GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT AUDITOR

June 30, 2010

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Report of Independent Auditor

DALBY, WENDLAND & CO., P.C.

Certified Public Accountants & Consultants

464 MAIN STREET ● P.O. BOX 430 ● GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 ● FAX 970/243-9214 ● www.dalbycpa.com

Board of Education
Gunnison Watershed School District RE-1J
Gunnison, Colorado

REPORT OF INDEPENDENT AUDITOR

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gunnison Watershed School District RE-1J, (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of the discretely presented component unit, Marble Charter School. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information for the General Fund and major special revenue funds on pages 3 through 9 and pages 37 through 39 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; combining and individual major and non-major fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and the combining and individual major and non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 8, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performance in accordance with *Government Auditing Standards,* and should be considered in assessing the results of our audit.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.

December 8, 2010

Management's Discussion and Analysis

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2010

The discussion and analysis of the Gunnison Watershed School District RE-1J's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is presented in the MD&A.

Financial Highlights

- During the fiscal year ending June 30, 2010, the District paid $281,761 to the Colorado Department of Education as a result of a legislatively mandated rescission which affected all school districts throughout the State of Colorado.
- During the fiscal year ending June 30, 2010, $162,758 was spent from the general fund to acquire new math curriculum for all students of the District.
- During the fiscal year ending June 30, 2010, the District spent $34,787,120 on capital improvements made possible by the voter approved $55 million bond issue in the previous fiscal year. $7,887,563 of the bond proceeds were spent in the fiscal year ending June 30, 2009, with the remainder of bond funds planned for expenditure in the fiscal year ending June 30, 2011.

Using the Basic Financial Statements

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two sets are of government-wide financial statements - the Statement of Net Assets and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund accounting statements tell how the general District services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates as a business, which in our District is the food service fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom resources in question belong, which in our case is the Activity Fund and the Memorial Scholarship

Fund. The financial statements also include notes that explain some of the information contained within those statements and provide more detailed data.

Government-Wide Financial Statements

The ***Statement of Net Assets*** presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Non-financial factors should also be considered to assess the overall position of the District.

The ***Statement of Activities*** reports the changes that have occurred during the year to the District's net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct types of activities:

Governmental Activities - The majority of the District's programs and services are reported here, including instruction, support services, operations and maintenance of plant and pupil transportation.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's business-type activity is the food service operation.

Government-Wide Financial Analysis

The District's total assets were $87,235,865 at June 30, 2010 compared to $87,143,241 at June 30, 2009. During the fiscal year ending 2010, the District added $506,569 to its Business-Type Noncurrent net capital assets coming to a total of $544,966. This increase is due to machinery, equipment and construction in progress. The depreciation on buildings and equipment for the year was $674,966.

The District's total liabilities were $70,936,084 at June 30, 2010 compared to $70,445,368 at June 30, 2009. The long-term portion of $61,425,000 is bonds payable. All capital leases were fully repaid in the fiscal year ending June 30, 2010.

The District's total net assets were $16,299,781 as of June 30, 2010 compared to $16,697,873 as of June 30, 2009. The majority of the District's net assets are invested in capital assets (buildings, land and equipment). The majority of the unrestricted net assets are in the form of investments to cover the bond payment due in December.

NET ASSETS

ASSETS	2010	2009
Current assets - governmental	$ 22,208,841	$ 58,050,621
Current assets - business-type	111,091	86,961
Capital assets - governmental	64,370,967	28,967,262
Capital assets - business-type	544,966	38,397
Total Assets	87,235,865	87,143,241

LIABILITIES	2010	2009
Current liabilities - governmental	9,503,965	7,489,272
Current liabilities - business-type	7,119	7,941
Long-term liabilities - governmental	61,425,000	62,948,155
Long-term liabilities - business-type	-	-
Total Liabilities	70,936,084	70,445,368
NET ASSETS		
Invested in capital assets, net of related debt - governmental	(1,356,519)	10,238,141
Invested in capital assets, net of related debt - business-type	544,966	38,397
Restricted - governmental	14,776,315	5,008,575
Unrestricted - governmental	2,231,047	1,333,740
Unrestricted - business-type	103,972	79,020
Total Net Assets	$ 16,299,781	$ 16,697,873

CHANGES IN NET ASSETS

Revenues		
Program Revenues		
Charges for services - governmental	$ 228,971	$ 238,774
Charges for services - business-type	276,774	267,365
Operating grants and contributions - governmental	1,390,571	1,225,155
Operating grants and contributions - business-type	144,700	124,116
Capital grant - governmental	3,659	2,912
Total Operating Revenues	2,044,675	1,858,322
General Revenues		
Taxes - governmental	17,927,242	17,512,628
Net investment income - governmental	222,318	85,706
Other - governmental	(771,948)	268,877
Other - business-type	700,995	65,047
Total Non-operating Revenues	18,078,607	17,932,258
Total Revenues	20,123,282	19,790,580
Expenses		
Operating Expenses		
Instruction - governmental	10,886,944	8,811,286
Food services - business-type	590,948	456,528
Total Operating Expenses	11,477,892	9,267,814
Non-operating Expenses		
Interest - governmental	3,087,832	1,436,255
Other - governmental	674,966	672,467
Total Non-operating Expenses	3,762,798	2,108,722
General and Administrative Expenses	5,355,303	5,210,785
Total Expenses	20,595,993	16,587,321
Changes in Net Assets	(472,711)	3,203,259
Net Assets - beginning of the year	16,697,873	13,419,819
Prior Period Adjustments	74,619	74,795
Net Assets - end of the year	$ 16,299,781	$ 16,697,873

Fund Level Financial Analysis

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements.

Governmental Funds

The General Fund is the largest of the District's funds. The Insurance Reserve Fund and Colorado Pre-School Fund are related sub-funds of the General Fund. Each of these funds are shown separately in the supplemental information so that there is no confusion of what is truly General Fund and what belongs to the other two funds. The Insurance Reserve Fund will continue to exist until all of the remaining fund balance is spent on risk management. There is no longer a legal requirement to support this fund through the transfer of property tax collections from the General Fund. During the fiscal year ending June 30, 2010, all risk management activity was expended from the General Fund. The Colorado Pre-School Fund is supported through the transfer of property tax collections from the general fund and is utilized to separate the District's Colorado Preschool Program accounting and maintain a self-balancing set of records specific to the CPP requirements for allocations. The Debt Service Fund (Bond Redemption Fund) is fully funded through property tax collection and is administered by a third party (Gunnison County Treasurer). The Capital Projects Fund (Building Fund) was added into use during the prior fiscal year to account for revenues and expenditures related to the additions and renovations of facilities made possible by the 2008 bond election. The Capital Reserve Fund is supported through the transfer of property tax collections from the general fund and is utilized for the purchase of capital items (buildings, land, equipment, etc.).

Proprietary Funds

The District operates a food service program at the Crested Butte Community School, Gunnison Community School, and Lake School. The statements for those operations are recorded under business-type activities. For fiscal year 2009-2010, the General Fund supported the Food Service Fund by $169,474. This transfer increased by $104,427 over the prior fiscal year due to three factors. Firstly, the existing kitchen facilities were expanded and a new kitchen was added, which required the hiring of additional food service staff district-wide. Secondly, depreciation increased by $19,365 due to the additional facilities, machinery and equipment. Thirdly, the District wrote-off $6,245 in uncollectible accounts.

Fiduciary Funds

Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The District's two fiduciary funds are the Pupil Activity Fund and the Gunnison Memorial Scholarship Fund. Pupil Activity Fund generally accounts for student generated revenue and expenditures related to non-classroom activities. The Scholarship Fund accounts for donations and related investment earnings to provide District students with scholarships for post high school education.

Fund Financial Statements

As of June 30, 2010, the District's government funds reported a combined fund balance of $17,097,429, which is a decrease of $36,477,778 from the June 30, 2009 balance. The following is additional information by fund which contributed to the change.

Total General Fund revenue, after transfers, exceeded expenditures by $688,355. Revenues exceeded budget by $169,309 as a result of $51,603 more interest generated that budgeted, $63,248 more in specific ownership taxes than budgeted, and mineral lease revenues being more than budgeted. These areas of

revenue are all estimates which can vary greatly year to year. Expenditures were less than budget by $527,643 due to the cumulative cost cutting efforts on discretionary spending district-wide. When funded pupil count came in less than budgeted and a reduction in discretionary spending was enforced, district staff did a great job being very careful about expenditures and actually spent much less than expected. The Colorado Pre-School Fund operated with expenditures exceeding revenues by $89. The Insurance Reserve Fund operated with no revenues and no expenditures, leaving an existing fund balance of $16,380. These figures left the total General Fund balance at $2,728,072 which (after a prior period adjustment of $31,069) is an increase of $688,356 over the previous fiscal year end. Therefore, the total General Fund balance as a percentage of expenditure increased to 19.36% as of the fiscal year ending June 30, 2010, which is a significant increase from 14.56% as of the fiscal year ending June 30, 2009.

