

***Idalia School District RJ-3***  
**Idalia, Colorado**

**Financial Statements**

**For the Year ended June 30, 2011**

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Fiduciary Net Assets – Fiduciary Funds	23
Notes to Financial Statements	24-41
Required Supplementary Information	
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	44
Notes to the Required Supplementary Information	46
Combining and Individual Fund Financial Statements and Schedules	
General Fund	
Schedule of Revenues – Budget and Actual	50
Schedule of Expenditures – Budget and Actual	52-54
Nonmajor Governmental Funds	
Capital Reserve Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	56

## Table of Contents

	<u>Page</u>
Nonmajor Proprietary Fund Types	
Food Service Fund – Statement of Revenues, Expenses and Changes in Net Assets – Budget and Actual	58
Fiduciary Fund Types	
Pupil Activity Agency Fund – Schedule of Additions, Deductions and Changes in Liabilities – Budget and Actual	60
Colorado Department of Education Supplementary Schedule	
Independent Auditors' Report on Supplementary Schedule	63
Auditors' Electronic Financial Data Integrity Check Figures	64



### **Independent Auditors' Report**

Board of Education  
Idalia School District RJ-3  
Idalia, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Idalia School District RJ-3 (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 1, 2011

**IDALIA SCHOOL DISTRICT RJ-3  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2011**

---

This section of Idalia School District RJ-3 annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2011.

**Financial Highlights**

- The assets of the Idalia School District RJ-3 exceeded its liabilities at the close of the most recent fiscal year by \$2,689,055 (net assets).
- The district's total net assets increased by \$115,355.
- General revenues accounted for \$1,692,453 or 82% of the \$2,051,466 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$359,013 or 18% of revenues.
- The general fund ending fund balance reached \$1,036,415, an increase of \$159,435 from last year.

**Overview of Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and, (4) required supplementary information. This report also contains required supplementary information in addition to the basic financial statements.

**Government-wide Statements**

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net assets includes all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and retiree's early retirement bonuses). In the government-wide financial statements, the School District's activities are divided into two categories.

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. Taxes and intergovernmental revenues principally support these activities.
- **Business-type activities:** The food service program is intended to recover all or a significant portion of their costs through fees, charges and governmental reimbursements.

The government-wide financial statements consolidate the governmental and business type activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has three kinds of funds: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

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

The School District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the general fund which is considered to be a major fund. Data for the other two governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

**Proprietary Funds**

The School District maintains enterprise funds to report the same functions presented as business-type activities in its food service fund. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 23 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 24-41 of this report.

**Other information**

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 44-60.

**Financial Analysis of the School District as a Whole**

As noted earlier, net assets may serve over time as a useful indicator of the School District's financial position.

58% of the School District's assets are investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net assets (liabilities) as of June 30, 2011.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2010-2011
	2011	2010	2011	2010	2011	2010	
Current and Other assets	\$1,214,483	\$1,068,775	\$8,763	\$12,143	\$1,223,246	\$1,080,918	13.17%
Capital assets	\$1,675,495	\$1,738,558	\$0	\$0	\$1,675,495	\$1,738,558	-3.63%
<b>Total assets</b>	<b>\$2,889,978</b>	<b>\$2,807,333</b>	<b>\$8,763</b>	<b>\$12,143</b>	<b>\$2,898,741</b>	<b>\$2,819,476</b>	<b>2.81%</b>
Long term liabilities	\$31,341	\$55,056	\$0	\$0	\$31,341	\$55,056	-43.07%
Other liabilities	\$174,909	\$183,548	\$3,436	\$7,172	\$178,345	\$190,720	-6.49%
<b>Total liabilities</b>	<b>\$206,250</b>	<b>\$238,604</b>	<b>\$3,436</b>	<b>\$7,172</b>	<b>\$209,686</b>	<b>\$245,776</b>	<b>-14.62%</b>
Net assets							
Invested in capital assets, net of related debt	\$1,675,495	\$1,716,890	\$0	\$0	\$1,675,495	\$1,716,890	-2.41%
Restricted	\$105,774	\$103,925	\$0	\$0	\$105,774	\$103,925	1.78%
Unrestricted	\$902,459	\$747,914	\$5,327	\$4,971	\$907,786	\$752,885	20.57%
<b>Total net assets</b>	<b>\$2,683,728</b>	<b>\$2,568,729</b>	<b>\$5,327</b>	<b>\$4,971</b>	<b>\$2,698,055</b>	<b>\$2,573,700</b>	<b>4.83%</b>

