

Holyoke School District RE-1J
Holyoke, Colorado

Financial Statements

For the Year ended June 30, 2013

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Independent Auditors' Report

Board of Education
Holyoke School District RE-1J
Holyoke, Colorado

Report on the Financial Statements

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 Holyoke School District RE-1J (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 27, 2013

Holyoke School District Re-1J
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2013

As management of the Holyoke School District Re-1J (the District), we offer readers of the District's basic financial statements this narrative and analysis of the financial activities for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information provided by auditors in the Independent Auditor's Report.

Profile of the District

The District boundaries are within Phillips, Sedgwick and Yuma Counties. The District provides a full range of K-12 educational school programs and services for a student body of 589 students during the school year. The school year is a traditional calendar with five attendance days per week starting in late August and ending in late May.

The District is governed by a seven-member Board of Education (the Board), whose members are elected by the electors within the District's boundaries. These Board members are not compensated; they donate their time and services. There are two school campuses in the District, one administration building, and a bus garage.

Overall Factors Affecting Financial Conditions

Regarding revenue, the financial crunch that has affected the state of Colorado in all areas continues. With the approval of the School Finance Act in May of 2010, the State made significant cuts to K-12 education. This underfunding of the school finance act is now called the Negative Factor. For our district, in Fiscal Year 2013, the Negative Factor was \$768,436. A four year decline of this magnitude has created significant constraints on the district. 2012-13 had a slight decrease in per pupil revenue from \$6,806 in 2011-12 to \$6,798 per student for a decrease in state funding of \$23,846 which was offset with additional property taxes and specific ownership taxes received for the year.

The District is also required to fund increases to the employer's contribution for PERA (Public Employees' Retirement Association), which will continue to increase 0.9% each year for the foreseeable future.

Financial Highlights

The fund balance for the general fund decreased from the beginning of the year by \$210,731.96. Even though the district has approved the use of a portion of the fund balance in the FY-07 through FY-13 Budgets, the fund balance has remained above the target established by the Board of Education due to many tough choices. While the District anticipated a reduction of the Ending Fund Balance by \$200,000, revenues were slightly lower than expected and expenses came in \$1,927 more than budgeted.

The District has experienced many years of tough budget climates due to declining enrollment and this year was no difference. Notable budget decisions included:

- Funding steps, PERA increases, and health insurance increases have been the most challenging budgetary issues and are likely to be our top concerns in the near future as well.
- Employees did receive step increases and movement on the salary scale for continuing education credits, but no other changes to the salary schedule.
- Class sizes were lowered K-2 by reallocating reading specialist positions and changing the Title I program from targeted assistance to school wide.
- The mill levy override and the approval of BEST grants have allowed the District to meet its capital obligations while dealing with a large negative factor in school finance. Aside from these additional funds, there is little new spending, only tradeoffs within an already tight budget.

Cash Management Practices

The District places cash that is not needed in the current month in a money market account at Bank of Colorado with an AYP of .75% for the year. The District budgeted \$12,000 in interest income and actual interest revenues were \$5,492. The District continues to monitor interest rates within the local area for better investment opportunities, but as interest rates continue to decline for public funds the District will adjust interest revenue accordingly.

Overview of Financial Statements

The basic statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. These are presented in a similar format to those of a publicly held company.

The *statement of net position*, presents information on all the District's assets and liabilities, with the difference between the two being reported as *net position*. Current year totals are compared to the previous year. Over a period of time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The *statement of activities*, presents information on revenue and expenditures and how the District's net position changed during the year. All changes in net position are reported in the year they occur regardless of the timing of the cash in or cash out. Therefore, revenues may be reported that will actually not be received until after the year end and expenditures may be reported that will not be paid until after the year has ended.

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes and equalization funding from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction and support services. The business-type activity of this District is the school lunch services.

Fund Financial Statements. A fund is a group of related accounts that are used to maintain control over resources that are to be used for specific purposes. The funds for the District are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services provided. The information for governmental funds helps you see if the District has enough financial resources for the programs the District needs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The primary governmental fund is the General Fund. Most of the transactions for the day-to-day operations of the District flow through the General Fund. The District has two other governmental funds: the Bond Redemption and the Construction Fund was added this year to accommodate activities related to the BEST Grant renovation projects. The Capital Reserve Fund and Student Athletic Fund were combined into the general fund at the end of the 2008-2009 year.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District has one proprietary fund, the School Lunch Fund. All revenues and expenses for providing a lunch and breakfast program to the students flow through these accounts.

Fiduciary Funds. Fiduciary funds are funds that are held in trust for uses other than to support the District's programs. The Scholarship Fund is an example of that type of fund.

Notes to 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 can be found on pages 23 through 43 of this report.

Financial Analysis of the School's Funds

General Fund

The General Fund is the primary operating fund of the District. At the end of the current fiscal year the unreserved fund balance of the general fund was \$1,397,733. This decrease was planned after careful consideration and input from the District Budget and Facilities Committee. The District also plans on utilizing fund balance as revenue in FY-14 and will have to carefully monitor it as we continue to try to keep our level of programming at a high level as the District continues to face a large negative factor and a small decrease in enrollment.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Holyoke School District, assets exceeded liabilities by \$7,289,289.

