices, take immediate action as needed to make appropriate and timely changes to reach errorless processing. We will continue to review our work through self-audits, reviews, training and random cross checks of our practices and procedures. We will maintain close oversight of personnel to evaluate consistency and accuracy in all processing.

We encountered no system issues during processing for the fiscal year 2006. The self-audit for 2006 demonstrates the normal accuracy achieved in Jeffco processing. As self-review of 500 applications yielded two errors, which were immediately corrected with no affect on claims.

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

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



11/16/2006  
 COUNTY R-1  
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 Code: 1420

Colorado Department of Education  
 Fiscal Year 2005-2006

Colorado School District/BOCES  
 Auditor's Integrity Report

JEFFERSON JEFFERSON  
 District

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	42,930,833	570,059,789	540,894,183	72,096,438
11 Charter School Fund	9,184,228	38,322,428	39,064,283	8,442,373
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	2,333,020	2,333,020	0
20 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	1,393,504	33,153,117	31,832,184	2,714,438
23 Pupil Activity Special Revenue Fund	8,995,847	25,935,399	26,030,343	8,900,903
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	57,407,112	73,633,314	73,416,694	57,623,732
41 Building Fund	260,149,350	8,049,107	80,166,445	188,032,012
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	37,935,462	22,245,713	13,182,917	46,998,257
TOTALS	417,996,335	773,731,886	806,920,069	384,808,153
<b>Proprietary</b>				
51 Food Service Fund	4,708,462	21,464,864	19,750,222	6,423,104
50 Other Enterprise Funds	4,107,773	10,699,190	9,832,318	4,974,644
64 (63) Risk-Related Activity Fund	845,975	6,657,660	6,596,892	906,742
60,65-69 Other Internal Service Funds	7,808,665	81,579,897	74,412,006	14,976,556
TOTALS	17,470,874	120,401,611	110,591,438	27,281,046
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	0	0	0	0

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