Following is a summary of the School District's change in net assets.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2009-2010
	2011	2010	2011	2010	2011	2010	
<b>Revenues</b>							
Program Revenues							
Charges for services	\$22,004	\$20,311	\$20,787	\$20,439	\$42,791	\$44,493	-3.83%
Operating Grants & Contributions	\$265,695	\$161,288	\$50,527	\$52,149	\$316,222	\$210,008	50.58%
Capital Grants & Contributions	\$0	\$0	\$0	\$0	\$0	\$0	0%
General Revenue							
Property taxes	\$457,563	\$718,667	\$0	\$0	\$457,563	\$718,667	-36.33%
State equalization	\$1,155,627	\$1,026,712	\$0	\$0	\$1,155,627	\$1,026,712	12.56%
Other	<u>\$52,728</u>	<u>\$16,878</u>	<u>\$26,535</u>	<u>\$32,510</u>	<u>\$79,263</u>	<u>\$49,494</u>	-60.15%
<b>Total Revenue</b>	<b>\$1,953,617</b>	<b>\$1,943,856</b>	<b>\$97,849</b>	<b>\$105,098</b>	<b>\$2,051,466</b>	<b>\$2,049,374</b>	<b>1.02%</b>
<b>Expenses</b>							
Instruction	\$1,055,435	\$1,036,253	\$0	\$0	\$1,055,435	\$1,036,253	1.85%
Pupil & Instructional Services	\$58,816	\$65,281	\$0	\$0	\$58,816	\$65,281	-9.90%
Administration & Business	\$280,049	\$299,816	\$0	\$0	\$280,049	\$299,816	-6.59%
Maintenance & Operations	\$187,348	\$245,178	\$0	\$0	\$187,348	\$245,178	-23.59%
Transportation	\$167,601	\$188,356	\$0	\$0	\$167,601	\$188,356	-11.02%
Other	<u>\$89,369</u>	<u>\$69,286</u>	<u>\$97,493</u>	<u>\$106,873</u>	<u>\$186,862</u>	<u>\$169,452</u>	10.27%
<b>Total Expenses</b>	<b>\$1,838,618</b>	<b>\$1,904,170</b>	<b>\$97,493</b>	<b>\$106,873</b>	<b>\$1,936,111</b>	<b>\$2,004,336</b>	<b>-3.40%</b>
Increase in net assets	\$114,999	\$39,686	\$356	\$(1,775)	\$115,355	\$45,038	

### Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$13,357 per funded student. In fiscal year 2010-11 the funded pupil count was 135.2. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 74 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$415,987 in property taxes for fiscal year 2010-2011.

### **Business-Type Activities**

Business-type activities are made up of the food services fund. This program had total revenues of \$97,849 and expenses of \$97,493.

### **Governmental Funds**

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

As the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$1,036,415, an increase of \$159,435.

### **General Fund Budget Highlights**

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

The difference between the original budget and final budget in the 2010-2011 school year are as follows:

- The revenues increased due to an increase in local source funding and grants received from the original budget to the final budget.
- The expenses were increased from an increase in purchased services, supplies, and materials.

The differences that are found between the final budget and the actual expended amounts are as follows:

- \$58,243 increase in the local income sources amounts. This favorable increase can be attributed to a few factors. First, an increase of \$791 over the budgeted amount in property taxes. A decrease in specific ownership taxes of \$11,534 under the budgeted amount. A decrease of \$2,471 in earnings on investment. This was offset with an increase in other local revenues.
- \$60,567 decrease in the state sources amounts. This decrease is due to a few factors. First, a decrease in state equalization of \$63,315 under the budgeted amount and an increase in vocational education of \$17,072. A decrease in the Capital Construction grant of \$21,153 under the budgeted amount. The services within the BOCES increase \$17,011 over the budgeted amount and transportation increased \$2,808.

- \$272,165 decrease in actual versus budgeted expenditures can be attributed to several factors both positive and negative. They are as follows:
- \$49,903 decrease in salaries. This was due to staff member medical leave.
- \$25,915 decrease in employee benefits. Due to staff member medical leave.
- \$88,823 decrease in other purchased services. One of the main variances of \$11,241 was for district insurance costs. Another savings of \$3,501 was for BOCES unit wide services. The remaining difference was for school travel.
- \$75,498 decrease in supplies. \$15,395 for technology equipment and supplies. Another factor was \$57,298 for operations and maintenance. The remaining difference was distributed from other supply accounts.
- \$24,420 decrease in property.
- \$30,210 decrease in other purchases.

**Capital Assets and Debt Administration**

**Capital Assets**

The School Districts investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$1,738,558 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

The School District's total capital assets at June 30, 2011 net of accumulated depreciation were as follows

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$0	\$0	\$0
Building Improvements	\$1,489,333	\$0	\$1,489,333
Construction in progress	\$0	\$0	\$0
Equipment & Furniture	\$42,993	\$0	\$42,993
Vehicles	\$143,169	\$0	\$143,169
Total Capital Assets	\$1,675,495	\$0	\$1,675,495

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

### **Long-Term Debt**

At year-end, the School District's long-term debt of \$31,341 represented its compensated absences of \$17,550, Colorado Department of Education repayment of \$13,791.