Capital Reserve Fund revenues matched expenditures, leaving an ending fund balance of $15,257.

The Debt Service Fund (Bond Redemption Fund) has an ending fund balance of $3,178,243 which is down $597,448 from the previous year. The decrease is a result of a fund balance at fiscal year ending June 30, 2009 which exceeded the principal and interest requirements for the coming fiscal year. Therefore, the 2010 mill levy to cover bond repayment was reduced accordingly.

The Capital Projects Fund (Building Fund) has an ending fund balance of $11,175,857 which is a decrease of $36,599,755 from the previous fiscal year end. The large decrease is a result of capital expenditures related to the voter approved 2008 bond. This fund was created for this bond issue and should be in existence for one more fiscal year to allow for the expenditure of the remaining funds.

The Food Service Fund has an ending fund balance of $648,938, which is an increase of $531,521 from the previous year. The increase is due to machinery and equipment installed in the kitchens throughout the District as a result of the 2008 bond.

Debt Administration

As of June 30, 2010, the District had $61,425,000 in total outstanding long-term debt. The public approved the District's bonded indebtedness through elections in 1995 and in 2008. The debt is scheduled to be paid off in 2034.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are made in January after the student count is finalized, the mill levy for the following year has been established, and expected grant revenues and expenditures are more fully known. The adoption of supplemental budgets is allowed throughout the year when unanticipated revenues are received. If there are any changes within the Master Agreement, those are reflected in the amended budget as well. On June 12, 2006, the Board of Education adopted a policy stating that the General Fund budget will be developed containing a minimum ending fund balance of at least 12% of the estimated General Fund expenditures and shall contain the TABOR reserve, reserves for multi fiscal-year obligations.

Budgetary Highlights

During the preparation of the original 2009-2010 budget, particular interest was placed on having revenues exceed expenditures and to ensure that the level of expenditure could be maintained over time. With that in mind, the Board adopted a final budget on June 17, 2009 that had general fund revenues (excluding the related sub-funds) exceeding expenditures by $60,547. When the amended budget was prepared for adoption on January 25, 2010, incorporated into the document was a funded pupil count that

was 20.8 FTE fewer than originally budgeted. As a result, total general fund revenue in the amended budget decreased by $142,959 from the original budget. Additionally, a $94,920 reserve for district emergencies was budgeted to account for possible further funding rescissions. To accommodate the decrease in revenues, each site was asked to reduce discretionary expenditures by 5.6%, generating a total savings of $54,878. As a whole, budgeted general fund expenditures (excluding the related sub-funds) exceeded revenues by $117,288. The corresponding decrease in general fund balance was carefully considered. Due to the probable funding reduction forecasted for 2010-2011, it was determined that funding the originally budgeted $165,000 math curriculum adoption in the current fiscal year was more wise than placing that financial burden on the next fiscal year.

Discretely Presented Component Unit

The District is financially accountable for a non-profit entity that operates the Marble Charter School. The Marble Charter School is presented in a separate column on the government-wide financial statements. The financial position and results of changes in net assets are summarized as follows:

NET ASSETS	2010	2009
Assets	$ 217,771	$ 200,043
Liabilities	40,013	23,901
Net Assets		
Unrestricted	165,350	174,642
Temporarily restricted	12.408	1,500
Total Net Assets	177,758	176,142
Total Liabilities and Net Assets	$ 217,771	$ 200,043

CHANGES IN NET ASSETS		
Contributions	$ 27,361	$ 35,682
Charges for services	8,895	12,255
Transfer in	391,535	298,760
Total Revenue	427,791	346,697
Expenses	426,175	370,408
Change in Net Assets	1,616	(23,711)
Net Assets - beginning of the year	176,142	199,853
Net Assets - end of the year	$ 177,758	$ 176,142

The Future of the District

The District's enrollment in the fiscal year ending June 30, 2010 decreased for the first time in several years. This resulted from both the unfavorable economic climate Gunnison County is currently experiencing, causing residents to move elsewhere, combined with the recent opening of a private K-8 school which pulled approximately 25 students from the District during this fiscal year. The stability of student enrollment will continue to be a concern.

Additionally, possible funding reductions will continue to a concern as the State of Colorado's financial situation remains unfavorable due to the national recession. Overall stability of funding will continue to be a concern as the District provides educational services to its students.

On a positive note, the electors passed a $55 million bond in the fall of 2008 to finance facility renovations and expansions district wide. The planned capital improvements are currently in progress and expected to be complete in the fall of 2010.

Requests For Information

This financial report is designed to give its readers a general overview of the District's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to: Business Manager, Gunnison Watershed School District RE-1J, 800 North Boulevard, Gunnison, CO 81230 or call (970) 641-7770.

Government-Wide Financial Statements

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Marble Charter School
Assets				
Current Assets				
Cash and investments	$ 20,695,097	$ 350	$ 20,695,447	$ 27,312
Property taxes receivable	1,176,660	-	1,176,660	-
Accounts receivable	431,856	13,844	445,700	-
Interfund balances	(94,772)	91,526	(3,246)	-
Due from primary government	-	-	-	190,459
Inventory	-	5,371	5,371	-
Total Current Assets	22,208,841	111,091	22,319,932	217,771
Noncurrent Assets				
Capital assets	76,039,694	642,520	76,682,214	-
Less: accumulated depreciation	(11,668,727)	(97,554)	(11,766,281)	-
Total Noncurrent Assets	64,370,967	544,966	64,915,933	-
Total Assets	86,579,808	656,057	87,235,865	217,771
Liabilities				
Current Liabilities				
Accounts payable	3,495,502	-	3,495,502	534
Accrued salaries and benefits	1,425,451	1,908	1,427,359	39,479
Due to component unit	190,459	-	190,459	-
Retainage payable	1,782,603	-	1,782,603	-
Contingent liability	138,479	-	138,479	-
Accrued interest	254,790	-	254,790	-
Deferred charges, net of amortization	611,614	-	611,614	-
Deferred revenue	-	5,211	5,211	-
Compensated absences	90,067	-	90,067	-
Current portion of long-term obligations	1,515,000	-	1,515,000	-
Total Current Liabilities	9,503,965	7,119	9,511,084	40,013
Noncurrent Liabilities:				
Bonds payable	61,425,000	-	61,425,000	-
Total Noncurrent Liabilities	61,425,000	-	61,425,000	-
Total Liabilities	70,928,965	7,119	70,936,084	40,013
Net Assets				
Invested in capital assets net of related debt	(1,356,519)	544,966	(811,553)	-
Restricted for:				
Tabor emergency	422,215	-	422,215	12,408
Capital projects	11,175,857	-	11,175,857	-
Debt service	3,178,243	-	3,178,243	-
Unrestricted	2,231,047	103,972	2,335,019	165,350
Total Net Assets	$ 15,650,843	$ 648,938	$ 16,299,781	$ 177,758

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF ACTIVITIES

Year ended June 30, 2010

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants**
Primary Government:				
Governmental activities:				
Instruction	$ 10,886,944	$ 228,971	1,390,571	$ 3,659
Supporting services:				
Pupil supporting services	1,628,402	-	-	-
Administration	1,390,992	-	-	-
Operations and maintenance	1,215,173	-	-	-
Transportation	715,385	-	-	-
Central supporting services	377,457	-	-	-
Other supporting services	26,494	-	-	-
Interest on long-term debt	3,087,832	-	-	-
Other on long-term debt	1,400	-	-	-
Unallocated depreciation	674,966	-	-	-
Total Governmental Activities	20,005,045	228,971	1,390,571	3,659
Business-type activities:				
Food services	590,948	276,774	144,700	-
Total Primary Government	$ 20,595,993	$ 505,745	$ 1,535,271	$ 3,659
Component unit:				
Marble Charter School	$ 426,175	$ 8,895	$ 27,361	$ -

General Revenues:

Taxes:

Property taxes

Specific ownership taxes

State grants and contributions not restricted to specific programs

State equalization

State transportation

Investment earnings

Loss on sale of asset

Remediation expense

Miscellaneous

Transfer in (out)