	FY-2012 Governmental Activities	FY-2012 Business- type Activities	FY-2012 Total	FY-2013 Governmental Activities	FY-2013 Business- type Activities	FY-2013 Total
Current and other assets	4,431,522	10,173	4,441,695	2,417,854	856	2,418,710
Capital assets	7,311,841	23,944	7,335,785	8,240,867	21,214	8,262,081
Total Assets	11,743,363	34,117	11,777,480	10,658,271	22,070	10,680,791
Long-term liabilities outstanding	2,944,028	0	2,944,028	2,642,179	0	2,642,179
Other liabilities	1,678,730	3,839	1,682,569	749,323	0	749,323
Total Liabilities	4,622,758	3,839	4,626,597	3,391,502	0	3,391,502
NET POSITION						
Net investment in capital assets	4,104,580	23,944	4,128,524	5,358,070	21,214	5,379,284
Restricted for:						
Emergencies	165,000	0	165,000	149,782	0	149,782
Capital projects	1,089,219	0	1,089,219	205,148	0	205,148
Debt service	304,975	0	304,975	325,353	0	325,353
Unrestricted	1,456,831	6,344	1,463,165	1,228,866	856	1,229,722
TOTAL NET POSITION	7,120,605	30,278	7,150,883	7,267,219	22,070	7,289,289

Changes in Net Position

Net position for governmental activities increased \$146,614. Net position for business-type activities decreased \$8,208 basically due to less food inventory/commodities being held at the end of the year in the Food Services program.

Changes in Net Position

	FY-2012 Governmental Activities	FY-2012 Business- type Activities	FY-2012 Total	FY-2013 Governmental Activities	FY-2013 Business- type Activities	FY-2013 Total
Revenue						
Program revenues:						
Property Taxes-General	1,650,683	0	1,650,683	1,749,204	0	1,749,204
Property Taxes-Debt Service	203,246	0	203,346	215,194	0	215,194
Specific ownership taxes	249,336	0	249,336	256,802	0	256,802
State equalization	2,526,894	0	2,526,894	2,459,816	0	2,459,816
Other revenue	1,447,782	217,418	1,665,200	616,852	206,590	823,442
Investment earnings	11,098	10	11,108	6,230	12	6,242
Transfers	(24,462)	24,462	0	(5,000)	5,000	0
Total Revenues	6,064,577	241,890	6,306,467	5,569,098	216,614	5,785,712
Expenses:						
Instruction	3,214,787	0	2,786,529	3,285,728	0	3,285,728
Supporting services	5,111,951	232,548	5,344,499	2,026,350	224,822	2,251,172
Interest	73,406	0	73,406	110,406	0	110,406
Total Expenses	5,185,387	232,548	5,417,935	5,422,484	224,822	5,647,306
Increase in net position	879,190	9,342	888,532	146,614	(8,208)	138,406
Net position - Beginning	6,241,415	20,936	6,262,351	7,120,605	30,278	7,150,883
Net position - Ending	7,120,605	30,278	7,150,883	7,267,219	20,070	7,289,289

Capital Assets and Debt Administration

Capital Assets

By the end of the fiscal year 2013, the District had invested \$8.240 million in a broad range of capital assets including land, buildings, site improvements, vehicles and other equipment. The increase accounts for approximately \$929,000 of construction projects related to the BEST Grant renovation at the Elementary and High School buildings that have been completed. Additional information on the District's capital assets can be found in the "Notes to the Financial Statements" on Pages 36 and 37.

Long-Term Debt

The District continues to make payments on the 1997 general obligation bonds. Principal and interest payments made in this year amounted to \$194,628. In addition to the bonds, the Board entered into a nine year lease purchase agreement for our local match for a BEST Grant and will pay \$210,433 per year through 2020 bringing the total annual payment toward long-term debt to \$405,061. Additional information on the District's long-term debt can be found in the "Notes to the Financial Statements" on Pages 37 through 39.

A Look into the Economic Future

At the time this letter is written the final budget for fiscal year 2013 has been approved and almost one half of the budget year is gone. As this year is being closed out, we are planning for the development of the 2014-15 Budget which is projected to include an increase of \$238 in per pupil funding which will provide an increase of \$123,000 in total program funding.

Enrollment decreased slightly in October of 2013. However, the four year look is much more steady than the declining enrollment the District experienced from 2000-2009. The school population continues to change with more students eligible for free or reduced price lunches, more ethnic diversity, and more students who have a home language other than English. These challenges and the implementation of several reforms including graduation requirements, all bring instructional and budgetary challenges that will need to be addressed.

Information is Available

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

Holyoke School District Re-1J
Administration Office
435 S Morlan
Holyoke, CO 80734

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.