### **Economic Factors**

Some uncertainty clouds the prospects for the School District for the next year.

- Although enrollment decreased slightly in FY10, the enrollment outlook for FY11 is uncertain due to our community size and location.
- Health and Property insurance premiums continue to rise at a rate that is higher than the percentage of funding increase.

### **Contacting the Districts Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Idalia School District RJ-3, P.O. Box 40, Idalia, CO 80735 or 970-354-7298.

This page intentionally left blank.

## **Basic Financial Statements**

The basic financial statements of the District include the following:

*Government-wide financial statements.* The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

*Fund financial statements.* The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

*Notes to the financial statements.* The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 594,517	\$ 5,298	\$ 599,815
Cash with fiscal agent	4,254		4,254
Investments	598,702		598,702
Receivables	17,010	1,445	18,455
Inventory		2,020	2,020
Capital assets, net of depreciation	1,675,495		1,675,495
<b>Total assets</b>	<b>\$ 2,889,978</b>	<b>\$ 8,763</b>	<b>\$ 2,898,741</b>
<b>Liabilities</b>			
Accounts payable	\$ 10,925		\$ 10,925
Accrued salaries and benefits	148,710	\$ 3,436	152,146
Deposits payable	825		825
Deferred revenue	14,449		14,449
Noncurrent liabilities			
Due in more than one year	31,341		31,341
<b>Total liabilities</b>	<b>206,250</b>	<b>3,436</b>	<b>209,686</b>
<b>Net assets</b>			
Invested in capital assets	1,675,495		1,675,495
Restricted for:			
Emergencies	60,000		60,000
Multi-year obligations	8,010		8,010
Colorado preschool program	37,764		37,764
Unrestricted	902,459	5,327	907,786
<b>Total net assets</b>	<b>2,683,728</b>	<b>5,327</b>	<b>2,689,055</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,889,978</b>	<b>\$ 8,763</b>	<b>\$ 2,898,741</b>

The accompanying notes are an integral part of these financial statements.

This page intentionally left blank.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 1,055,435	\$ 22,004	\$ 202,750	
Supporting services				
Students	16,930			
Instructional staff	41,886		17,137	
General administration	131,725			
School administration	113,905			
Business services	34,419			
Operations and maintenance	187,348			
Student transportation	167,601		45,808	
Central support services	33,347			
Other support services	889			
Facilities acquisition	1,509			
Unallocated depreciation *	52,687			
Interest on long-term obligations	937			
Total governmental activities	1,838,618	22,004	265,695	-
Business-type activities				
Nutrition services	97,493	20,787	50,527	
Total school district	\$ 1,936,111	\$ 42,791	\$ 316,222	\$ -

General revenues

Taxes

Property taxes, levied for general purposes

Specific ownership taxes

Delinquent taxes and interest

State categorical aid

Earnings on investments

Other

Transfers

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

\* This amount excludes depreciation that is included in the direct expenses of the various programs.

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (830,681)		\$ (830,681)
(16,930)		(16,930)
(24,749)		(24,749)
(131,725)		(131,725)
(113,905)		(113,905)
(34,419)		(34,419)
(187,348)		(187,348)
(121,793)		(121,793)
(33,347)		(33,347)
(889)		(889)
(1,509)		(1,509)
(52,687)		(52,687)
(937)		(937)
(1,550,919)	\$ -	(1,550,919)
	(26,179)	(26,179)
(1,550,919)	(26,179)	(1,577,098)
417,065		417,065
40,131		40,131
367		367
1,155,627		1,155,627
4,529	17	4,546
74,717		74,717
(26,518)	26,518	-
1,665,918	26,535	1,692,453
114,999	356	115,355
2,568,729	4,971	2,573,700
<u>\$ 2,683,728</u>	<u>\$ 5,327</u>	<u>\$ 2,689,055</u>

**IDALIA SCHOOL DISTRICT RJ-3**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General Fund
Assets	
Cash	\$ 594,517
Cash with fiscal agent	4,254
Investments	598,702
Property taxes receivable	16,160
Grants receivable	850
Total assets	<u>\$ 1,214,483</u>
Liabilities and fund balance	
Liabilities	
Accounts payable	\$ 10,925
Accrued salaries and benefits	148,710
Deferred revenue	17,608
Deposits payable	825
Total liabilities	178,068
Fund balance	
Restricted for emergencies	60,000
Restricted for multi-year obligation	8,010
Restricted for Colorado preschool program	37,764
Unassigned	930,641
Total fund balance	<u>1,036,415</u>
Total liabilities and fund balance	<u>\$ 1,214,483</u>

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2011**

---

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

Total fund balance - governmental funds	\$ 1,036,415
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,675,495
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,159
Long-term liabilities, including capital lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(31,341)</u>
Net assets of the governmental activities	<u>\$ 2,683,728</u>