Total General Revenues

Change in Net Assets

Net Assets - beginning of the year

Prior period adjustments - government wide

Prior period adjustments - fund

Net Assets - end of the year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Marble Charter School
$ (9,263,743)	$ -	$ (9,263,743)	
(1,628,402)	-	(1,628,402)	
(1,390,992)	-	(1,390,992)	
(1,215,173)	-	(1,215,173)	
(715,385)	-	(715,385)	
(377,457)	-	(377,457)	
(26,494)	-	(26,494)	
(3,087,832)	-	(3,087,832)	
(1,400)	-	(1,400)	
(674,966)	-	(674,966)	
(18,381,844)	-	(18,381,844)	
-	(169,474)	(169,474)	
$ (18,381,844)	$ (169,474)	$ (18,551,318)	
			$ (389,919)
$ 17,101,110	$ -	$ 17,101,110	$ -
826,132	-	826,132	-
324,960	-	324,960	-
164,846	-	164,846	-
108,017	-	108,017	-
222,318	-	222,318	-
(142,500)	-	(142,500)	-
(138,479)	-	(138,479)	-
3,738	-	3,738	-
(1,092,530)	700,995	(391,535)	391,535
17,377,612	700,995	18,078,607	391,535
(1,004,232)	531,521	(472,711)	1,616
16,580,456	117,417	16,697,873	176,142
43,550	-	43,550	-
31,069	-	31,069	-
$ 15,650,843	$ 648,938	$ 16,299,781	$ 177,758

Fund Financial Statements

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2010

	General	Debt Service	Capital Projects	Non-Major Special Revenue	Total
Assets					
Cash and investments	$ 3,252,329	$ 2,872,106	$ 14,570,662	$ -	$ 20,695,097
Property taxes receivable	869,300	307,360	-	-	1,176,660
Account receivable	353,350	-	-	78,506	431,856
Interfund balances	(44,081)	(1,223)	-	(49,468)	(94,772)
Total Assets	$ 4,430,898	$ 3,178,243	$ 14,570,662	$ 29,038	$ 22,208,841
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 99,709	$ -	$ 3,394,805	$ 988	$ 3,495,502
Accrued salaries and benefits	1,412,658	-	-	12,793	1,425,451
Due to component unit	190,459	-	-	-	190,459
Total Liabilities	1,702,826	-	3,394,805	13,781	5,111,412
Fund Balances:					
Reserved for Tabor Emergency	422,215	-	-	-	422,215
Reserved for capital projects	-	-	11,175,857	-	11,175,857
Reserved for debt service	-	3,178,243	-	-	3,178,243
Reserved for Colorado Preschool Program	18,236	-	-	-	18,236
Reserved for insurance reserves	16,380	-	-	-	16,380
Unreserved:					
Undesignated, reported in:					
General fund	2,271,241	-	-	-	2,271,241
Special revenue funds	-	-	-	15,257	15,257
Total Fund Balances	2,728,072	3,178,243	11,175,857	15,257	17,097,429
Total Liabilities and Fund Balances	$ 4,430,898	$ 3,178,243	$ 14,570,662	$ 29,038	$ 22,208,841

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

BALANCE SHEET

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2010

Total Fund Balance - Governmental Funds		$ 17,097,429
Capital assets used in governmental activities are not resources and not reported in the funds:		
Capital assets cost	76,039,694	
Accumulated depreciation	(11,668,727)	64,370,967
Long-term liabilities are not due and payable in the current period and not reported in the funds:		
Bonds payable	(62,940,000)	
Compensated absences	(90,067)	(63,030,067)
Long-term debt original issue premiums and discounts are reported in the funds when first issued, but deferred and amortized in the government-wide statements:		(1,161,423)
Debt issuance costs are amortized in the government-wide statements, but are expensed in the funds when debt is first issued:		
Issue costs	608,338	
Accumulated amortization	(58,529)	549,809
Accrued interest payable is recognized in the government-wide statements, but is not due and payable within the current period, and therefore is not reported in the funds:		(254,790)
Contingent liabilities are reported in the governmnet-wide statements when reasonably estimable, but are not due and payable within the current period, and therefore are not reported in the funds:		(138,479)
Retainage payable is recognized in the government-wide statements, but is not due and payable within the current period, and therefore is not reported in the funds:		(1,782,603)
Total Net Assets - Governmental Activities		$ 15,650,843

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

June 30, 2010

	General	Debt Service	Capital Projects	Non-Major Special Revenue	Total
Revenues					
Local sources	$ 13,405,172	$ 4,522,070	$ -	$ -	$ 17,927,242
State sources	1,085,003	-	-	-	1,085,003
Federal sources	736,863	-	-	170,187	907,050
Charges for services	228,971	-	-	-	228,971
Miscellaneous revenue	130,340	6,932	88,783	-	226,055
Total Revenues	15,586,349	4,529,002	88,783	170,187	20,374,321
Expenditures					
Current:					
Instruction	8,797,622	-	1,901,418	180,957	10,879,997
Supporting services	5,261,881	-	-	92,022	5,353,903
Capital outlay	22,536	-	34,255,600	122,882	34,401,018
Debt service:					
Principal	-	2,040,000	-	32,594	2,072,594
Interest	-	3,085,050	-	2,676	3,087,726
Other	-	1,400	-	-	1,400
Total Expenditures	14,082,039	5,126,450	36,157,018	431,131	55,796,638
Excess of Revenues Over (Under) Expenditures	1,504,310	(597,448)	(36,068,235)	(260,944)	(35,422,317)
Other Financing Sources (Uses)					
Proceeds from sale of asset	6,000	-	-	-	6,000
Transfers in (out)	(821,954)	-	(531,520)	260,944	(1,092,530)
Total Other Financing Sources (Uses)	(815,954)	-	(531,520)	260,944	(1,086,530)
Changes in Fund Balances	688,356	(597,448)	(36,599,755)	-	(36,508,847)
Fund Balances - beginning of the year	2,008,647	3,775,691	47,775,612	15,257	53,575,207
Prior period adjustments	31,069	-	-	-	31,069
Fund Balances - beginning of the year, restated	2,039,716	3,775,691	47,775,612	15,257	53,606,276
Fund Balances - end of the year	$ 2,728,072	$ 3,178,243	$ 11,175,857	$ 15,257	$ 17,097,429

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

June 30, 2010

Net Changes in Fund Balances - Total Government Funds		$(36,508,847)
Amounts reported for governmental activities in the statement activities are different because:		
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		2,072,594
Gain on early payoff.		3,945
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period:		
Capital outlays	34,401,018	
Depreciation expense	(674,966)	33,726,052
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds:		
Increase in compensated absences payable		(47,442)
Increase in accrued interest		(4,051)
Premiums, discounts, and debt issuance costs are amortized in the statement of activities, but are reported as expenditures and other financing uses in the governmental funds when first issued:		40,496
Expenses from contingent liabilities are reported on the statement of activities when reasonably estimable. However, in the governmental funds these remediation expenditures only reported once the remediation as occurred. Estimable pollution remediation:		(138,479)
Governmental funds record proceeds from sales of assets, but do not record an expense for the disposal of the assets. However, in the statement of activities, the cost of the assets offsets the proceeds from sales. The net book value of disposed assets was:		(148,500)
Change in Net Assets in Governmental Activities		$ (1,004,232)

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF NET ASSETS

PROPRIETARY FUND - FOOD SERVICE

June 30, 2010

Current Assets		
Cash	$	350
Accounts receivable, net		13,844
Interfund balances		91,526
Inventory		5,371
Total Current Assets		111,091
Noncurrent Assets		
Work in process		143,495
Equipment, net		401,471
Total Noncurrent Assets		544,966
Total Assets	$	656,057
Current Liabilities		
Accrued salaries and benefits	$	1,908
Deferred revenue		5,211
Total Current Liabilities		7,119
Net Assets		
Invested in capital assets		544,966
Unrestricted		103,972
Total Net Assets		648,938
Total Liabilities and Net Assets	$	656,057

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

PROPRIETARY FUND - FOOD SERVICE

Year ended June 30, 2010

Operating Revenues	
Charges for sales and services:	
Student Meals	$ 268,363
Adult Meals	8,411
Total Operating Revenues	276,774
Operating Expenses	
Salaries and benefits	287,237
Supplies and materials	259,505
Depreciation	24,951
Other Expenses	19,255
Total Operating Expenditures	590,948
Operating Loss	(314,174)
Non-operating Revenues (Expenses)	
Federal reimbursements	135,823
State	4,671
Donations	4,206
Total Non-operating Revenues	144,700
Loss Before Transfers	(169,474)
Transfers In	700,995
Change in Net Assets	531,521
Net Assets - beginning of the year	117,417
Net Assets - end of the year	$ 648,938

