

Woodlin School District R-104
Woodrow, Colorado

Financial Statements

For the Year ended June 30, 2011

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Independent Auditors' Report

Board of Education
Woodlin School District R-104
Woodrow, 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 Woodlin School District R-104 (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 opinions.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and 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 taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 30, 2011

Our discussion and analysis of Woodlin School District R-104 financial performance provides the reader an overview of the Woodlin School District R-104 financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Woodlin School District R-104 financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Woodlin School District R-104 net assets increased by \$337,844 as a result of the recent facility projects. Net assets ended at \$4,269,743.
- The General Fund ending balance rose by \$290,906 (\$74,670 budgeted, \$216,236 additional) from \$915,262 to \$1,206,168. Approximately half of the increase was due to increases in revenue (Local Revenues up approx. \$50,000, State Revenues up approx. \$55,000 due to High-Needs Revenues, \$7,000 in Transportation reimbursements, \$12,000 in CTE AG reimbursement, and \$15,000 Kindergarten funds). The other half of the increase in the GF EFB is savings mostly in O & M (approx. \$35,000 in propane savings, over \$35,000 in facility costs less than expected, etc.) In addition, for the last three years we have been spending down the Capital Reserve Fund, and keeping the transfers we would have made to CR in the General Fund. The combined total of \$55,000 over the last three years is \$165,000. Removing these two additions to our GF (\$165,000 + \$174,093 (ins. proceeds from building project fire, '06-'07) = \$339,093) leaves \$867,075 GF reserves. However, we continue to spend down our Capital Reserve account until its elimination. This year, that amount was -\$65,227. This CR deficit leaves the ending balance of those two accounts (with deductions) at \$801,848. This is over 40% of our Total SD expenses (slightly greater than \$1.8 million), and up from the 2008 *total* reserves of \$763,447 (\$571,267, plus CR reserves of 192,180). Please see the last page for comments about future trends.
- Voters approved an extension of a \$75,000 mill levy override in November 2010 for seven years. The bulk of these funds are being used to keep the variety of student educational programs in the General Fund.

Overview of Financial Statements

This discussion is a brief introduction of the different reports covered in this MD&A. The district budget reports utilize a modified accrual system and are broken down into Governmental funds and Proprietary fund financial statements. The first two statements, the Statement of Net Assets and the Statement of Activities are summaries of all financial statements on an accrual basis. These reports provide both long-term and short-term information about the district's overall financial status.

The analysis below breaks down the governmental wide statements into the governmental activities and business type activities. A comparison of these values to last year gives a point in time check of the District's assets.

The lunch program is the only business-type activity at Woodlin.

**Woodlin
School
District R-104
Net Assets**

	Governmental Activities	Governmental Activities	Business - Type Activities	Business - Type Activities	Total	Total
	2010	2011	2010	2011	2010	2011
Assets						
Current assets	\$1,229,021	\$1,498,261	\$37,062	\$42,997	\$1,272,083	\$1,541,258
Capital assets	\$2,801,402	\$2,899,781	\$10,249	\$9,149	\$2,811,651	\$2,908,930
Total assets	\$4,036,423	\$4,398,042	\$47,311	\$52,146	\$4,083,734	\$4,450,188
Liabilities						
Current liabilities	\$ 151,835	\$179,731	\$0	\$714	\$151,835	\$180,445
Noncurrent liabilities	0	0	\$0		\$0	\$0
Total liabilities	\$ 151,835	\$179,731	\$0	\$714	\$151,835	\$180,445
Net Assets						
Invested in Capital assets,						
net of related debt	\$2,801,402	\$2,899,781	\$10,249	\$9,149	\$2,811,651	\$2,908,930
Restricted	\$70,000	\$75,216			\$70,000	\$75,216
Unrestricted	\$1,013,186	\$1,243,314	\$37,062	\$42,283	\$1,050,248	\$1,285,597
Total net assets	\$3,884,588	\$4,218,311	\$47,311	\$ 51,432	\$3,931,899	\$4,269,743

Government-wide Financial Analysis

The largest portion of Woodlin's net assets (70%) reflects the investment in capital assets (land, buildings, machinery & equipment). The School Board uses these capital assets to provide long term educational services. Last year's percent of capital assets was 74%. This trend is slightly less than previous years of a 3 to 1 ratio of capital assets to expendable current assets. The major contributors of this effect are less renovation last year than the previous 5 years. Recently, the entries for more handicap accessibility, window and door replacement, fire/safety upgrades, water treatment facility, as well as the fire replacement project covered by insurance proceeds kept our Capital assets ratio high.