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 597,678		\$ 597,678
Intermediate sources	2,183		2,183
State sources	1,272,353		1,272,353
Federal sources	112,467		112,467
<b>Total revenues</b>	<b>1,984,681</b>	<b>\$ -</b>	<b>1,984,681</b>
<b>Expenditures</b>			
Instruction	1,057,482		1,057,482
Supporting services	718,642		718,642
Capital outlay		542	542
Debt service			
Principal	21,667		21,667
Interest and fiscal charges	937		937
<b>Total expenditures</b>	<b>1,798,728</b>	<b>542</b>	<b>1,799,270</b>
<b>Excess of revenues over     (under) expenditures</b>	<b>185,953</b>	<b>(542)</b>	<b>185,411</b>
<b>Other financing uses</b>			
Transfers out	(26,518)		(26,518)
<b>Total other financing uses</b>	<b>(26,518)</b>	<b>-</b>	<b>(26,518)</b>
<b>Excess of revenues and other     financing uses</b>	<b>159,435</b>	<b>(542)</b>	<b>158,893</b>
Fund balance at beginning of year	876,980	542	877,522
Fund balance at end of year	<u>\$ 1,036,415</u>	<u>\$ -</u>	<u>\$ 1,036,415</u>

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2011**

---

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

Net change in fund balances - governmental funds	\$ 158,893
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(63,062)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(4,546)
In the statement of activities, certain expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	2,047
In the governmental funds, capital lease proceeds are reported as an other financing source. However, the obligation is reported as a long-term debt liability in the statement of net assets.	<u>21,667</u>
Change in net assets of governmental activities	<u>\$ 114,999</u>

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Business-type Activities
	Nonmajor Proprietary Fund
Assets	
Current assets	
Cash	\$ 5,298
Inventory	2,020
Accounts receivable	1,445
Total current assets	8,763
Capital assets	
Machinery and equipment	51,397
Accumulated depreciation	(51,397)
Total capital assets	-
Total assets	\$ 8,763
Liabilities and net assets	
Current liabilities	
Accrued salaries and benefits	\$ 3,436
Total current liabilities/total liabilities	3,436
Net assets	
Unrestricted	5,327
Total net assets	5,327
Total liabilities and net assets	\$ 8,763

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	Business-type Activities
	Nonmajor Proprietary Fund
Operating revenues	
Charges for services	\$ 20,787
Operating expenses	
Salaries and benefits	38,782
Purchased services	941
Supplies and materials	57,770
Total operating expenses	<u>97,493</u>
Operating loss	(76,706)
Nonoperating revenues	
Earnings on investments	17
Federal and state aid	50,527
Total nonoperating revenues	<u>50,544</u>
Loss before transfers	(26,162)
Transfers in	<u>26,518</u>
Change in net assets	356
Net assets at beginning of year	<u>4,971</u>
Net assets at end of year	<u><u>\$ 5,327</u></u>

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	Business-type Activities
	Nonmajor Proprietary Fund
Cash flows from operating activities	
Receipts from customers	\$ 20,754
Payments to suppliers	(59,134)
Payments to employees	(42,518)
	<hr/>
Net cash used by operating activities	(80,898)
Cash flows from noncapital financing activities	
Federal and state aid	50,527
Transfers in	26,518
	<hr/>
Net cash provided by noncapital financing activities	77,045
Cash flows from investing activities	
Earnings on investments	17
	<hr/>
Net cash provided by investing activities	17
Net decrease in cash	(3,836)
Cash at beginning of year	9,134
	<hr/>
Cash at end of year	\$ 5,298
	<hr/> <hr/>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (76,706)
Adjustments to reconcile operating loss to net cash used by operating activities	
Changes in assets and liabilities	
Inventory	(423)
Accounts receivable	(33)
Accrued salaries and benefits	(3,736)
	<hr/>
Net cash used by operating activities	\$ (80,898)
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

---

	<u>Agency Funds</u>
Assets	
Cash	\$ 84,026
Total assets	<u>\$ 84,026</u>
Liabilities	
Due to student groups	\$ 84,026
Total liabilities	<u>\$ 84,026</u>

The accompanying notes are an integral part of these financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies**

This summary of the Idalia School District RJ-3's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**A.1 – Reporting entity**

The Idalia School District RJ-3 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

**A.2 – Fund accounting**

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

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

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

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

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

The following is the District's nonmajor governmental fund:

Capital Reserve Fund – This fund is a special revenue fund used to account for expenditures that are limited by statute to the acquisition of land, construction of new facilities, alterations and improvements to existing structures where the estimated total cost of labor and materials is in excess of \$2,500 or acquisition of school buses or other equipment where the estimated unit cost is in excess of \$1,000. This fund was closed out in the current year.

Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District's nonmajor proprietary fund:

Food Service Fund – This fund is an enterprise fund used to account for the financial activities associated with the District's food service operations.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

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

Pupil Activity Agency Fund – This fund is an agency fund used to record transactions related to school-sponsored pupil organizations and activities.

**Note A.3 – Basis of presentation**

Government-wide financial statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds focus on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

**A.4 – Basis of accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

Deferred revenue – Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed and the revenue is recognized.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net assets as an expense with a like amount reported as revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

**A.5 – Encumbrances**

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget.

**A.6 – Cash and cash equivalents**

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

**A.7 – Short-term interfund receivables/payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net assets, and are classified as due from other funds or due to other funds on the balance sheet.

**A.8 – Inventories**

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture's assigned values, which approximate fair value, at the date of receipt. Expenses for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as nonoperating revenues at the date of their consumption.

**A.9 – Capital assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective fund financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

All capital assets with a unit cost greater than \$5,000 for the governmental activities and \$1,000 for the business-type activities and proprietary funds are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings and improvements	20-50 years	n/a
Furniture and equipment	5-25 years	5-25 years
Licensed vehicles	7-15 years	n/a

**A.10 – Compensated absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Compensated absences benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

Certain personnel and full-time employees receive up to six days of sick leave each year, which can be accumulated up to fifty days maximum. Any days accumulated over fifty days will be paid back to the employee at the end of the fiscal year. Upon leaving employment with the District, instructional/administrative staff shall be paid for up to the accumulated days at the current one-day substitute's rate.

The entire compensated absence liability is reported on the government-wide financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

**A.11 – Accrued liabilities and long-term obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**A.12 – Fund balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

*Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

*Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

**A.13 – Net assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**A.14 – Operating revenues and expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

**A.15 – Interfund transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

**A.16 – Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of 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 does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,293,541, of which \$250,000 was insured and \$1,043,541 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note B – Cash and investments (Continued)**

**Investments**

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the District had only investments in certificates of deposit.

The following table provides a reconciliation of cash and investments on the statement of net assets:

Cash in bank	\$ 683,841
Cash with fiscal agent	4,254
Certificates of deposit	<u>598,702</u>
Total	<u>\$ 1,286,797</u>
<u>Statement of net assets</u>	
Cash	\$ 599,815
Cash with fiscal agent	4,254
Investments in certificates of deposit	<u>598,702</u>
Subtotal	1,202,771
<u>Statement of fiduciary net assets</u>	
Cash	<u>84,026</u>
Total	<u>\$ 1,286,797</u>

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes receivable	\$ 16,160	\$ -	\$ 16,160
Grants receivable	850	-	850
Other receivables	<u>-</u>	<u>1,445</u>	<u>1,445</u>
Total	<u>\$ 17,010</u>	<u>\$ 1,445</u>	<u>\$ 18,455</u>

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. Yuma and Kit Carson Counties bill and collect property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

**Note D – Interfund transactions**

The following is a summary of interfund transactions for the year as presented in the fund financial statements:

Transfers	<u>Transfers In</u>	<u>Out</u>
<u>Governmental funds</u>		
General fund	<u>\$ -</u>	<u>\$ 26,518</u>
<u>Proprietary funds</u>		
Food service fund	<u>26,518</u>	<u>-</u>
Total	<u>\$ 26,518</u>	<u>\$ 26,518</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. During the year, the District transferred funds in the amount of \$26,518 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District's food service operations.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

**Note E - Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,504,839	\$ -	\$ -	\$ 2,504,839
Furniture and equipment	63,996	8,639	-	72,635
Licensed vehicles	<u>463,764</u>	<u>9,750</u>	<u>-</u>	<u>473,514</u>
 Total capital assets, being depreciated	 <u>3,032,599</u>	 <u>18,390</u>	 <u>-</u>	 <u>3,050,988</u>
 Total capital assets	 3,032,599	 18,390	 -	 3,050,988
Less accumulated depreciation for:				
Buildings and improvements	(962,819)	(52,687)	-	(1,015,506)
Furniture and equipment	(22,451)	(7,192)	-	(29,643)
Licensed vehicles	<u>(308,771)</u>	<u>(21,573)</u>	<u>-</u>	<u>(330,344)</u>
 Total accumulated depreciation	 <u>(1,294,041)</u>	 <u>(81,452)</u>	 <u>-</u>	 <u>(1,375,493)</u>
 Governmental activities capital assets, net	 <u>\$ 1,738,558</u>	 <u>\$ (63,062)</u>	 <u>\$ -</u>	 <u>\$ 1,675,495</u>
<b>Business-type activities</b>				
Machinery and equipment	\$ 51,397	\$ -	\$ -	\$ 51,397
Less accumulated depreciation	<u>(51,397)</u>	<u>-</u>	<u>-</u>	<u>(51,397)</u>
 Business-type activities capital assets, net	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