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF CASH FLOWS

PROPRIETARY FUND - FOOD SERVICE

Year ended June 30, 2010

Cash Flows From Operating Activities		
Received from food sales	$	299,523
Payments for employee services		(287,262)
Payments for goods and services		(281,896)
Net Cash Used for Operating Activities		(269,635)
Cash Flows From Non-capital Financing Activities		
Federal and state assistance received		144,700
Cash contributed from General Fund		124,900
Net Cash Provided by Non-capital Financing Activities		269,600
Net Decrease in Cash		(35)
Cash - beginning of the year		385
Cash - end of the year	$	350
Reconciliation of Operating Loss to Net Cash Provided Used for Operating Activities		
Operating loss	$	(314,174)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation		24,951
Changes in assets and liabilities related to operations:		
(Increase) decrease in:		
Accounts receivable		23,546
Inventory		(3,136)
Accrued liabilities		(25)
Deferred revenue		(797)
Total Adjustments		44,539
Net Cash Used for Operating Activities	$	(269,635)

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF FIDUCIARY NET ASSETS

Year ended June 30, 2010

	Agency	Trust
	Pupil Activity Fund	Scholarship Fund
Assets		
Cash and investments	$ 387,374	$ 78,026
Due from	3,246	-
Total Assets	390,620	78,026
Liabilities		
Accounts payable	1,243	-
Due to student activities	389,377	-
Total Liabilities	390,620	-
Net Assets		
Permanently restricted	-	78,026
Total Net Assets	$ -	$ 78,026

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

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year ended June 30, 2010

	Trust
	Scholarship Fund
Additions	$ 1,849
Deductions	3,000
Change in net assets	(1,151)
Net Assets - beginning of the year	79,177
Net Assets - end of the year	$ 78,026

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

Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gunnison Watershed School District RE-1J (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, the District conforms to the Colorado Department of Education (CDE) Financial Policies and Procedures Handbook in all material respects as required by Colorado Statutes.

The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The District is a public school district organized under the laws of the State of Colorado and includes portions of Gunnison and Saguache Counties. The District is governed by an elected five-member Board of Education. Based on criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity,* as amended by Statement 39, *Determining Whether Certain Organizations are Component Units,* the Marble Charter School (Charter School) has been included in the District's basic financial statements in a separate column, as a discretely presented component unit, to emphasize that it is legally separate from the District.

The Charter School is a non-profit corporation organized pursuant to the Charter School Act as defined in Colorado Revised Statutes. The Charter School operates an "other-level" public school serving the educational needs of children in grades kindergarten through 9th grade. The Charter School contracts with the District for payment of maintenance, insurance, staff training, and other accounting services. The Charter School and the District have entered into an agreement whereby the District funds 100 percent of the Charter School's per pupil funding based on the schools' enrollment, less automatically withheld funding according to Charter Schools Act 22-30.5-112, up to five percent to cover central administrative services. Complete financial statements of the Charter School can be obtained from the administrative offices of the Marble Charter School.

B. Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use, or

directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first; then restricted resources as they are needed.

C. Fund Financial Statements

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

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

- The *General Fund:* This fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *Debt Service Fund (Bond Redemption Fund):* This fund is used to account for the accumulation of resources and for the payment of and the payment of general long-term debt principal, interest, and related costs.
- The *Capital Projects Fund (Building Fund)*: This fund is used to account for the resources to be used for the acquisition or construction of major capital facilities.

The remaining governmental funds: *Capital Reserve Fund* and *Governmental Designated Purpose Grants Fund*, are presented as non-major funds.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the users on a continuing basis be financed or recovered primarily through user charges. The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 in accounting and reporting for its proprietary operations except those that conflict with GASB pronouncements. The District has elected not to follow subsequent FASB pronouncements.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's only enterprise fund is the *Food Service Fund,* which accounts for the activities of the District's school breakfast and lunch programs.

The District reports two fiduciary funds described below.

- Agency Fund *(Student Activity Fund):* This fund is used to account for the money held in trust by the District for student organizations.

- Trust Fund (*Scholarship Fund):* This fund is used to account for scholarship funds held by the District in a trustee capacity.

D. Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due and compensated absences benefits which are recognized when the obligations are expected to be liquidated with expendable available resources. Those revenues susceptible to accrual are taxes, interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because generally they are not measurable until received. Grant revenues are recognized as they are earned.

E. Cash and Investments

For the purpose of the statement of cash flows, cash equivalents include cash and highly liquid investments with an original maturity of three months or less.

Investments in external investment pools are stated at cost, which is equal to fair value. All other investments are stated at fair value, based on quoted market prices.

F. Property Taxes Receivable

Property taxes are levied in December and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes collected within 60 days after June 30 are recorded as a receivable and revenue at June 30, 2010.

G. State Equalization Aid

State equalization aid is revenue received from the State of Colorado computed in accordance with a funding formula as defined by state statute. The funding formula considers such factors as pupil enrollment and other revenue sources.

H. Inventories

Inventories are considered expenditures when used and are stated at cost, on a first-in, first-out basis. USDA commodities are valued at the purchase price of like items.

I. Prepayments and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Capital Assets

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

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

Depreciation, for financial statement purposes, is calculated using the straight-line method based on the assets' estimated useful lives. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations.

K. Deferred Charges

Deferred charges consist of original issue premiums, discounts and issuance costs related to financing and are amortized on the straight-line method over the term of the related debt.

L. Compensated Absences

It is the District's policy to permit certain non-classified employees to accumulate earned but unused sick pay and vacation benefits. In the government-wide financial statements, sick pay and vacation is accrued when incurred and reported as a liability and an expenditure.

A liability for this amount is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The long-term compensated absences liability is serviced from revenues of the General Fund from future appropriations.

M. Long-term Liabilities

In the government-wide financial statements, and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, or business-type activities statement of net assets. Bond issuance costs, bond premium and discounts, and losses on refinancing are deferred and amortized over the term of the related debt using the straight-line method of amortization.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 expenditures.

The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. The District has entered into a custody agreement with the Gunnison County Treasurer to administer its Debt Service Fund.

N. Net Assets

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

The permanently restricted net assets of the Scholarship Trust Fund represent net assets subject to donor-imposed stipulations that they be maintained permanently by the District. Generally, the donors of such assets permit the District to use the income earned on the assets for the District's scholarship awards.

O. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as "interfund balances." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund balances." Any residual balances outstanding between the governmental activities and fiduciary activities are reported as an "interfund balances" in the government-wide financial statements and as a due from on the fiduciary fund statement.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 - BUDGETARY INFORMATION

The District follows these procedures in establishing the budgetary data reflected in the financial statements for its fiscal year ending June 30:

- The District adopts budgets for all funds.
- The proposed budget for the following fiscal year is submitted to the Board of Education on or before June 1 for its consideration.
- By June 30, the budget is adopted and appropriations are made by formal resolution.
- Budgets for governmental funds are adopted on a basis consistent with GAAP, except that general fund and designated purpose grants fund salaries and benefits are budgeted in the year of payment rather than when the liability is incurred. The accrued salaries and benefits in the governmental funds represent the difference between wages earned and paid resulting from contracts being paid over a twelve-month period which are earned over a nine-month school year. Budgets for proprietary and trust funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.
- Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. The Board of Education may adopt supplemental appropriations during the year. Budget amounts included in the financial statements are based on the final, legally amended budget.
- Appropriations lapse at the end of each fiscal year.

Expenditures of the following funds exceed budgeted amounts as follows, which may be a violation of State law.

Debt service fund	$	399
Food service enterprise fund	$	18,408

Following is a summary of the Charter School's budget:

	Original Budget	Amendments	Final Budget
Marble Charter School	$ 409,822	$ 32,116	$ 441,938

NOTE 4 - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, including an emergency reserve to be maintained at three percent of fiscal year spending (excluding bonded debt service).

The electors of the District approved the retention and spending of the District's non-tax revenues for the year ended June 30, 1998, and subsequent years, without regard to the limitations imposed by the Amendment. The District believes it is in compliance with the requirements of the Amendment.

NOTE 5 - DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act (PDPA) governs the District's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

At June 30, 2010, the carrying amount of the District's deposits consisted of the following:

	Bank Balance	Carrying Amount
Cash in Bank	$ 1,008,582	$ 718,835
Cash with Fiscal Agent	259,091	259,091
Petty Cash	1,693	1,693
	$ 1,269,366	$ 979,619

Of the District's cash balances, $586,629 was covered by depositor's insurance, $681,045 was covered by PDPA, and $1,693 was uninsured as of June 30, 2010.