The tables above, and on the next page, provide a summary of the Woodlin School District R-104 net assets, as well as changes in net assets, as of June 30, 2011. These tables provide a view of the financial changes one year later.

Net Assets of the Woodlin School District R-104 governmental activities are \$4,269,743. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements are \$1,050,248, up \$70,558 from the previous year. Again, most of that was the \$55,000 for Capital expenditures within the General Fund referred to earlier. We currently have no long-term debt.

**Woodlin R-104 Business-Type Activities: Fund Revenue, Expenditures ,and
Change in Net Assets 2011**

	June 30, 2011		June 30, 2010		2011 Total	2010 Total
	Governmental	Business-type	Governmental	Business-type		
	Activities	Activities	Activities	Activities		
Revenues						
Program Revenues						
Charges for Services	\$ 12,506	\$ 21,216	\$ 17,057	\$ 20,878	\$ 33,722	\$ 37,935
Operating Grants and Contributions	220,780	34,213	135,922	31,395	254,993	167,317
Capital Grants and Contributions	88,593	-	-	-	88,593	-
General Revenues						
Taxes	729,035	-	686,337	-	729,035	686,337
State Equalization	754,986	-	758,866	-	754,986	758,866
Miscellaneous	233,325	-	102,031	-	233,325	102,031
Investment Earnings	6,050	-	9,284	-	6,050	9,284
Transfers	(47,668)	47,668	(47,702)	47,702	-	-
Total Revenues	1,997,607	103,097	1,661,795	99,975	2,100,704	1,761,770
Expenditures						
Instruction	811,327	-	863,974	-	811,327	863,974
Supporting Services	852,557	98,976	851,293	94,107	951,533	945,400
Total Expenditures	1,663,884	98,976	1,715,267	94,107	1,762,860	1,809,374
Change in Net Assets	333,723	4,121	(53,472)	5,868	337,844	(47,604)
Net Assets at Beginning of Year	3,884,588	47,311	3,938,060	41,443	3,931,899	3,979,503
Net Assets at End of Year	\$ 4,218,311	\$ 51,432	\$ 3,884,588	\$ 47,311	\$ 4,269,743	\$ 3,931,899

**Woodlin R-104 Business-Type Activities: Fund Revenue, Expenditures ,and
Change in Net Assets 2011**

Our only Proprietary Fund is the Lunch Fund. Within the total net assets \$51,432 of the Proprietary Fund, total current assets are \$42,997. Total Net Assets is up \$5,935 from the previous year. This fund received a transfer from the General Fund of \$47,668. Additional wages, benefits and materials were projected.

To put this Proprietary Fund into perspective, the ending Net Assets of \$51,432 when compared to the General Fund ending Net Assets of \$4,269,743 representing a 1% ratio.

Primary Government Totals and Comparisons

Several explanations for the differences between the budget versus actual amounts will be addressed. Referring to the General Fund Schedule of Revenue, Expenditures and Changes in Fund Balance-Budget and Actual several explanations arise. It is not unusual to have the Revenues Actual higher than the Budgeted amounts. Yet, with the state recessions hard to predict, this year having a higher than actual

revenue was an unexpected surprise. Other local revenues include insurance proceeds, mini-grants, Specific Ownership & Delinquent Taxes income, and higher than budgeted amounts in state reimbursements. \$55,000 was transferred within General Fund to a Capital expenditure line item. The two major savings in expenditures under the budgeted amount was the lower than projected propane and savings in expected facility costs.

Economic Factors and Next Year's Budget

The District has committed to providing the technology for distance learning to students, staff and community. This project required installing a microwave tower and the new hardware installed in order to bring "Distance Learning" into our school. Students and community members have access to foreign language and college level courses.