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

Governmental activities	
Operations and maintenance	\$ 4,604
Student transportation	21,573
Central services	2,588
Unallocated	<u>52,687</u>
 Total depreciation expense	 <u>\$ 81,452</u>

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$152,146. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Long-term debt**

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
<b>Governmental activities</b>					
Compensated absences	\$ 19,598	\$ -	\$ (2,048)	\$ 17,550	\$ -
CDE repayment	13,791	-	-	13,791	-
Capital lease obligations	<u>21,667</u>	<u>-</u>	<u>(21,667)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 55,056</u>	<u>\$ -</u>	<u>\$ (23,715)</u>	<u>\$ 31,341</u>	<u>\$ -</u>

Payments on the compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund, as well as the amount payable to the Colorado Department of Education related to an audit through fiscal year 2007.

**Colorado Department of Education repayment**

On March 3, 2008 the District received the results of an audit for fiscal years 2003 through 2007, which resulted in an amount due and payable to the Colorado Department of Education of \$13,791. In accordance with Colorado Revised Statutes 22-2-113(II)(A)&(B), audits that begin on or after July 1, 2007 shall not recover an interest fee for the period that is equal to the number of years and any fraction of a year between the settlement date of the current audit and the settlement date of the proceeding audit. The District intends to make payment in satisfaction of the audit in fiscal year 2013 as allowed by the statute.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note H – Defined benefit pension plan**

Plan description

The District contributes to the Combined State and School District Trust Fund (CSSDTF), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The CSSDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the CSSDTF. 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).

Funding policy

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% and for the District 13.85% of covered salary between July 1 and December 31, 2010 and 14.75% of covered salary between January 1 and June 30, 2011. Also, a portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see below). The District's contributions to the CSSDTF for the years ended June 30, 2011, 2010, and 2009 were \$143,665, \$142,339, and \$125,437, respectively, equal to their required contributions for each year.

**Note I – Postemployment healthcare benefits**

Plan description

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note I – Postemployment healthcare benefits (Continued)**

Funding policy

The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contribution to the HCTF for the years ended June 30, 2011, 2010, 2009, and were \$10,249, \$10,832, and \$10,229, respectively, equal to their required contributions for each year.

**Note J – Defined contribution plan**

Plan description

The (CSSDTF) members of the District may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), 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. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Funding policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 in 2011). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The 401(k) Plan member contributions from the District for the year ended June 30, 2011 were \$4,969.

**Note K – Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$21,885. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note L - Commitments and contingencies**

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. During the year ended June 30, 2002, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$60,000 for the emergency reserve.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to Financial Statements**

---

**Note M – Joint venture**

The District participates in the East Central Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients or services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the East Central Board of Cooperative Educational Services are available by contacting their administrative office in Limon, Colorado.

For the year, the District's contribution was \$41,499.

This page intentionally left blank.

### **Required Supplementary Information**

Budgetary comparison schedules are required to be presented for the General Fund and each major Special Revenue Fund. The District has one major Special Revenue Fund.

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

**IDALIA SCHOOL DISTRICT RJ-3**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 539,435	\$ 539,435	\$ 597,678	\$ 58,243
Intermediate sources	2,575	2,575	2,183	(392)
State sources	1,332,920	1,332,920	1,272,353	(60,567)
Federal sources	108,101	108,101	112,467	4,366
Total revenues	1,983,031	1,983,031	1,984,681	1,650
Expenditures				
Instruction	1,048,221	1,139,713	1,057,482	82,231
Supporting services	889,433	931,180	718,642	212,538
Debt service				
Principal			21,667	(21,667)
Interest and fiscal charges			937	(937)
Total expenditures	1,937,654	2,070,893	1,798,728	272,165
Excess of revenues over (under) expenditures	45,377	(87,862)	185,953	273,815
Other financing uses				
Transfers out	(35,439)	(35,439)	(26,518)	8,921
Excess of revenues over (under) expenditures and other financing uses	\$ 9,938	\$ (123,301)	159,435	\$ 282,736
Fund balance at beginning of year			876,980	
Fund balance at end of year			\$ 1,036,415	

This page intentionally left blank.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Notes to the Required Supplementary Information**

---

**Note A – Budgetary data**

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year.
7. Appropriations lapse at year-end.

### **Combining and Individual Fund Statements and Schedules**

The combining and individual fund statements and schedules present a summary of the financial position of all funds of a given segment and the operating results of the same funds. The individual fund statements and schedules present information when only one fund exists.