Cash and investments of the Charter School consisted of $27,949 in bank balances that were 100% covered by depositor's insurance; the carrying balance is $27,312.

B. Investments

The District's investments as of June 30, 2010 consist of the following:

Description	Credit Quality Rating	Maturity	Fair Value
COLOTRUST Plus+	AAA	N/A	$ 20,106,448
		Total District Investment's	$ 20,106,448

Custodial Credit Risk

The District has no formal policy on managing credit risk; however, the District is subject to Colorado statutes which define eligible investments for local governments. Eligible investments include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies; bonds which are direct obligations of the State of Colorado or any of its political subdivisions; repurchase agreements; commercial paper; guaranteed investment contracts and local government investment pools. The District has no investment policy that would further limit its investment choices.

COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. It is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form. To obtain financial statements for COLOTRUST, visit www.colotrust.com.

Interest Rate Risk0

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. The Board of Directors has not adopted an investment policy that allows investment maturities greater than five years.

C. Reconciliation of deposits and investments to the basic financial statements

Cash on hand	$	1,693
Deposits		974,680
Investments		20,106,448
Total District Cash, Deposits, and Investments		21,082,821
Deposit - Charter School		27,312
Total Component Unit Cash		27,312
Total Cash, Deposits, and Investments	$	21,110,133
Basic Financial Statements		
Statement of net assets		
Cash and investments - primary government	$	20,695,447
Cash and investments - component unit		27,312
Statement of fiduciary net assets		
Cash and investments		465,400
Total	$	21,188,159

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
School sites / land	$ 2,856,151	$ -	$ -	$ 2,856,151
Construction in progress	7,872,483	30,888,206	(2,431,753)	36,328,936
Construction in progress - donated items	10,000	-	-	10,000
Total Capital Assets Not Depreciated	10,738,634	30,888,206	(2,431,753)	39,195,087
Building	26,645,474	7,581,750	(180,000)	34,047,224
Transportation equipment	1,729,898	185,819	(52,635)	1,863,082
Other equipment	911,765	22,536	-	934,301
Total Depreciable Fixed Assets	29,287,137	7,790,105	(232,635)	36,844,607
Accumulated Depreciation				
Building	(9,572,999)	(531,329)	31,500	(10,072,828)
Transportation equipment	(1,284,398)	(128,893)	52,635	(1,360,656)
Other equipment	(201,112)	(38,131)	4,000	(235,243)
	(11,058,509)	(698,353)	88,135	(11,668,727)
Net Depreciable Fixed Assets	18,228,628	7,091,752	(144,500)	25,175,880
Total Governmental Fixed Assets, Net	$ 28,967,262	$ 37,979,958	$ (2,576,253)	$ 64,370,967
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	$ -	$ 143,495	$ -	$ 143,495
Total Capital Assets Not Depreciated	-	143,495	-	143,495
Equipment	111,000	388,025	-	499,025
Total Depreciable Fixed Assets	111,000	388,025	-	499,025
Accumulated Depreciation				
Other equipment	(72,603)	(24,951)	-	(97,554)
	(72,603)	(24,951)	-	(97,554)
Net Depreciable Fixed Assets	38,397	363,074	-	401,471
Total Business-Type Fixed Assets, Net	$ 38,397	$ 506,569	$ -	$ 544,966

The District has not allocated its depreciation expense to governmental functions/programs of the District for year ended June 30, 2010.

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables consisted of the following:

	Due To	Due From
General Fund	$ 101,794	$ -
Debt Service Fund (Bond Redemption)	1,223	-
Capital Reserve Fund	-	15,257
Grant Fund	64,725	-
Colorado Preschool Program	-	41,333
Food Service Fund	-	91,526
Insurance Reserve Fund	-	16,380
Activity Fund	-	3,246
	$ 167,742	$ 167,742

Outstanding balances between funds result mainly from the time lag between the dates payments between funds are made and borrowings from the pooled cash account.

Transfers between funds were as follows:

	Transfers In	Transfers Out
General Fund	$ -	$ 821,954
Capital Reserve Fund	260,944	-
Capital Projects Fund	-	531,520
Marble Charter School	391,535	-
Food Service Fund	700,995	-
	$ 1,353,474	$ 1,353,474

Transfers are used to move unrestricted revenues of various funds to other funds to provide subsidies or funds for various projects, and to meet State requirements.

NOTE 8 - SHORT-TERM LIABILITIES

The District entered into a promissory note in June 2009 with the State of Colorado under the provisions of the State Treasurer's interest-free loan program. The aggregate amount of borrowing cannot exceed $6 million in the next fiscal year and any borrowing must be paid in full no later than June 25, 2010. Any amounts borrowed are secured by the District's taxes and other revenues.

Short-term liability activity of the governmental activities for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental Activities:					
Colorado State Treasurer's Interest-Free Loan Program	$ -	$ 5,307,293	$ (5,307,293)	$ -	$ -

NOTE 9 - LONG-TERM LIABILITIES

A. Long-term liability activity of the governmental activities for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental Activities:					
General Obligation Bonds					
Series 2004	$ 9,980,000	$ -	$ (1,300,000)	$ 8,680,000	$ 1,335,000
Original issue premium	233,488	-	(34,799)	198,689	-
Bond issuance costs	(88,124)	-	13,150	(74,974)	-
	10,125,364	-	(1,321,649)	8,803,715	1,335,000
General Obligation Bonds					
Series 2008	10,000,000	-	-	10,000,000	-
Original issue discount	(39,881)	-	2,045	(37,836)	-
Bond issuance costs	(129,330)	-	6,632	(122,698)	-
	9,830,789	-	8,677	9,839,466	-
General Obligation Bonds					
Series 2009	45,000,000	-	(740,000)	44,260,000	180,000
Original issue premium	1,003,600	-	(40,865)	962,735	-
Bond issuance costs	(327,643)	-	13,341	(314,302)	-
	45,675,957	-	(767,524)	44,908,433	180,000
Capital Lease Obligations	36,539	-	(36,539)	-	-
Compensated Absences	42,625	55,067	(7,625)	90,067	90,067
Total Long-term Debt	$ 65,711,274	$ 55,067	$ (2,124,660)	$ 63,641,681	$ 1,605,067

The District's general obligation bonds are paid from the Debt Service Fund. The compensated absences liabilities are liquidated by the General Fund.

B. General Obligation Bonds

Series 2004

On March 16, 2004, the District issued $13,080,000 of its General Obligation Refunding Bonds, Series 2004. The proceeds of the bonds were used to refund the District's outstanding General Obligation Refunding Bonds, Series 1995, in the principal amount of $12,185,000. The 1995 bonds are considered to be defeased and have been removed from long-term debt.

Principal and interest are payable semi-annually on June 1 and December 1 at rates from 2.25% to 5%. The final maturity date of the bonds is December 1, 2015. Bonds are not subject to redemption prior to their maturity dates.

Series 2008

On December 29, 2008, the District issued $10,000,000 in General Obligation Bonds Series 2008, with a final maturity date of December 1, 2029, for the purpose of financing the costs of: improving, remodeling, repairing and making additions to District buildings; District-wide upgrades for security and life safety needs; and, to the extent funds are available after providing for the above purposes, for the purpose of equipping said facilities.

Principal and interest are payable semi-annually on June 1 and December 1 at rates from 5% to 5.125%.

Bonds maturing on or before December 1, 2018 are not subject to redemption prior to maturity. Bonds maturing on and after December 31, 2019 are subject to optional redemption prior to maturity at the option of the District at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

Series 2009

On January 20, 2009, the District issued $45,000,000 in General Obligation Bonds Series 2009, with a final maturity date of December 1, 2033, for the purpose of financing the costs of: improving, remodeling, repairing and making additions to District buildings; District-wide upgrades for security and life safety needs; and, to the extent funds are available after providing for the above purposes, for the purpose of equipping said facilities.

Principal and interest are payable semi-annually on June 1 and December 1 at rates from 3.5% to 5.25%.