In November '05, the voters approved an \$80,000 a year mill levy over-ride in order to provide additional funding. Recently, November of 2009, voters approved to make that over-ride permanent.

The current cuts in the state budget have had a dramatic effect in all K-12 education. Woodlin has been slimming down it's yearly budget over the last four years. Currently, our projected state cuts for the 2011-2012 school year is expected to be nearly \$75,000...around 5% of our total budget.

Economic Factors and Next Year's Budget

With the state's share highly impacted by the slow economy, plus failures of voter initiatives to fix the TABOR and Gallagher effects on the state's fiscal resources, the future of school finance is uncertain. The last few years has seen a decline in property taxes and cutbacks in state and federal funding. Referendum C did not cure the ratcheting effect of the Gallagher Amendment, the requirements of the TABOR Amendment or the lack of funding for Amendment 23. The state, our largest source of funding, is caught between the loss of revenues and the requirement of increased school funding. In addition, the state has enacted a "Mill Equalization" that freezes mills state wide. The impact of this is to limit the state's financial obligation to K-12 education and place the burden back upon the property owners in the form of taxes. The impact is yet to be understood. With the recession upon us, more and more bond election questions are going down in defeat.

Currently, the District's financial stability is sound. All long term debts have been paid. Our enrollment historically changes from a mild decline of 2 to 4 students per year. Currently, our 2011-2012 enrollment is down 7 students from last spring's projection. This, along with several expenditures (asphalt repair, etc.), are expected to significantly reduce our rise in last year's EFB. Our declining enrollment is still less of a factor than other small rural districts in Eastern Colorado. This is largely due to the fact our District has a high-quality reputation academically, and Woodlin is only an hour's drive to Aurora. In addition, the Woodlin Carpool Club now owns and operates a bus that brings students from Morgan County. These factors, plus our small rural population, continue to be a draw for students from the larger surrounding districts.

In closing, I would like to add a brief long-term projection. As can be seen, the Capital Construction Grants and insurance proceeds have added gains in our Net Assets. These projects have been supported by outside the budget financing (grants, insurance proceeds, etc.). Currently we are in a cycle of continuing to update our facility. These improvements will run through the depreciation cycle at their worth. There may indeed come a time where our depreciation will have a reducing effect on our Net Assets. For example, if there is a period of time where limited facility improvements are being made, and the budget is stable, depreciation will have a negative effect on the net assets. These long term effects are hard to translate into a year by year comparison.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finance and to demonstrate the District's accountability for the money it receives. If you would like further information, or have any questions about this report, please contact the Superintendent, Woodlin School District R-104, 15400 CR L #185, Woodrow, CO 80757.

Respectfully submitted,

Rose Cronk

Rose Cronk, Superintendent, Woodlin School

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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.

WOODLIN SCHOOL DISTRICT R-104
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 1,232,505	\$ 40,302	\$ 1,272,807
Cash with fiscal agent	6,047		6,047
Investments	216,734		216,734
Receivables	42,975	622	43,597
Inventory		2,073	2,073
Capital assets, net of depreciation	2,899,781	9,149	2,908,930
Total assets	\$ 4,398,042	\$ 52,146	\$ 4,450,188
Liabilities			
Accounts payable	\$ 81,838		\$ 81,838
Accrued salaries and benefits	97,893		97,893
Deferred revenues		\$ 714	714
Total liabilities	179,731	714	180,445
Net assets			
Invested in capital assets	2,899,781	9,149	2,908,930
Restricted for:			
Emergencies	70,000		70,000
Preschool program	5,216		5,216
Capital expenditures	37,028		37,028
Unrestricted	1,206,286	42,283	1,248,569
Total net assets	4,218,311	51,432	4,269,743
Total liabilities and net assets	\$ 4,398,042	\$ 52,146	\$ 4,450,188