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 1,749,695	\$ 3,614	\$ 1,753,309
Cash with fiscal agent	504,486		504,486
Internal balances	5,000	(5,000)	-
Receivables	127,792	467	128,259
Inventory		1,775	1,775
Other assets, net of amortization	30,881		30,881
Capital assets, net of depreciation	8,240,867	21,214	8,262,081
Total assets	\$ 10,658,721	\$ 22,070	\$ 10,680,791
Liabilities			
Accounts payable	\$ 40,689		\$ 40,689
Accrued salaries and benefits	363,339		363,339
Deferred grant revenue	1,700		1,700
Accrued interest payable	39,517		39,517
Noncurrent liabilities			
Due within one year	304,078		304,078
Due in more than one year	2,642,179		2,642,179
Total liabilities	3,391,502	\$ -	3,391,502
Net position			
Net investment in capital assets	5,358,070	21,214	5,379,284
Restricted for:			
Emergencies	148,000		148,000
Colorado Preschool Program	1,782		1,782
Debt service	325,353		325,353
Capital projects	205,148		205,148
Unrestricted	1,228,866	856	1,229,722
Total net position	7,267,219	22,070	7,289,289
Total liabilities and net position	\$ 10,658,721	\$ 22,070	\$ 10,680,791

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

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HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Activities
For the Year Ended June 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 3,285,728	\$ 45,070	\$ 408,853	
Supporting services				
Students	98,124			
Instructional staff	62,556		3,532	
General administration	257,975			
School administration	239,813			
Business services	121,379			
Operations and maintenance	569,533			
Student transportation	287,070	2,853	64,913	
Central support services	132,033			
Facilities acquisition	-			\$ 293,105
Unallocated depreciation *	257,867			
Interest and fiscal charges	110,406			
Total governmental activities	5,422,484	47,923	477,298	293,105
Business-type activities				
Nutrition services	224,822	65,396	146,206	
Total school district	\$ 5,647,306	\$ 113,319	\$ 623,504	\$ 293,105

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Specific ownership taxes
 Delinquent taxes and interest
 Sale of assets
 State categorical aid
 Earnings on investments
 Other
 Transfers

Total general revenues

Change in net position

Net position at beginning of year

Net position 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 Position

Governmental Activities	Business-type Activities	Total
\$ (2,831,805)		\$ (2,831,805)
(98,124)		(98,124)
(59,024)		(59,024)
(257,975)		(257,975)
(239,813)		(239,813)
(121,379)		(121,379)
(569,533)		(569,533)
(219,304)		(219,304)
(132,033)		(132,033)
293,105		293,105
(257,867)		(257,867)
(110,406)		(110,406)
(4,604,158)	\$ -	(4,604,158)
	(13,220)	(13,220)
(4,604,158)	(13,220)	(4,617,378)
1,749,204		1,749,204
215,194		215,194
256,802		256,802
11,167		11,167
449		449
2,459,816		2,459,816
6,230	12	6,242
56,910		56,910
(5,000)	5,000	-
4,750,772	5,012	4,755,784
146,614	(8,208)	138,406
7,120,605	30,278	7,150,883
<u>\$ 7,267,219</u>	<u>\$ 22,070</u>	<u>\$ 7,289,289</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Bond Redemption Fund	Building Fund	Total Governmental Funds
Assets				
Cash	\$ 1,661,972		\$ 87,723	\$ 1,749,695
Cash with fiscal agent	30,910	\$ 319,555	154,021	504,486
Due from other funds	41,596			41,596
Other receivables	4,533			4,533
Grants receivables	17,318			17,318
Property taxes receivable	94,337	11,604		105,941
Total assets	\$ 1,850,666	\$ 331,159	\$ 241,744	\$ 2,423,569
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 40,689			\$ 40,689
Due to other funds			\$ 36,596	36,596
Accrued salaries and benefits	363,339			363,339
Deferred revenue	47,205	\$ 5,806		53,011
Deferred grant revenue	1,700			1,700
Total liabilities	452,933	5,806	36,596	495,335
Fund balance				
Restricted for emergencies	148,000			148,000
Restricted for Colorado Preschool Program	1,782			1,782
Restricted for debt service		325,353		325,353
Restricted for capital projects			205,148	205,148
Unassigned	1,247,951			1,247,951
Total fund balance	1,397,733	325,353	205,148	1,928,234
Total liabilities and fund balance	\$ 1,850,666	\$ 331,159	\$ 241,744	\$ 2,423,569

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

HOLYOKE SCHOOL DISTRICT RE-1J
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

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

Total fund balance - governmental funds	\$ 1,928,234
Capital and other assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds	8,271,748
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.	53,011
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(39,517)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,946,257)</u>
Net position of the governmental activities	<u>\$ 7,267,219</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Bond Redemption Fund	Building Fund	Total Governmental Funds
Revenues				
Local sources	\$ 2,127,784	\$ 215,656	\$ 712	\$ 2,344,152
Intermediate sources	190			190
State sources	2,781,572		293,105	3,074,677
Federal sources	155,542			155,542
Total revenues	5,065,088	215,656	293,817	5,574,561
Expenditures				
Instruction	3,316,526			3,316,526
Supporting services	1,719,299			1,719,299
Capital outlay			1,202,888	1,202,888
Debt service				
Principal retirement	192,766	135,000	-	327,766
Interest and fiscal charges	17,677	60,278	-	77,955
Total expenditures	5,246,268	195,278	1,202,888	6,644,434
Excess of revenues over (under) expenditures	(181,180)	20,378	(909,071)	(1,069,873)
Other financing sources (uses)				
Transfers in			25,000	25,000
Transfers out	(30,000)			(30,000)
Sale of fixed assets	449			449
Total other financing sources (uses)	(29,551)	-	25,000	(4,551)
Excess of revenues and other sources over (under) expenditures and other (uses)	(210,731)	20,378	(884,071)	(1,074,424)
Fund balance at beginning of year	1,608,464	304,975	1,089,219	3,002,658
Fund balance at end of year	<u>\$ 1,397,733</u>	<u>\$ 325,353</u>	<u>\$ 205,148</u>	<u>\$ 1,928,234</u>