Bonds maturing on or before December 1, 2018 are not subject to redemption prior to maturity. Bonds maturing on and after December 31, 2019 are subject to optional redemption prior to maturity at the option of the District at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

The Series 2009 Bonds maturing on December 1, 2033 are subject to mandatory sinking fund redemption requirements as follows:

2030	$ 3,730,000
2031	3,930,000
2032	4,130,000
2033	4,350,000
	$ 16,140,000

Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds for the year ending June 30 are as follows:

	Total	Principal	Interest
2011	$ 4,549,751	$ 1,515,000	$ 3,034,751
2012	4,556,764	1,570,000	2,986,764
2013	4,555,427	1,620,000	2,935,427
2014	4,570,359	1,690,000	2,880,359
2015	4,548,976	1,735,000	2,813,976
2016 - 2020	22,723,340	9,885,000	12,838,340
2021 - 2025	22,599,719	12,495,000	10,104,719
2026 - 2030	23,095,643	16,290,000	6,805,643
2031 - 2035	17,230,589	16,140,000	1,090,589
	$ 108,430,568	$ 62,940,000	$ 45,490,568

C. Capital Lease Obligations

2007 Capital Lease Obligation
On August 1, 2007, the District entered into a capital lease obligation in the amount of $50,800 for purchase of copier equipment. Principal and interest payments are due monthly in the amount of $1,722 at an interest rate of 13.42%. The lease was paid in full in 2010.

2008 Capital Lease Obligation
On April 25, 2008, the District entered into a capital lease obligation in the amount of $18,700 for purchase of copier equipment. Principal and interest payments are due monthly in the amount of $643 at an interest rate of 14.457%. The lease was paid in full in 2010.

D. Compensated Absences

Annual leave begins accruing on the first day of employment and accrues at the rate of eleven (11) days per year for non-classified staff. Any unused vacation leave is paid out upon termination at the employees regular hourly rate. For classified staff, annual leave begins accruing on the first day of employment and accrues at the rate of one day per working month. Unused annual leave in a given year accumulates as sick leave in subsequent years. Teachers having more than 75 days of accumulated annual leave may request reimbursement for unused annual leave at a rate of $50 per day. Reimbursement may not exceed six (6) days during any year for any one teacher. Total reimbursement for unused sick leave may not exceed $4,500 in any one year. Upon retiring after at least twenty (20) continuous years of service in the District, the District will reimburse the retiring teacher for any accumulated annual leave days up to and including 100 days at a rate of $50 per day.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description. The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, annual increases, and death benefits for member 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 supplemental information for the SDTF. That report may be obtained by writing to Colorado PERA, P.O. Box 5800, Denver, Colorado 80217-5800 or by calling the PERA Infoline at 1-800-759-7372.

Basis of Accounting for the SDTF. The financial statements of the SDTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the SDTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The SDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

Funding Policy. Plan members and the District are required to contribute to the SDTF 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% from January 1, 2009 through June 30, 2010. The District's contribution rate is 12.95% from January 1, 2009 through January 1, 2010; 13.85% subsequent to January 1, 2010. Also, a portion of the District's contribution

(1.02% of covered salary) is allocated for the Health Care Trust Fund. The District's contributions to SDTF for the years ending June 30 were $1,200,150 (2010), $1,155,290 (2009), and $1,023,881 (2008), equal to their required contributions for each year.

NOTE 11 - 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 monthly 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 supplemental information for the HCTF. That report may be obtained by writing to Colorado PERA, P.O. Box 5800, Denver, Colorado 80217-5800 or by calling the PERA Infoline at 1-800-759-7372.

Basis of Accounting for the HCTF. The financial statements of the HCTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the member and the employer is statutorily committed to pay these contributions to the HCTF. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The HCTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

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 Colorado Revised Statutes, as amended. The District's contributions to HCTF for the years ending June 30, $92,463 (2010), $91,972 (2009), and $96,583 (2008), which equals its required contributions.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

Plan Description. The SDTF members (See Note 10) 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. 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, 2010 were $144,641. The employer contributions to the 401(k) Plan from the District for the year ended June 30, 2010 were $15,843.

NOTE 13 - 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 for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 14 - COMMITMENTS

The District had construction commitments at June 30, 2010 of approximately $9,111,000.

NOTE 15 - CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenditures under the terms of the grants which could lead to reimbursement to the grantor agencies. District management believes any questioned costs would be immaterial.

The District is subject to various claims arising from events occurring in its ordinary operations. District management believes that the disposition of these matters will not have a material adverse effect on the financial position of the District, other than pollution remediation discussed in Note 16 below.

NOTE 16 - POLLUTION REMEDIATION

The District has recorded in its financial statements a cost estimate for pollution remediation of a number of sites owned by the District. These sites have been identified as locations where historic practices have contributed to environmental pollution to the properties. The District has recorded a liability, which totals $138,479 at June 30, 2010, to address required environmental cleanup costs associated with these sites. The estimate of costs used to establish the liability was determined by expenditures paid subsequent to June 30, 2010 when all know remediation was concluded. The liability could change due to price increases, changes in technology, or other factors.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

In the prior year, the General Fund should have had a receivable amount for the IDEA Grant of $31,069. The payment was received in the 2010 fiscal year, but the revenue belongs to the 2009 fiscal year.

During the year, the District inventoried their capital assets identifying assets totaling $43,550 net of accumulated depreciation that were inappropriately disposed of in the prior year.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 8, 2010, which is the date the financial statements were available to be issued and determined that no events have occurred that require disclosure.

Required Supplementary Information

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Budgetary Basis)

GENERAL FUND
Year ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources:				
Property taxes	$ 11,859,069	$ 12,491,925	$ 12,579,040	$ 87,115
Specific ownership taxes	840,000	762,884	826,132	63,248
State sources:				
Equalization	1,235,513	457,618	164,846	(292,772)
Transportation	90,000	104,471	108,017	3,546
Other State	749,877	721,738	812,140	90,402
Federal sources:				
Federal ARRA	-	-	-	-
Other federal	681,672	790,904	736,863	(54,041)
Charges for services	254,882	253,698	228,971	(24,727)
Miscellaneous revenue:				
Interest	75,000	75,000	126,603	51,603
Other	12,500	12,500	3,737	(8,763)
Total Revenues	15,798,513	15,670,738	15,586,349	(84,389)
Expenditures				
Instructional services	9,026,887	9,072,400	8,797,622	274,778
Supporting services:				
Pupil support services	1,915,363	1,655,224	1,556,190	99,034
Administration	1,446,310	1,419,636	1,390,992	28,644
Operations and maintenance	1,279,672	1,340,679	1,207,401	133,278
Transportation	675,544	700,610	703,347	(2,737)
Central supporting services	322,537	381,392	377,457	3,935
Other supporting services	-	39,741	26,494	13,247
Captial outlay	-	-	22,536	(22,536)
Total Expenditures	14,666,313	14,609,682	14,082,039	527,643
Excess of Revenues Over (Under) Expenditures	1,132,200	1,061,056	1,504,310	443,254
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	6,000	6,000
Transfers to/from other funds	(846,069)	(832,444)	(821,954)	10,490
Net Change in Fund Balance	$ 286,131	$ 228,612	688,356	$ 459,744
Fund Balance - beginning of the year			2,008,647	
Prior period adjustments			31,069	
Fund Balance - beginning of the year, restated			2,039,716	
Fund Balance - end of the year			$ 2,728,072	

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Budgetary Basis)

DEBT SERVICE FUND
Year ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources:				
Property taxes	$ 5,127,951	$ 5,127,951	$ 4,522,070	$ (605,881)
Miscellaneous revenue:				
Interest	-	-	6,932	6,932
Total Revenues	5,127,951	5,127,951	4,529,002	(598,949)
Expenditures				
Debt service:				
Principle	2,040,000	2,040,000	2,040,000	-
Interest	3,085,051	3,085,051	3,085,050	1
Other	400	1,000	1,400	(400)
Total Expenditures	5,125,451	5,126,051	5,126,450	(399)
Net Change in Fund Balance	$ 2,500	$ 1,900	(597,448)	$ (598,550)
Fund Balance - beginning of the year			3,775,691	
Fund Balance - end of the year			$ 3,178,243	

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Budgetary Basis)

CAPITAL PROJECTS FUND
Year ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Miscellaneous revenue:				
Interest	$ 175,000	$ 85,000	$ 88,783	$ 3,783
Total Revenues	175,000	85,000	88,783	3,783
Expenditures				
Instructional services	2,783,752	2,783,752	1,901,418	882,334
Capital outlay	35,951,285	35,951,285	34,255,600	1,695,685
Total Expenditures	38,735,037	38,735,037	36,157,018	2,578,019
Excess of Revenues Over (Under) Expenditures	(38,560,037)	(38,650,037)	(36,068,235)	2,581,802
Other Financing Sources (Uses)				
Transfers to/from other funds	-	-	(531,520)	(531,520)
Net Change in Fund Balance	$ (38,560,037)	$ (38,650,037)	(36,599,755)	$ 2,050,282
Fund Balance - beginning of the year			47,775,612	
Fund Balance - end of the year			$ 11,175,857	