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

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WOODLIN SCHOOL DISTRICT R-104
Statement of Activities
For the Year Ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 811,327		\$ 173,737	
Supporting services				
Students	52,467			
Instructional staff	38,625	\$ 12,506	18,191	
General administration	50,593			
School administration	52,907			
Business services	84,098			
Operations and maintenance	243,967			\$ 88,593
Student transportation	135,759		28,852	
Other support services	64,664			
Unallocated depreciation *	129,477			
Total governmental activities	1,663,884	12,506	220,780	\$ 88,593
Business-type activities				
Nutrition services	98,976	21,216	34,213	
Total school district	<u>\$ 1,762,860</u>	<u>\$ 33,722</u>	<u>\$ 254,993</u>	<u>\$ 88,593</u>

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

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

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
\$ (637,590)		\$ (637,590)
(52,467)		(52,467)
(7,928)		(7,928)
(50,593)		(50,593)
(52,907)		(52,907)
(84,098)		(84,098)
(155,374)		(155,374)
(106,907)		(106,907)
(64,664)		(64,664)
(129,477)		(129,477)
(1,342,005)	\$ -	(1,342,005)
	(43,547)	(43,547)
(1,342,005)	(43,547)	(1,385,552)
662,364		662,364
65,549		65,549
1,122		1,122
754,986		754,986
6,050		6,050
233,325		233,325
(47,668)	47,668	-
1,675,728	47,668	1,723,396
333,723	4,121	337,844
3,884,588	47,311	3,931,899
<u>\$ 4,218,311</u>	<u>\$ 51,432</u>	<u>\$ 4,269,743</u>

WOODLIN SCHOOL DISTRICT R-104
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Capital Reserve Fund	Other Governmental Fund	Total Governmental Funds
Assets				
Cash	\$ 1,148,030	\$ 43,476	\$ 40,999	\$ 1,232,505
Cash with fiscal agent	6,047			6,047
Investments	191,457	5,277	20,000	216,734
Property taxes receivable	24,231			24,231
Grants receivable	18,091			18,091
Other receivables	653			653
Total assets	\$ 1,388,509	\$ 48,753	\$ 60,999	\$ 1,498,261
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 70,113	\$ 11,725		\$ 81,838
Accrued salaries and benefits	97,893			97,893
Deferred revenue	14,335			14,335
Total liabilities	182,341	\$ 11,725	\$ -	194,066
Fund balance				
Restricted for emergencies	70,000			70,000
Restricted for preschool program	5,216			5,216
Restricted for capital expenditures		37,028		37,028
Assigned			60,999	60,999
Unassigned	1,130,952			1,130,952
Total fund balance	1,206,168	37,028	60,999	1,304,195
Total liabilities and fund balance	\$ 1,388,509	\$ 48,753	\$ 60,999	\$ 1,498,261

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

WOODLIN SCHOOL DISTRICT R-104
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2010

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

Total fund balance - governmental funds	\$ 1,304,195
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	2,899,781
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	<u>14,335</u>
Net assets of the governmental activities	<u><u>\$ 4,218,311</u></u>

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

WOODLIN SCHOOL DISTRICT R-104
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Capital Reserve Fund	Other Governmental Fund	Total Governmental Funds
Revenues				
Local sources	\$ 873,200	\$ 38	\$ 105,477	\$ 978,715
Intermediate sources	1,187			1,187
State sources	947,427			947,427
Federal sources	116,933			116,933
Total revenues	1,938,747	38	105,477	2,044,262
Expenditures				
Instruction	710,901		96,825	807,726
Supporting services	889,272			889,272
Capital outlay		65,265		65,265
Total expenditures	1,600,173	65,265	96,825	1,762,263
Excess of revenues over (under) expenditures	338,574	(65,227)	8,652	281,999
Other financing sources uses				
Transfers out	(47,668)			(47,668)
Excess of revenues and other financing sources (uses) over expenditures	290,906	(65,227)	8,652	234,331
Fund balance at beginning of year	915,262	102,255	52,347	1,069,864
Fund balance at end of year	<u>\$ 1,206,168</u>	<u>\$ 37,028</u>	<u>\$ 60,999</u>	<u>\$ 1,304,195</u>

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

WOODLIN SCHOOL DISTRICT R-104
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	\$ 234,331
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 capital outlays exceeded depreciation in the current period.	98,379
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.	<u>1,013</u>
Change in net assets of governmental activities	<u><u>\$ 333,723</u></u>