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

HOLYOKE SCHOOL DISTRICT RE-1J
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, 2013

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

Net change in fund balance - governmental funds	\$ (1,074,424)
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 position 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 and amortization expense in the current period.	922,261
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.	(912)
In the statement of activities, certain expenses - compensated absences, early retirement and interest - are measured by the amounts earned 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).	(28,077)
Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	327,766
Change in net position of governmental activities	<u>\$ 146,614</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities
	Nonmajor Proprietary Fund
Assets	
Current assets	
Cash	\$ 3,614
Other receivables	467
Inventory	1,775
Total current assets	5,856
Machinery and equipment	105,423
Less accumulated depreciation	(84,209)
Total machinery and equipment, net	21,214
Total assets	\$ 27,070
Liabilities and net assets	
Liabilities	
Due to other funds	\$ 5,000
Total liabilities	5,000
Net position	
Net investment in capital assets	21,214
Unrestricted	856
Total net position	22,070
Total liabilities and net position	\$ 27,070

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

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Business-type Activities</u>
	<u>Nonmajor Proprietary Fund</u>
Operating revenues	
Charges for services	\$ 65,396
Operating expenses	
Purchased services	117,838
Supplies and materials	103,661
Depreciation	2,730
Other	593
Total operating expenses	<u>224,822</u>
Operating loss	(159,426)
Nonoperating revenues	
Federal and state aid	146,206
Earnings on investments	12
Total nonoperating revenues	<u>146,218</u>
Loss before transfers	(13,208)
Transfers in	<u>5,000</u>
Change in net position	(8,208)
Net position at beginning of year	<u>30,278</u>
Net position at end of year	<u><u>\$ 22,070</u></u>

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

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities
	Nonmajor Proprietary Fund
Cash flows from operating activities	
Receipts from customers	\$ 65,849
Payments to suppliers	(205,899)
Net cash used by operating activities	(140,050)
Cash flows from noncapital financing activities	
Federal and state aid	132,777
Transfers in	5,000
Net cash provided by noncapital financing activities	137,777
Cash flows from investing activities	
Earnings on investments	12
Net cash provided by investing activities	12
Net decrease in cash	(2,261)
Cash at beginning of year	5,875
Cash at end of year	\$ 3,614
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (159,426)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	2,730
Commodities	13,429
Changes in assets and liabilities	
Accounts receivable	453
Inventory	6,603
Accounts payable	(3,839)
Net cash used by operating activities	\$ (140,050)

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

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash	\$ 296,169	\$ 56,145
Investments	53,600	
Total assets	<u>\$ 349,769</u>	<u>\$ 56,145</u>
Liabilities		
Due to student groups		\$ 56,145
Total liabilities	\$ -	<u>\$ 56,145</u>
Net position		
Held in trust for scholarships	<u>349,769</u>	
Total liabilities and net position	<u>\$ 349,769</u>	

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

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Changes in Fiduciary Net Position - Private Purpose Trust Fund
Fiduciary Funds
For the Year Ended June 30, 2013

	Private Purpose Trust Fund
Additions	
Earnings on investments	\$ 4,277
Contributions	<u>14,009</u>
Total additions	18,286
Deductions	
Scholarship awards	<u>19,105</u>
Total deductions	<u>19,105</u>
Change in net position	(819)
Net position at beginning of year	<u>350,588</u>
Net position at end of year	<u><u>\$ 349,769</u></u>

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Holyoke School District RE-1J'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 more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Holyoke School District RE-1J is a school district governed by an elected seven-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."

HOLYOKE SCHOOL DISTRICT RE-1J
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, scholarships and pupil activities.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

Building Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Revenues and other financing sources are primarily derived from the issuance of debt or transfers from other funds.

Proprietary funds focus on the determination of the changes in net position, 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.

Fiduciary Funds focus on net position and changes in net position. 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 funds:

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Scholarship Trust Fund – This fund is a private-purpose trust fund used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.

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 position 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.

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.

HOLYOKE SCHOOL DISTRICT RE-1J
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 position. The statement of revenues, expenses and changes in fund net position 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 position and changes in net position 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 (private-purpose trust and agency). 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.

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.

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.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 position 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.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 position, 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 position, 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 position 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.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-type Activities
Buildings and improvements	20-50 years	n/a
Furniture and equipment	5-25 years	5-25 years
Licensed vehicles	7-10 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 two days of sick leave each year. Upon leaving the District, instructional staff are to be paid for up to twenty days of accumulated days at the current one-day substitute’s rate and administrative staff is to be paid for up to twenty days of accumulated days at 60% of the current one-day substitute’s rate. In addition, accumulated vacation days are to be paid to administrative staff upon leaving the District at their daily rate.

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 are 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. Bond premiums and discounts, issuance costs and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

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

A.12 – Fund balance reserves

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.

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),

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists 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 position is 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 position is 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.