Other Supplementary Information

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

COMBINING BALANCE SHEET

GENERAL FUND AND RELATED SUB-FUNDS

June 30, 2010

	General	Insurance Reserve	Colorado Preschool Program	Total
Assets				
Cash and investments	$ 3,252,329	$ -	$ -	$ 3,252,329
Property taxes receivable	869,300	-	-	869,300
Account receivable	353,350	-	-	353,350
Interfund balances	(101,794)	16,380	41,333	(44,081)
Prepaid expenses	-	-	-	-
Total Assets	$ 4,373,185	$ 16,380	$ 41,333	$ 4,430,898
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 99,619	$ -	$ 90	$ 99,709
Accrued salaries and benefits	1,389,651	-	23,007	1,412,658
Due to component unit	190,459	-	-	190,459
Total Liabilities	1,679,729	-	23,097	1,702,826
Fund Balances:				
Reserved for Tabor Emergency	422,215	-	-	422,215
Reserved for Colorado Preschool Program	-	-	18,236	18,236
Unreserved	2,271,241	16,380	-	2,287,621
Total Fund Balances	2,693,456	16,380	18,236	2,728,072
Total Liabilities and Fund Balances	$ 4,373,185	$ 16,380	$ 41,333	$ 4,430,898

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND AND RELATED SUB-FUNDS

June 30, 2010

	General	Insurance Reserve	Colorado Preschool Program	Total
Revenues				
Local sources	$ 13,405,172	$ -	$ -	$ 13,405,172
State sources	1,085,003	-	-	1,085,003
Federal sources	736,863	-	-	736,863
Charges for services	228,971	-	-	228,971
Miscellaneous revenue	130,340	-	-	130,340
Total Revenues	15,586,349	-	-	15,586,349
Expenditures				
Instructional services	8,592,419	-	205,203	8,797,622
Supporting services	5,252,543	-	9,338	5,261,881
Capital outlay	22,536	-	-	22,536
Total Expenditures	13,867,498	-	214,541	14,082,039
Excess of Revenues Over (Under) Expenditures	1,718,851	-	(214,541)	1,504,310
Other Financing Sources (Uses)				
Proceeds from sale of assets	6,000	-	-	6,000
Transfers in (out)	(1,036,406)	-	214,452	(821,954)
Total Other Financing (Uses) Sources	(1,030,406)	-	214,452	(815,954)
Changes in Fund Balances	688,445	-	(89)	688,356
Fund Balances - beginning of the year	1,973,942	16,380	18,325	2,008,647
Prior period adjustments	31,069	-	-	31,069
Fund Balance - beginning of the year, restated	2,005,011	16,380	18,325	2,039,716
Fund Balances - end of the year	$ 2,693,456	$ 16,380	$ 18,236	$ 2,728,072

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2010

	Capital Reserve	Governmental Designated Purpose Grants	Total
Assets			
Cash and investments	$ -	$ -	$ -
Accounts receivable	-	78,506	78,506
Interfund balances	15,257	(64,725)	(49,468)
Total Assets	$ 15,257	$ 13,781	$ 29,038
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ 988	$ 988
Accrued salaries and benefits	-	12,793	12,793
Total Liabilities	-	13,781	13,781
Fund Balances:			
Unreserved	15,257	-	15,257
Total Fund Balances	15,257	-	15,257
Total Liabilities and Fund Balances	$ 15,257	$ 13,781	$ 29,038

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2010

	Capital Reserve	Governmental Designated Purpose Grants	Total
Revenues			
Federal sources	$ -	$ 170,187	$ 170,187
Total Revenues	-	170,187	170,187
Expenditures			
Instructional services	82,982	97,975	180,957
Supporting services	19,810	72,212	92,022
Capital outlay	122,882	-	122,882
Debt services:			
Principal	32,594	-	32,594
Interest	2,676	-	2,676
Total Expenditures	260,944	170,187	431,131
Excess of Revenues Over (Under) Expenditures	(260,944)	-	(260,944)
Other Financing Sources (Uses)			
Transfers in (out)	260,944	-	260,944
Total Other Financing (Uses) Sources	260,944	-	260,944
Net Change in Fund Balance	-	-	-
Fund Balances - beginning of the year	15,257	-	15,257
Fund Balances - end of the year	$ 15,257	$ -	$ 15,257

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

BALANCE SHEET

MARBLE CHARTER SCHOOL

June 30, 2010

Assets		
Cash and investments	$	27,312
Due from primary government		190,459
Total Assets	$	217,771
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$	534
Accrued salaries and benefits		39,479
Total Liabilities		40,013
Fund Balances:		
Reserved for Tabor Emergency		12,408
Unreserved		165,350
Total Fund Balances		177,758
Total Liabilities and Fund Balances	$	217,771

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

MARBLE CHARTER SCHOOL

June 30, 2010

Revenues	
Local sources	$ 36,256
Expenditures	
Instruction	350,936
Supporting services	75,239
Total Expenditures	426,175
Excess of Revenues (Under) Expenditures	(389,919)
Other Financing Sources	
Transfers in	391,535
Net Change in Fund Balance	1,616
Fund Balance - beginning of the year	176,142
Fund Balance - end of the year	$ 177,758

Single Audit Section

DALBY, WENDLAND & CO., P.C.

Certified Public Accountants & Consultants

464 MAIN STREET ● P.O. BOX 430 ● GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 ● FAX 970/243-9214 ● www.dalbycpa.com

Board of Education
Gunnison Watershed School District RE-1J
Gunnison, Colorado

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the business-type activities, each component unit, each major fund, and the aggregate remaining fund information of the Gunnison Watershed School District RE-1J (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

be significant deficiencies in internal control over financial reporting (10-01, 10-02). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the District in a separate letter dated December 8, 2010.

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

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

December 8, 2010

DALBY, WENDLAND & CO., P.C.

Certified Public Accountants & Consultants

464 MAIN STREET ● P.O. BOX 430 ● GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 ● FAX 970/243-9214 ● www.dalbycpa.com

Board of Education
Gunnison Watershed School District RE-1J
Gunnison, Colorado

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Compliance

We have audited the compliance of Gunnison Watershed School District RE-1J (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, component unit, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2010, and have issued our report thereon dated DATE and have issued our report thereon dated December 8, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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.

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

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.

Grand Junction, Colorado

December 8, 2010

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Disbursements Recognized
U.S. Department of Education		
Passed Through State Department of Education:		
National School Breakfast	10.553	$ 24,172
National School Lunch	10.555	97,620
Title I Part A	84.010	177,002
IDEA Part B	84.027	273,220
Federal Perkins Loans	84.038	12,254
Part B (IDEA) Special Education: Preschool Grants	84.173	3,751
IDEA: Preschool Grants	84.173	2,000
Title IV - Safe and Drug Free	84.186	621
Enhancing Education Through Technology	84.318	104
English Language Acquisition	84.365	14,176
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367	75,207
ARRA:Title 1 Part A Funds	84.389-ARRA	80,031
ARRA: IDEA Part B	84.391-ARRA	89,555
ARRA: IDEA Preschool	84.392-ARRA	600
ARRA:National Board Certification Stipends	84.397-ARRA	1,600
Title I, Part B, Subpart 3: Even Start Family Literacy	93.243	59,731
TOTAL U.S. DEPARTMENT OF EDUCATION		911,644
U.S. Department of Health and Human Services		
Passed Through the State Department of Human Services		
Food Distribution	10.550	14,031
Rehabilitation Services	84.126	79,482
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		93,513
TOTAL FEDERAL ASSISTANCE		$ 1,005,157

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the accrual basis. The information in this schedule is presented in accordance with the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 - FOOD DISTRIBUTIONS

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received.

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the year ended June 30, 2010

09-01

Criteria
The District superintendent should review and approve pay rates annually for employees.

Condition
The District has policies in place requiring the superintendent's signature on all pay rates; however, for employee's tested, the superintendent's signature was missing.

Effect
Employee pay rate may be changed without proper approval.

Recommendation
The District superintendent should, per district policy, review and approve pay rates annually for employees.

Resolution
The District has implemented this recommendation.

09-02

Criteria
The District should have proper segregation of duties not allowing an individual the ability to enter payroll hours into the payroll system along with ability to enter or change employee pay rates.

Condition
The duties of payroll clerk are not properly segregated.