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

WOODLIN SCHOOL DISTRICT R-104
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities
	Food Service Fund
Assets	
Current assets	
Cash	\$ 40,302
Other receivables	622
Inventory	2,073
Total current assets	42,997
Capital assets	
Machinery and equipment	44,013
Accumulated depreciation	(34,864)
Total capital assets, net of accumulated depreciation	9,149
Total assets	<u>\$ 52,146</u>
Liabilities and net assets	
Current liabilities	
Deferred revenue	\$ 714
Total current liabilities/total liabilities	714
Net assets	
Invested in capital assets	9,149
Unrestricted	42,283
Total net assets	51,432
Total liabilities and net assets	<u>\$ 52,146</u>

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

WOODLIN SCHOOL DISTRICT R-104
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities
	Food Service Fund
Operating revenues	
Charges for services	\$ 21,216
Operating expenses	
Salaries and benefits	47,950
Purchased services	2,248
Supplies and materials	47,680
Depreciation	1,098
Total operating expenses	<u>98,976</u>
Operating loss	(77,760)
Nonoperating revenues	
Federal and state aid	<u>34,213</u>
Total nonoperating revenues	<u>34,213</u>
Loss before transfers	(43,547)
Transfers in	<u>47,668</u>
Change in net assets	4,121
Net assets at beginning of year	<u>47,311</u>
Net assets at end of year	<u><u>\$ 51,432</u></u>

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

WOODLIN SCHOOL DISTRICT R-104
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities
	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ 21,388
Payments to suppliers	(47,509)
Payments to employees	(47,950)
	<hr/>
Net cash used by operating activities	(74,071)
Cash flows from noncapital financing activities	
Federal and state aid	33,454
Transfers in	47,668
	<hr/>
Net cash provided by noncapital financing activities	81,122
	<hr/>
Net increase in cash	7,051
Cash at beginning of year	33,251
	<hr/>
Cash at end of year	\$ 40,302
	<hr/> <hr/>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (77,760)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	1,098
Commodities	2,067
Changes in assets and liabilities	
Other receivables	172
Inventory	352
	<hr/>
Net cash used by operating activities	\$ (74,071)
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The accompanying notes are an integral part of these financial statements.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Woodlin School District R-104'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 Woodlin School District R-104 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."

WOODLIN SCHOOL DISTRICT R-104
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.

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.

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:

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

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 major 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.

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 does not have any fiduciary funds.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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	5-50 years	n/a
Furniture and equipment	5-20 years	10-15 years
Licensed vehicles	5-15 years	n/a

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.10 – Compensated absences

It is the District's policy to permit employees to accumulate a limited number of temporary leave days each year. Twelve-month employees will earn 12 days of temporary leave per year, while 9 month employees will earn 10 days per year. Upon termination of employment for reasons other than retirement, an employee shall be paid for a maximum of 12 days of accrued temporary leave not taken based upon the current substitute rate of pay.

No liability is shown in the financial statements due to the immateriality of the amount involved.

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* (GASB 54). This Statement defines the different type 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,

WOODLIN SCHOOL DISTRICT R-104
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.

WOODLIN SCHOOL DISTRICT R-104
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 \$1,078,115, of which \$432,903 was insured and \$645,212 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

WOODLIN SCHOOL DISTRICT R-104
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 investments in Colostrust (a local government investment pool) and in certificates of deposits. The investments in Colostrust (a local government investment pool) and certificate of deposits are maintained in the General Fund, Capital Reserve Fund and Pupil Activity Fund.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Certificate of deposits	\$ 96,231	\$ 96,231	\$ -	\$ -
Investment in Colostrust	<u>120,503</u>	<u>120,503</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 216,734</u>	<u>\$ 216,734</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in Colostrust was rated AAA by Standard and Poor’s.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note B – Cash and investments (Continued)

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

Cash on hand	\$ 1,000
Cash in bank	1,271,807
Investments in Colotrust	120,503
Certificates of deposit	<u>96,231</u>
Total	<u>\$ 1,489,541</u>
 <u>Statement of net assets</u>	
Cash	\$ 1,272,807
Investments	<u>216,734</u>
Total	<u>\$ 1,489,541</u>