This page intentionally left blank

## **General Fund**

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

**IDALIA SCHOOL DISTRICT RJ-3**  
**General Fund**  
**Schedule of Revenues**  
**Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Local sources</b>				
Property taxes	\$ 420,820	\$ 420,820	\$ 421,611	\$ 791
Specific ownership taxes	51,665	51,665	40,131	(11,534)
Delinquent taxes and interest			367	367
Earnings on investments	7,000	7,000	4,529	(2,471)
Other local revenue	59,950	59,950	131,040	71,090
<b>Total local sources</b>	<b>539,435</b>	<b>539,435</b>	<b>597,678</b>	<b>58,243</b>
<b>Intermediate sources</b>	<b>2,575</b>	<b>2,575</b>	<b>2,183</b>	<b>(392)</b>
<b>State sources</b>				
Equalization	1,218,942	1,218,942	1,155,627	(63,315)
Vocational education	20,000	20,000	37,072	17,072
English language proficiency	4,000	4,000	4,810	810
Transportation	43,000	43,000	45,808	2,808
Education of handicapped	18,000	18,000		(18,000)
Capital construction grant	25,473	25,473	4,320	(21,153)
Online learning center			4,200	4,200
Services within the BOCES	3,505	3,505	20,516	17,011
<b>Total state sources</b>	<b>1,332,920</b>	<b>1,332,920</b>	<b>1,272,353</b>	<b>(60,567)</b>
<b>Federal sources</b>				
Title II	372	372		(372)
REAP	31,732	31,732	16,312	(15,420)
USDA	6,295	6,295	3,371	(2,924)
Ed jobs funds	48,778	48,778	49,169	391
State fiscal stabilization funds			18,879	18,879
Services within the BOCES	20,924	20,924	24,736	3,812
<b>Total federal sources</b>	<b>108,101</b>	<b>108,101</b>	<b>112,467</b>	<b>4,366</b>
<b>Total revenues</b>	<b>\$ 1,983,031</b>	<b>\$ 1,983,031</b>	<b>\$ 1,984,681</b>	<b>\$ 1,650</b>

This page intentionally left blank.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Schedule of Expenditures**  
**General Fund**  
**Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries	\$ 688,075	\$ 731,355	\$ 691,666	\$ 39,689
Employee benefits	196,050	201,180	177,860	23,320
Purchased services	38,690	71,218	50,809	20,409
Supplies and materials	113,836	113,490	120,846	(7,356)
Other	11,570	22,470	16,301	6,169
<b>Total instruction</b>	<b>1,048,221</b>	<b>1,139,713</b>	<b>1,057,482</b>	<b>82,231</b>
<b>Supporting services</b>				
<b>Students</b>				
Salaries	14,400	14,400	14,400	-
Employee benefits	2,269	2,269	2,289	(20)
Purchased services	1,300	1,300	195	1,105
Supplies and materials	500	500	46	454
<b>Total students</b>	<b>18,469</b>	<b>18,469</b>	<b>16,930</b>	<b>1,539</b>
<b>Instructional staff</b>				
Purchased services	45,800	45,800	41,499	4,301
Supplies and materials	2,700	2,700	387	2,313
<b>Total instructional staff</b>	<b>48,500</b>	<b>48,500</b>	<b>41,886</b>	<b>6,614</b>
<b>General administration</b>				
Salaries	59,600	59,600	59,600	-
Employee benefits	20,056	20,056	20,087	(31)
Purchased services	55,600	56,500	41,174	15,326
Supplies and material	15,900	15,900	2,524	13,376
Other	32,000	33,000	8,340	24,660
<b>Total general administration</b>	<b>183,156</b>	<b>185,056</b>	<b>131,725</b>	<b>53,331</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	87,125	87,125	87,969	(844)
Employee benefits	23,138	23,138	22,312	826
Purchased services	1,050	1,050		1,050
Supplies and materials	1,350	1,350	194	1,156
Other	3,000	3,000	3,430	(430)
Total school administration	115,663	115,663	113,905	1,758
Business services				
Salaries	20,700	20,700	20,700	-
Employee benefits	3,261	3,261	3,192	69
Purchased services	9,500	9,500	8,625	875
Supplies and materials	3,500	3,500	1,902	1,598
Total business services	36,961	36,961	34,419	2,542
Operations and maintenance				
Salaries	78,120	78,120	73,034	5,086
Employee benefits	24,536	24,536	23,750	786
Purchased services	41,500	41,500	20,038	21,462
Supplies and materials	126,500	126,500	69,202	57,298
Property	900	28,747	4,818	23,929
Total operations and maintenance	271,556	299,403	190,842	108,561
Student transportation				
Salaries	78,280	78,280	72,308	5,972
Employee benefits	18,698	18,698	17,733	965
Purchased services	20,450	30,450	17,396	13,054
Supplies and materials	55,000	55,000	48,341	6,659
Total student transportation	172,428	182,428	155,778	26,650

(continued)