HOLYOKE SCHOOL DISTRICT RE-1J
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 a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$2,124,871 of which \$423,626 was insured and \$1,701,245 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

HOLYOKE SCHOOL DISTRICT RE-1J
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 United States 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 the following investments. The investment in Piper Jaffray is maintained in the Scholarship Trust 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 Piper Jaffray				
Federal Home Loan Bank	\$ 122,041	\$ 122,041	\$ -	\$ -

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 investments in Piper Jaffray were rated AAA by Standard and Poor’s.

Interest rate risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note B – Cash and investments (Continued)

The following table provides a reconciliation of cash and investments:

Cash in bank	\$ 2,037,182
Cash and mutual funds – Piper Jaffray	68,441
Preferred stock – Piper Jaffray	<u>53,600</u>
Total	<u>\$ 2,159,223</u>
 <u>Statement of net position</u>	
Cash	<u>\$ 1,753,309</u>
Subtotal	1,753,309
 <u>Statement of fiduciary net position</u>	
Cash	352,314
Investments	<u>53,600</u>
Subtotal	<u>405,914</u>
Total	<u>\$ 2,159,223</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	\$ 105,941	\$ -	\$ 105,941
Grants receivable	17,318	-	17,318
Other receivables	<u>4,533</u>	<u>467</u>	<u>5,000</u>
Total	<u>\$ 127,792</u>	<u>\$ 467</u>	<u>\$ 128,259</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. Phillips, Yuma and Sedgwick Counties bill and collect property taxes for all taxing entities within the Counties. The tax receipts collected by the county are remitted to the District in the subsequent month.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note D – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 41,596	\$ -
Building fund	-	<u>36,596</u>
Subtotal	41,596	36,596
<u>Proprietary funds</u>		
Nonmajor proprietary fund	-	<u>5,000</u>
Total	<u>\$ 41,596</u>	<u>\$ 41,596</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 30,000
Building fund	<u>25,000</u>	-
Subtotal	25,000	30,000
<u>Proprietary funds</u>		
Nonmajor proprietary fund	<u>5,000</u>	-
Total	<u>\$ 30,000</u>	<u>\$ 30,000</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. The District transferred funds from the General Fund to the Building Fund in the amount of \$25,000 to set moneys aside for capital outlays acquisition or construction of major capital facilities and other capital assets. In addition, the District transferred funds in the amount of \$5,000 from the General Fund to the Food Service Fund to subsidize the costs of maintain the District's food service operations.

HOLYOKE SCHOOL DISTRICT RE-1J
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/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,774,950	\$ 689,205	\$ (1,634,507)	\$ 829,648
Total capital assets, not being depreciated	1,774,950	689,205	(1,634,507)	829,648
Capital assets, being depreciated:				
Buildings and improvements	15,789,406	2,189,546	-	17,978,952
Furniture and equipment	247,860	-	-	247,860
Licensed vehicles	<u>589,360</u>	<u>19,250</u>	<u>-</u>	<u>608,610</u>
Total capital assets, being depreciated	<u>16,626,626</u>	<u>2,208,796</u>	<u>-</u>	<u>18,835,422</u>
Total capital assets	18,401,576	2,898,001	(1,634,507)	19,665,070
Less accumulated depreciation for:				
Buildings and improvements	(10,478,227)	(278,675)	-	(10,756,902)
Furniture and equipment	(164,544)	(18,498)	-	(183,042)
Licensed vehicles	<u>(446,964)</u>	<u>(37,295)</u>	<u>-</u>	<u>(484,259)</u>
Total accumulated depreciation	<u>(11,089,735)</u>	<u>(334,468)</u>	<u>-</u>	<u>(11,424,203)</u>
Governmental activities capital assets, net	<u>\$ 7,311,841</u>	<u>\$ 2,563,533</u>	<u>\$ (1,634,507)</u>	<u>\$ 8,240,867</u>
Business-type activities				
Capital assets, being depreciated:				
Furniture and equipment	\$ 105,423	\$ -	\$ -	\$ 105,423
Less accumulated depreciation	<u>(81,479)</u>	<u>(2,730)</u>	<u>-</u>	<u>(84,209)</u>
Business-type activities capital assets, net	<u>\$ 23,944</u>	<u>\$ (2,730)</u>	<u>\$ -</u>	<u>\$ 21,214</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note E – Capital assets (Continued)

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

Governmental activities	
Instruction	\$ 25,974
Operations and maintenance	20,679
Student transportation	33,411
Unallocated	<u>254,404</u>
Subtotal	334,468
Business-type activities	
Food service operations	<u>2,730</u>
Total	<u>\$ 337,198</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 \$363,339. 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>
Governmental activities					
Accrued compensated absences	\$ 64,533	\$ -	\$ (1,073)	\$ 63,460	\$ -
Capital lease Obligation	1,660,000	-	(192,766)	1,467,234	164,078
General obligation bonds	1,580,000	-	(135,000)	1,445,000	140,000
Bond premium	9,185	-	(926)	8,259	-
Deferred amount on refunding	<u>(41,924)</u>	<u>-</u>	<u>4,228</u>	<u>(37,696)</u>	<u>-</u>
Total	<u>\$ 3,271,794</u>	<u>\$ -</u>	<u>\$ (325,537)</u>	<u>\$ 2,946,257</u>	<u>\$ 304,078</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note G – Long-term debt (Continued)

Payments on the general obligation bonds are made in the Bond Redemption Fund. Payments on the capital lease obligation, compensated absences and early retirement liabilities attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Capital lease obligations

Facility renovation obligation – In May 2012, the District entered into an agreement with First Pioneer National Bank to finance a portion of the costs of constructing improvements which include a roofing project, boiler project and security project. The agreement called for a lease term of nine years with annual renewal options. Annual payments of \$210,443 are due on September 15th of each year, with a final payment due in 2020. The average interest rate over the lease term is 3.16%. The District has capitalized \$1,507,000 of assets under this capital lease.