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	\$ 24,231	\$ -	\$ 24,231
Grants receivables	18,091	-	18,091
Other receivables	<u>653</u>	<u>622</u>	<u>1,275</u>
Total	<u>\$ 42,975</u>	<u>\$ 622</u>	<u>\$ 43,597</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Washington County bills and collects 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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 47,668
 <u>Proprietary funds</u>		
Food Service Fund	<u>47,668</u>	<u>-</u>
Total	<u>\$ 47,668</u>	<u>\$ 47,668</u>

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note D – Interfund transactions (Continued)

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. The District transferred funds in the amount of \$47,668 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District’s food service operations.

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 30,745	\$ -	\$ -	\$ 30,745
Total capital assets, not being depreciated	30,745	-	-	30,745
Capital assets, being depreciated:				
Buildings and improvements	5,167,143	222,336	-	5,389,479
Furniture and equipment	200,906	-	-	200,906
Licensed vehicles	408,155	45,815	-	453,970
Total capital assets, being depreciated	<u>5,776,204</u>	<u>268,151</u>	-	<u>6,044,355</u>
Total capital assets	5,806,949	268,151	-	6,075,100
Less accumulated depreciation for:				
Buildings and improvements	(2,580,009)	(124,411)	-	(2,704,420)
Furniture and equipment	(118,236)	(11,284)	-	(129,520)
Licensed vehicles	(307,302)	(34,077)	-	(341,379)
Total accumulated depreciation	<u>(3,005,547)</u>	<u>(169,772)</u>	-	<u>(3,175,319)</u>
Governmental activities capital assets, net	<u>\$ 2,801,402</u>	<u>\$ 98,379</u>	<u>\$ -</u>	<u>\$ 2,899,781</u>

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Machinery and equipment	\$ 44,013	\$ -	\$ -	\$ 44,013
Less accumulated depreciation	<u>(33,766)</u>	<u>(1,098)</u>	<u>-</u>	<u>(34,864)</u>
Business-type activities capital assets, net	<u>\$ 10,247</u>	<u>\$ (1,098)</u>	<u>\$ -</u>	<u>\$ 9,149</u>

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

Governmental activities	
Instruction	\$ 3,601
Operation and maintenance	11,459
Student transportation	25,235
Unallocated	<u>129,477</u>
Subtotal	169,772
Business-type activities	<u>1,098</u>
Total depreciation expense	<u>\$ 170,870</u>

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 \$97,893. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – 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).

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note G – Defined benefit pension plan (Continued)

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 \$97,969, \$93,777, and \$89,207, respectively, equal to their required contributions for each year.

Note H – 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).

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, and 2009 were \$6,984, \$7,136, and \$7,281, respectively, equal to their required contributions for each year.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note I – 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 \$20,207.

Note J – 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 \$27,985. 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.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note K – 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, 1997, 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 \$70,000 for the emergency reserve.

WOODLIN SCHOOL DISTRICT R-104
Notes to Financial Statements

Note L – 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 \$32,365.

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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.

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.

WOODLIN SCHOOL DISTRICT R-104
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	\$ 640,830	\$ 640,830	\$ 873,200	\$ 232,370
Intermediate sources			1,187	1,187
State sources	812,924	812,924	947,427	134,503
Federal sources	33,165	33,165	116,933	83,768
Total revenues	1,486,919	1,486,919	1,938,747	451,828
Expenditures				
Instruction	716,618	716,618	710,901	5,717
Supporting services	735,505	735,505	889,272	(153,767)
Appropriated reserves	741,902	741,902		741,902
Total expenditures	2,194,025	2,194,025	1,600,173	593,852
Excess of revenues over (under) expenditures	(707,106)	(707,106)	338,574	1,045,680
Other financing uses				
Transfers out	(59,529)	(59,529)	(47,668)	11,861
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (766,635)</u>	<u>\$ (766,635)</u>	290,906	<u>\$ 1,057,541</u>
Fund balance at beginning of year			915,262	
Fund balance at end of year			<u>\$ 1,206,168</u>	