**IDALIA SCHOOL DISTRICT RJ-3**  
**Schedule of Expenditures**  
**General Fund**  
**Budget and Actual**  
**For the Year Ended June 30, 2011**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	<u>42,000</u>	<u>42,000</u>	<u>30,759</u>	<u>11,241</u>
Total central support services	42,000	42,000	30,759	11,241
Facilities acquisition				
Property		<u>2,000</u>	<u>1,509</u>	<u>491</u>
Total facilities acquisition	-	2,000	1,509	491
Other uses				
Matching federal funds	<u>700</u>	<u>700</u>	<u>889</u>	<u>(189)</u>
Total other uses	700	700	889	(189)
Total supporting services	889,433	931,180	718,642	212,538
Debt service				
Principal			21,667	(21,667)
Interest and fiscal charges			<u>937</u>	<u>(937)</u>
Total debt service	-	-	<u>22,604</u>	<u>(22,604)</u>
Total expenditures	<u>\$ 1,937,654</u>	<u>\$ 2,070,893</u>	<u>\$ 1,798,728</u>	<u>\$ 272,165</u>

### **Nonmajor Governmental Funds**

The District reports the following nonmajor governmental fund:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Capital Reserve Fund – This fund is used to account for expenditures that are limited by statute to the acquisition of land, construction of new facilities, alterations and improvements to existing structures where the estimated total cost of labor and materials is in excess of \$2,500 or acquisition of school buses or other equipment where the estimated unit cost is in excess of \$1,000. The fund was closed out in the current year.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Capital Reserve Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Capital outlay				
Other	\$ 542	\$ 542	\$ 542	\$ -
Total expenditures	542	542	542	-
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (542)</u>	<u>\$ (542)</u>	(542)	<u>\$ -</u>
Fund balance at beginning of year			542	
Fund balance at end of year			<u>\$ -</u>	

### **Nonmajor Proprietary Funds**

The District reports the following nonmajor proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Food Service Fund**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 23,475	\$ 23,475	\$ 20,787	\$ (2,688)
Operating expenses				
Salaries and benefits	45,014	45,014	38,782	6,232
Purchased services	1,400	1,400	941	459
Supplies and materials	58,900	58,900	57,770	1,130
Property	500	500		500
Total operating expenses	105,814	105,814	97,493	8,321
Operating loss	(82,339)	(82,339)	(76,706)	5,633
Nonoperating revenues				
Federal aid				
Nutrition reimbursements	43,000	43,000	43,843	843
Commodity revenue	2,400	2,400	3,246	846
State aid	1,500	1,500	3,438	1,938
Earnings on investments			17	17
Total nonoperating revenues	46,900	46,900	50,544	3,644
Loss before transfers	(35,439)	(35,439)	(26,162)	9,277
Transfers in	35,439	35,439	26,518	(8,921)
Change in net assets	\$ -	\$ -	356	\$ 356
Net assets at beginning of year			4,971	
Net assets at end of year			\$ 5,327	

## **Fiduciary Funds**

These funds focus on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Agency funds – These funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities). These funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

- Pupil Activity Agency Fund – This fund is an agency fund used to record transactions related to school-sponsored pupil organizations and activities.

**IDALIA SCHOOL DISTRICT RJ-3**  
**Pupil Activity Agency Fund**  
**Schedule of Additions, Deductions and Changes in Fund Liabilities**  
**Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Fundraising and other events	\$ 140,000	\$ 140,000	\$ 97,418	\$ (42,582)
Total additions	140,000	140,000	97,418	(42,582)
Deductions				
Pupil activity expenditures	140,000	140,000	97,028	42,972
Total deductions	140,000	140,000	97,028	42,972
Excess of additions over (under) deductions	\$ -	\$ -	390	\$ 390
Due to student groups at beginning of year			83,636	
Due to student groups at end of year			\$ 84,026	

**Colorado Department of Education  
Supplementary Schedule**

Auditors' electronic financial data integrity check figures report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

This page intentionally left blank.

**Independent Auditors' Report on Supplementary Schedule**

Board of Education  
Idalia School District RJ-3  
Idalia, Colorado

We have audited the basic financial statements of the Idalia School District RJ-3 (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 1, 2011. The basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Auditors' Electronic Financial Data Integrity Check Figures Report is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information is presented in accordance with the requirements of the Colorado Department of Education. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
November 1, 2011

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

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) & Ending Fund Balance
<b>Governmental</b>				
10 General Fund	848,965	1,958,163	1,770,713	1,036,415
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	28,015	0	28,015	0
Subtotal	876,979	1,958,163	1,798,728	1,036,415
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	542	0	542	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
<b>TOTALS</b>	<b>877,522</b>	<b>1,958,163</b>	<b>1,799,270</b>	<b>1,036,415</b>
<b>Proprietary</b>				
51 Food Service Fund	4,971	97,850	97,494	5,327
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>TOTALS</b>	<b>4,971</b>	<b>97,850</b>	<b>97,494</b>	<b>5,327</b>
<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	83,636	97,418	97,028	84,026
79 GASB 34: Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>TOTALS</b>	<b>83,636</b>	<b>97,418</b>	<b>97,028</b>	<b>84,026</b>

\*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.