The following is a schedule by years of future minimum lease payments under the capital leases above, together with the present value of the net minimum lease payments at year-end:

<u>Year ended June 30,</u>	<u>Debt service requirement</u>
2014	\$ 210,443
2015	210,443
2016	210,442
2017	210,442
2018	210,442
2019-2021	<u>631,328</u>
Total minimum lease payments	1,683,540
Less amount representing interest	<u>216,306</u>
Present value of future net minimum lease payments	<u>\$ 1,467,234</u>

General obligation bonds

General obligation bonds payable consist of the following individual issue:

\$2,125,000 general obligation refunding bonds, dated July 21, 2005, due in annual installments beginning in fiscal year 2005 ranging from \$20,000 to \$180,000; varying interest rates from 2.80% to 4.00%, payable semi-annually on December 1st and June 1st.

\$ 1,445,000

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note G – Long-term debt (Continued)

The following schedule represents the District’s debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 140,000	\$ 54,127	\$ 194,127
2015	145,000	48,428	193,428
2016	150,000	42,527	192,527
2017	155,000	36,621	191,621
2018	160,000	30,675	190,675
2019-2022	<u>695,000</u>	<u>56,218</u>	<u>751,218</u>
Total	<u>\$ 1,445,000</u>	<u>\$ 268,596</u>	<u>\$ 1,713,596</u>

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 15.65% of covered salary between July 1 and December 31, 2012 and 16.55% of covered salary between January 1 and June 30, 2013. 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, 2013, 2012, and 2011 were \$419,534, \$389,983, and \$380,847, respectively, equal to their required contributions for each year.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

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).

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, 2013, 2012, and 2011 were \$26,557, \$26,154, and \$27,155, 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 (\$17,500 in 2013). 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, 2013 were \$34,805.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

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 \$34,760. 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.

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. On November 7, 1995, 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 \$148,000 for the emergency reserve.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note M – Joint venture (Continued)

The District participates in the Northeast Colorado 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 of 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. This board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Northeast Colorado Board of Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's financial contribution was \$176,716.

Note N – Prior-year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, \$1,490,000 of bonds outstanding are considered defeased.

Note O – Colorado local government investment laws

Colorado local government investment laws does not allow local governments to investment in certain securities that do not maintain a fixed rate from settlement until maturity. The District invested funds from its Scholarship Trust Fund in an account that includes investments in preferred stocks that may not be an eligible investment. The value of this investment as of June 30, 2013 was \$53,600.

Required Supplementary Information

Budgetary comparison schedules are required to be presented for the General Fund and each major Special Revenue Fund. The District has no major Special Revenue Funds.

- 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.

HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 2,004,290	\$ 2,163,835	\$ 2,127,784	\$ (36,051)
Intermediate sources	1,000	1,000	190	(810)
State sources	2,795,538	2,725,883	2,781,572	55,689
Federal sources	152,689	152,623	155,542	2,919
Total revenues	4,953,517	5,043,341	5,065,088	21,747
Expenditures				
Instruction	3,443,712	3,556,282	3,316,526	239,756
Supporting services	1,710,551	1,721,659	1,719,299	2,360
Debt service				
Principal retirement			192,766	(192,766)
Interest and fiscal charges			17,677	(17,677)
Appropriated reserves	200,254	166,400		166,400
Total expenditures	5,354,517	5,444,341	5,246,268	198,073
Excess of revenues over (under) expenditures	(401,000)	(401,000)	(181,180)	219,820
Other financing sources (uses)				
Transfers out	-	-	(30,000)	(30,000)
Sale of fixed assets	1,000	1,000	449	(551)
Total other financing sources (uses)	1,000	1,000	(29,551)	(30,551)
Excess of revenues and other financing sources over (under) expenditures	\$ (400,000)	\$ (400,000)	(210,731)	\$ 189,269
Fund balance at beginning of year			1,608,464	
Fund balance at end of year			\$ 1,397,733	

HOLYOKE SCHOOL DISTRICT RE-1J
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. 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.
7. Appropriations lapse at year-end.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedules - 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.

HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,678,164	\$ 1,752,789	\$ 1,750,011	\$ (2,778)
Specific ownership taxes	189,926	200,772	256,802	56,030
Delinquent taxes and interest	8,000	7,000	10,836	3,836
Earnings on investments	15,000	12,000	5,492	(6,508)
Other local revenue	113,200	191,274	104,643	(86,631)
Total local sources	2,004,290	2,163,835	2,127,784	(36,051)
Intermediate sources	1,000	1,000	190	(810)
State sources				
Equalization	2,521,134	2,451,321	2,459,816	8,495
Hold harmless	40,000	42,000	42,833	833
Vocational education	30,000	30,000	30,899	899
English language proficiency	14,000	14,000	18,669	4,669
Transportation	65,000	63,000	64,913	1,913
Services within the BOCES	125,404	125,562	164,442	38,880
Total state sources	2,795,538	2,725,883	2,781,572	55,689
Federal sources				
Title I	83,177	83,112	83,112	-
Title II-A	20,623	20,614	20,614	-
Race to the top			3,532	3,532
REAP	34,045	34,045	34,045	-
Services within the BOCES	14,844	14,852	14,239	(613)
Total federal sources	152,689	152,623	155,542	2,919
Total revenues	<u>\$ 4,953,517</u>	<u>\$ 5,043,341</u>	<u>\$ 5,065,088</u>	<u>\$ 21,747</u>

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HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 1,829,105	\$ 1,923,214	\$ 1,968,434	\$ (45,220)
Employee benefits	591,593	599,065	558,922	40,143
Purchased services	372,807	362,348	433,372	(71,024)
Supplies and materials	116,490	129,690	123,223	6,467
Property	5,250	5,250	154,074	(148,824)
Other	528,467	536,715	78,501	458,214
Total instruction	3,443,712	3,556,282	3,316,526	239,756
Supporting services				
Students				
Salaries	77,061	77,061	70,851	6,210
Employee benefits	26,341	25,933	24,380	1,553
Purchased services	200	200	20	180
Supplies and materials	1,350	2,350	2,873	(523)
Total students	104,952	105,544	98,124	7,420
Instructional staff				
Salaries	31,817	31,817	34,514	(2,697)
Employee benefits	5,584	5,584	5,490	94
Purchased services	10,675	10,675	17,117	(6,442)
Supplies and materials	9,300	9,300	4,836	4,464
Other	2,450	2,450	599	1,851
Total instructional staff	59,826	59,826	62,556	(2,730)
General administration				
Salaries	121,935	121,935	121,230	705
Employee benefits	44,520	44,520	40,030	4,490
Purchased services	77,801	81,751	81,854	(103)
Supplies and materials	5,750	5,750	6,197	(447)
Other	8,950	8,950	8,664	286
Total general administration	258,956	262,906	257,975	4,931

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	176,657	176,657	175,213	1,444
Employee benefits	57,451	57,451	55,598	1,853
Purchased services	2,900	2,900	5,412	(2,512)
Supplies and materials	2,750	2,750	1,991	759
Other	1,875	1,875	1,599	276
Total school administration	241,633	241,633	239,813	1,820
Business services				
Salaries	77,993	77,993	78,789	(796)
Employee benefits	26,912	26,912	27,963	(1,051)
Purchased services	6,050	9,050	8,992	58
Supplies and materials	2,000	2,000	1,382	618
Other	375	375	4,253	(3,878)
Total business services	113,330	116,330	121,379	(5,049)
Operations and maintenance				
Salaries	214,021	213,878	219,827	(5,949)
Employee benefits	88,294	90,370	83,024	7,346
Purchased services	155,400	156,400	173,892	(17,492)
Supplies and materials	75,190	75,190	74,744	446
Property	1,500	500	1,744	(1,244)
Other	500	500	530	(30)
Total operations and maintenance	534,905	536,838	553,761	(16,923)
Student transportation				
Salaries	134,674	135,717	129,976	5,741
Employee benefits	26,942	27,124	26,643	481
Purchased services	19,050	17,050	10,634	6,416
Supplies and materials	81,137	81,137	86,256	(5,119)
Property	1,000	3,000	149	2,851
Total student transportation	262,803	264,028	253,658	10,370

(continued)

HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2013

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	44,995	44,995	46,089	(1,094)
Employee benefits	14,101	14,509	15,177	(668)
Purchased services	72,400	72,400	70,097	2,303
Supplies and materials	1,500	1,500	196	1,304
Other	1,150	1,150	474	676
Total central support services	134,146	134,554	132,033	2,521
Total support services	1,710,551	1,721,659	1,719,299	2,360
Debt service				
Principal retirement			192,766	(192,766)
Interest and fiscal charges			17,677	(17,677)
Total debt service	-	-	210,443	(210,443)
Appropriated reserves	200,254	166,400		166,400
Total expenditures	<u>\$ 5,354,517</u>	<u>\$ 5,444,341</u>	<u>\$ 5,246,268</u>	<u>\$ 198,073</u>

Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

HOLYOKE SCHOOL DISTRICT RE-1J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 158,854	\$ 208,500	\$ 215,299	\$ 6,799
Specific ownership taxes	25,000			-
Delinquent taxes and interest	750	750	331	(419)
Earnings on investments	100	100	26	(74)
Total revenues	184,704	209,350	215,656	6,306
Expenditures				
Debt service				
Principal retirement	135,000	135,000	135,000	-
Interest and fiscal charges	60,478	60,478	60,278	200
Appropriated reserves	275,125	318,847		318,847
Total expenditures	470,603	514,325	195,278	319,047
Excess of revenues over (under) expenditures	\$ (285,899)	\$ (304,975)	20,378	\$ 325,353
Fund balance at beginning of year			304,975	
Fund balance at end of year			\$ 325,353	

Budgetary Comparison Schedule - Capital Projects Fund

The District reports the following major capital projects fund:

- Building Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Revenues and other financing sources are primarily derived from the issuance of debt or transfers from other funds.