WOODLIN SCHOOL DISTRICT R-104
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		
Revenues				
Local sources				
Earnings on investments	\$ 4,000	\$ 4,000	\$ 38	\$ (3,962)
Miscellaneous revenues	1,000			-
Total revenues	5,000	4,000	38	(3,962)
Expenditures				
Capital outlay				
Purchased services		10,000		10,000
Vehicles	55,000	55,000	45,815	9,185
Land improvements	35,733	18,540	19,450	(910)
Appropriated reserves	131,286	22,715		22,715
Total expenditures	222,019	106,255	65,265	30,990
Excess of revenues over (under) expenditures	\$ (217,019)	\$ (102,255)	(65,227)	\$ 27,028
Fund balance at beginning of year			102,255	
Fund balance at end of year			\$ 37,028	

WOODLIN SCHOOL DISTRICT R-104
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. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. 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.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. Supplemental appropriations were made during the year.
8. Appropriations lapse at year-end.

Individual Fund Statements and Schedules

The 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.

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General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting 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.

WOODLIN SCHOOL DISTRICT R-104
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		
Revenues				
Local sources				
Property taxes	\$ 541,522	\$ 652,463	\$ 661,351	\$ 8,888
Specific ownership taxes	64,688	64,688	65,549	861
Delinquent taxes and interest			1,122	1,122
Earnings on investments	10,000	10,000	6,012	(3,988)
Other local revenue	24,620	101,573	139,166	37,593
Total local sources	640,830	828,724	873,200	44,476
Intermediate sources			1,187	1,187
State sources				
Equalization	687,382	687,382	754,986	67,604
Vocational education	12,000	12,000	24,140	12,140
Transportation	21,681	21,681	28,852	7,171
Capital construction		126,844	88,593	(38,251)
Hold harmless	76,953	76,953	15,584	(61,369)
Services within the BOCES	14,908	14,908	35,272	20,364
Total state sources	812,924	939,768	947,427	7,659
Federal sources				
REAP	16,979	16,979	18,191	1,212
Fiscal stabilization			14,528	14,528
Education jobs			37,837	37,837
Rural development		25,000	25,000	-
Services within the BOCES	16,186	16,186	21,377	5,191
Total federal sources	33,165	58,165	116,933	58,768
Total revenues	\$ 1,486,919	\$ 1,826,657	\$ 1,938,747	\$ 112,090

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WOODLIN SCHOOL DISTRICT R-104
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		
Expenditures				
Instruction				
Salaries	\$ 448,411	\$ 444,486	\$ 449,667	\$ (5,181)
Employee benefits	161,319	160,659	159,152	1,507
Purchased services	33,388	39,288	38,712	576
Supplies and materials	37,850	38,148	28,498	9,650
Property	100	600	968	(368)
Other	35,550	32,900	33,904	(1,004)
Total instruction	716,618	716,081	710,901	5,180
Supporting services				
Students				
Salaries	19,712	19,712	21,268	(1,556)
Employee benefits	9,340	9,340	8,765	575
Purchased services	20,181	20,331	22,144	(1,813)
Supplies and materials	150		290	(290)
Total students	49,383	49,383	52,467	(3,084)
Instructional staff				
Salaries	12,964	12,964	13,259	(295)
Employee benefits	8,373	8,373	6,422	1,951
Purchased services	15,150	15,150	12,965	2,185
Supplies and materials	4,600	4,600	4,133	467
Property	1,000	1,000	1,846	(846)
Total instructional staff	42,087	42,087	38,625	3,462

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General administration				
Salaries	17,200	17,800	17,575	225
Employee benefits	5,991	5,991	5,500	491
Purchased services	21,820	25,646	23,914	1,732
Property			451	(451)
Other	3,400	3,400	3,153	247
Total general administration	48,411	52,837	50,593	2,244
School administration				
Salaries	43,771	43,771	43,378	393
Employee benefits	8,859	8,859	9,461	(602)
Purchased services	250	250	68	182
Total school administration	52,880	52,880	52,907	(27)
Business services				
Salaries	39,992	39,992	41,692	(1,700)
Employee benefits	18,249	18,249	17,968	281
Purchased services	16,572	16,572	18,111	(1,539)
Supplies and materials	4,800	4,800	4,596	204
Property			1,731	(1,731)
Total business services	79,613	79,613	84,098	(4,485)