HOLYOKE SCHOOL DISTRICT RE-1J
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 500	\$ 400	\$ 712	\$ 312
State sources				
BEST grant	1,319,105	633,000	293,105	(339,895)
Total revenues	1,319,605	633,400	293,817	(339,583)
Expenditures				
Capital outlay				
Purchased services	650,000	352,819		352,819
Property		1,369,050	1,202,888	166,162
Supplies	2,070,939			-
Other	2,500	750		750
Total capital outlay	2,723,439	1,722,619	1,202,888	519,731
Debt service	210,453	210,453		210,453
Total expenditures	2,933,892	1,933,072	1,202,888	730,184
Excess of revenues over (under) expenditures	(1,614,287)	(1,299,672)	(909,071)	(1,069,767)
Other financing sources				
Transfers in	210,453	210,453	25,000	(185,453)
Excess of revenues and other sources over (under) expenditures	<u>\$ (1,403,834)</u>	<u>\$ (1,089,219)</u>	(884,071)	<u>\$ 205,148</u>
Fund balance at beginning of year			1,089,219	
Fund balance at end of year			<u>\$ 205,148</u>	

Budgetary Comparison Schedule - Enterprise Fund

The District reports the following nonmajor proprietary fund:

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.

HOLYOKE SCHOOL DISTRICT RE-1J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 62,700	\$ 89,000	\$ 65,396	\$ (23,604)
Operating expenses				
Purchased services	217,000	153,000	117,838	35,162
Supplies and materials	500	100,500	103,661	(3,161)
Property	1,500	1,500		1,500
Depreciation	4,000	3,000	2,730	270
Other			593	(593)
Total operating expenses	223,000	258,000	224,822	33,178
Operating loss	(160,300)	(169,000)	(159,426)	9,574
Nonoperating revenues				
Federal aid				
Nutrition reimbursements	140,000	150,000	127,905	(22,095)
Commodity revenue	15,000	15,000	13,429	(1,571)
State aid	2,200	2,900	4,872	1,972
Earnings from investments	100	100	12	(88)
Total nonoperating revenues	157,300	168,000	146,218	(21,782)
Loss before transfers	(3,000)	(1,000)	(13,208)	(12,208)
Transfers in			5,000	5,000
Change in net position	\$ (3,000)	\$ (1,000)	(8,208)	\$ (7,208)
Net position at beginning of year			30,278	
Net position at end of year			\$ 22,070	

Budgetary Comparison Schedules - Fiduciary Funds

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

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is a private-purpose trust fund used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.

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.

HOLYOKE SCHOOL DISTRICT RE-1J
Scholarship Trust Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Earnings on investments	\$ 5,000	\$ 5,000	\$ 4,277	\$ (723)
Contributions	15,000	20,000	14,009	(5,991)
Total additions	20,000	25,000	18,286	(6,714)
Deductions				
Scholarship payments	25,000	26,892	19,105	7,787
Appropriated reserves	348,696	348,696		348,696
Total deductions	373,696	375,588	19,105	356,483
Excess of additions over (under) deductions	\$ (353,696)	\$ (350,588)	(819)	\$ 349,769
Due to scholarship recipients at beginning of year			350,588	
Due to scholarship recipients at end of year			\$ 349,769	

HOLYOKE SCHOOL DISTRICT RE-1J
Pupil Activity Agency Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Fundraising and other events	\$ 260,000	\$ 270,000	\$ 269,341	\$ (659)
Deductions				
Pupil activity expenditures	260,000	270,000	258,156	11,844
Appropriated reserves	55,000	44,960		44,960
Total deductions	<u>315,000</u>	<u>314,960</u>	<u>258,156</u>	<u>56,804</u>
Excess of additions over (under) deductions	<u>\$ (55,000)</u>	<u>\$ (44,960)</u>	11,185	<u>\$ 56,145</u>
Due to student groups at beginning of year			<u>44,960</u>	
Due to student groups at end of year			<u>\$ 56,145</u>	

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**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity 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 Auditors' Integrity Report

Board of Education
Holyoke School District RE-1J
Holyoke, Colorado

We have audited the financial statements of the Holyoke School District RE-1J (the District) as of and for the year ended June 30, 2013, and our report thereon dated November 27, 2013, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 27, 2013

Colorado Department of Education

Auditors Integrity Report

District: 2620 - HOLYOKE RE-1J

Fiscal Year 2012-13

Colorado School District/BOCES

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	1,608,464		5,035,536	5,246,268		1,397,733
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	1,608,464		5,035,536	5,246,268		1,397,733
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
21 Capital Reserve Spec Revenue Fund	0		0	0		0
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	0		0	0		0
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	304,975		215,656	195,278		325,353
39 Non-Voter Approved Debt Service Fund	0		0	0		0
41 Building Fund	1,089,319		318,818	1,202,888		205,148
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		0	0		0
Totals	3,002,658		5,570,009	6,644,434		1,928,234
Proprietary						
51 Food Service Fund	30,278		216,614	224,822		22,070
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	30,278		216,614	224,822		22,070
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	350,588		18,286	18,105		340,769
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	44,960		269,341	258,157		56,145
79 GASB-34/Permanent Fund	0		0	0		0
85 Pensions	0		0	0		0
Totals	395,548		287,628	277,262		405,914
FINAL						

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