(continued)

WOODLIN SCHOOL DISTRICT R-104
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		
Operations and maintenance				
Salaries	58,354	58,354	62,735	(4,381)
Employee benefits	21,206	21,206	22,137	(931)
Purchased services	35,800	35,800	103,879	(68,079)
Supplies and materials	164,500	276,706	127,317	149,389
Property	21,500	160,200	138,700	21,500
Other	250	250	75	175
Total operations and maintenance	301,610	552,516	454,843	97,673
Student transportation				
Salaries	48,849	48,849	45,810	3,039
Employee benefits	12,376	12,376	11,484	892
Purchased services	25,700	25,700	12,192	13,508
Supplies and materials	28,400	30,750	41,039	(10,289)
Property	500	500		500
Total student transportation	115,825	118,175	110,525	7,650
Central support services				
Purchased services	44,997	44,997	44,515	482
Total central support services	44,997	44,997	44,515	482

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Other uses				
Matching federal funds	699	699	699	-
Total other uses	699	699	699	-
Total supporting services	735,505	993,187	889,272	103,915
Appropriated reserves	741,902	844,932		844,932
Total expenditures	<u>\$ 2,194,025</u>	<u>\$ 2,554,200</u>	<u>\$ 1,600,173</u>	<u>\$ 954,027</u>

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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.

- Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

WOODLIN SCHOOL DISTRICT R-104
Pupil Activity 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		
Revenues				
Pupil activities	\$ 200,000	\$ 200,000	\$ 105,477	\$ (94,523)
Total revenues	200,000	200,000	105,477	(94,523)
Expenditures				
Pupil activities	200,000	200,000	96,825	103,175
Appropriated reserves	22,000	52,347		52,347
Total expenditures	222,000	252,347	96,825	155,522
Excess or revenues over (under) expenditures	\$ (22,000)	\$ (52,347)	8,652	\$ 60,999
Fund balance at beginning of year			52,347	
Fund balance at end of year			\$ 60,999	

Major Proprietary Funds

The District reports the following major 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.

WOODLIN SCHOOL DISTRICT R-104
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	\$ 16,000	\$ 14,500	\$ 21,216	\$ 6,716
Operating expenses				
Salaries and benefits	47,549	47,549	47,950	(401)
Purchased services	1,000	1,000	2,248	(1,248)
Supplies and materials	47,500	47,500	47,680	(180)
Depreciation			1,098	(1,098)
Appropriated reserves	480	30,981		30,981
Total operating expenses	96,529	127,030	98,976	28,054
Operating loss	(80,529)	(112,530)	(77,760)	34,770
Nonoperating revenues				
Federal aid				
Nutrition reimbursements	20,000	20,000	27,025	7,025
Commodity revenue	1,000	1,000	2,067	1,067
State aid		1,500	5,121	3,621
Total nonoperating revenues	21,000	22,500	34,213	11,713
Loss before transfers	(59,529)	(90,030)	(43,547)	46,483
Transfers in	59,529	42,719	47,668	4,949
Change in net assets	\$ -	\$ (47,311)	4,121	\$ 51,432
Net assets at beginning of year			47,311	
Net assets at end of year			\$ 51,432	

**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.

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Independent Auditors' Report on Supplementary Schedule

Board of Education
Woodlin School District R-104
Woodrow, Colorado

We have audited the basic financial statements of the Woodlin School District R-104 (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 30, 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
September 30, 2011

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	915,262	1,891,079	1,600,173	1,206,168
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Subtotal	915,262	1,891,079	1,600,173	1,206,168
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	102,255	38	65,265	37,028
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	52,347	105,477	96,825	60,999
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
TOTALS	1,069,864	1,996,594	1,762,264	1,304,195
Proprietary				
51 Food Service Fund	47,311	103,098	98,977	51,432
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	47,311	103,098	98,977	51,432
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34: Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	0	0	0	0

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