Effect
Employee's pay rates may be changed without the knowledge of management.

Recommendation
Individuals who have the ability to enter hours into the payroll system should not also have the ability to enter or change pay rates.

Resolution
The District was unable to implement the above recommendation due to limitations of the software. The District finance manager reviews both hours and rates for employees on the payroll register prior to submitting for processing.

09-03

Criteria
Bank reconciliations should be reconciled monthly, reviewed and approved by management.

Condition
Bank reconciliations had no indication of management's review or approval.

Effect
Errors or defalcations may not be identified and corrected in a timely manner.

Recommendation
Management should review and approve bank reconciliations on a monthly basis. Management should initial and date the reconciliation as evidence of their review and approval.

Resolution
The District has implemented this recommendation.

09-04

Criteria
The District should develop and establish an allowance for uncollectible accounts on Food Service Funds submitted to a collection agency.

Condition
When the District turns uncollectible accounts over to collections, the accounts are still maintained on the District's financial statements as fully collectible.

Effect
The District's assets can be overstated for accounts that are not collectible.

Recommendation
The District should prepare an analysis of uncollectible accounts on periodic basis. An allowance for doubtful accounts should be established and adjusted after reviewing the analysis of uncollectible accounts.

Resolution
Although the District did not implement a procedure for recording an allowance of doubtful accounts, a new policy was put in place disallowing purchase of food on credit. In addition, the District reviewed all existing past due student receivables and wrote off all that were considered to be non-collectable.

09-05

Criteria
General journal entries should be initialed and dated by the preparer and the individual approving the entries. All entries should be accompanied by full explanation and referenced to adequate supporting data.

Condition
Numerous general journal entries did not have an indication as to who prepared, when it was prepared, and who reviewed. Further, several entries did not have supporting data referenced or attached.

Effect
Journal entries could be posted backwards, to the wrong account, or to the wrong period. This could cause the financial statements to materially misstated.

Recommendation
All journal entries should be initialed and dated by the preparer and the individual approving the entries. All entries should be accompanied by full explanation and referenced to adequate supporting data.

Resolution
The District implemented this recommendation.

09-06

Criteria
The District should implement a tracking system for gate receipts to athletic events.

Condition
The District does not have a tracking system in place to track gate receipts to athletic events.

Effect
The gate receipts could be lost or stolen. Attendees to events could attend without paying.

Recommendation
The District should implement a tracking system for athletic events whereby pre-numbered admission tickets are utilized. Subsequent to the event, the ticket count should be reconciled to the total funds received for the event.

Resolution
The District has not implemented this recommendation. See financial statement finding 10-01.

09-07

Criteria
The District should develop appropriate procedures for month-end and year-end closing of the financial statements.

Condition
Several adjusting entries were recommended during the audit process. Entries were made to correct bookkeeping errors, make accruals, correct recording of receivables and payables, and to correct prior year balances.

Effect
Financial information could be materially misstated.

Recommendation
Review and evaluation of transactions and proper monthly closing procedures should be performed.

Resolution
The District has implemented this recommendation.

09-08

Criteria
The District should establish general ledger accounts for all governmental fixed assets accounts and long-term debt accounts.

Condition
The District does not have general ledger accounts for general governmental fixed assets or long-term debt.

Effect
Tracking of governmental fixed assets and long-term debt could be incorrect, or incomplete.

Recommendation
The District should establish general ledger accounts for general governmental fixed assets and long-term debt.

Resolution
The State of Colorado recommended governmental fixed assets and long-term debt not be accounted for in the general ledger. Therefore, the District has opted to keep a separate spreadsheet to track governmental fixed assets and long-term debt. This prior year finding is considered corrected.

09-09

Criteria
The District should have a written capitalization policy.

Condition
The District does not have a written capitalization policy.

Effect
Assets purchased may be capitalized inappropriately, or not capitalized when appropriate.

Recommendation
The District should develop written capitalization policies and procedures approved by the Board of Directors.

Resolution
The District has implemented this recommendation. The policy is waiting approval of the Board; however, has been implemented.

09-10

Criteria
The District should implement a disaster recovery plan for the District's financial statement data.

Condition
The District currently maintains all financial statement data at one physical location with no back up off site.

Effect
A disaster to the physical location would destroy all financial records. Recreation of the information would be expensive and time consuming.

Recommendation
The District should keep a back-up of the accounting records and the accounting program at an offsite location. The back-up should be rotated at least weekly.

Resolution
The District has implemented this recommendation.

09-11

Criteria
The District should have the ability to adequately prepare a complete government financial statement in compliance with Government Accounting Standard 34.

Condition
The District does not have the ability to adequately prepare a complete government financial statement in compliance with Government Accounting Standard 34.

Effect
The District is unable to determine if financial statements are in compliance with Government Accounting Standard 34.

Recommendation
The Board of Directors should determine if it is economical for the District to acquire the ability to adequately prepare a complete government financial statement in compliance with Government Accounting Standard 34.

Resolution
It is not currently economically feasible for the District to acquire the ability to adequately prepare a complete government financial statement in compliance with Government Accounting Standard 34. The District has the ability to understand and take responsibility for the financials.

GUNNISON WATERSHED SCHOOL DISTRICT RE-1J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

1. The auditor's report issued: UNQUALIFIED

2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ yes __X__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? __X__ yes _____ no

3. Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

4. Internal control over major programs:
   - Material weakness(es) identified? _____ yes __X__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __X__ no

5. The auditor's report on compliance for the major federal award programs. UNQUALIFIED

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes __X__ no

7. The programs tested as major programs included:

IDEA Part B	*84.027*
Part B (IDEA) Special Education: Preschool Grants	*84.173*
Title I Part A	*84.010*
ARRA: Title I Part A	*84.389*

8. The threshold for distinguishing Type A and B programs was $300,000.

9. Auditee qualified as low-risk auditee? _____ yes __X__ no

Section II - Financial Statement Findings

Significant Deficiencies Identified Not Considered to be Material Weaknesses:

10-01

Criteria
The District should implement a tracking system for gate receipts to athletic events.

Condition
The District does not have a tracking system in place to track gate receipts to athletic events.

Effect
The gate receipts could be lost or stolen. Attendees to events could attend without paying.

Recommendation
The District should implement tracking system for athletic events whereby pre-numbered admission tickets are utilized. Subsequent to the event, the ticket count should be reconciled to the total funds received for the event.

Views of the District
The District management agrees with the recommendation; however, implementation has been delayed.

10-02

Criteria
The District should have the ability to adequately prepare a complete government financial statement in compliance with Government Accounting Standard 34.

Condition
The District does not have the ability to adequately prepare a complete government financial statement in compliance with Government Accounting Standard 34.

Effect
The District is unable to determine if financial statements are in compliance with Government Accounting Standard 34.

Recommendation
The Board of Directors should determine if it is economical for the District to acquire the ability to adequately prepare a complete government financial statement in compliance with Government Accounting Standard 34.

Views of the District
The District has the ability to understand and take responsibility for it's financial statements. The District agrees with the recommendation; however implementation is more difficult based on the school district's rural location. The Board of Directors will continue to consider the recommendation.

Section III - Federal Award Findings and Questioned Costs

NONE

Colorado Department of Education
Required Supplemental Information

DALBY, WENDLAND & CO., P.C.

Certified Public Accountants & Consultants

464 MAIN STREET • P.O. BOX 430 • GRAND JUNCTION, COLORADO 81502-0430
TELEPHONE 970/243-1921 • FAX 970/243-9214 • www.dalbycpa.com

Board of Education
Gunnison Watershed School District RE-1J
Gunnison, Colorado

REPORT OF INDEPENDENT AUDITOR ON AUDITOR'S ELECTRONIC FINANCIAL DATA INTEGRITY CHECK FIGURES AND BOLDED BALANCE SHEET REPORTS

We have audited the basic financial statements of Gunnison Watershed School District RE-1J, (the District), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District, taken as a whole. The accompanying Electronic Financial Data Integrity Check Figures and Bolded Balance Sheet are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Dalby, Wendland & Co, P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

December 8, 2010

Colorado Department of Education
Fiscal Year 2009-2010
Colorado School District/BOCES
Auditor's Integrity Report

GUNNISON GUNNISON WATERSHED JE1J
District Code: 1360

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	2,005,009	14,555,944	13,867,499	2,693,454
18	Risk Mgmt Sub-Fund of General Fund	16,380	0	0	16,380
19	Colorado Preschool Program Fund	18,326	214,452	214,542	18,236
	Subtotal	2,039,715	14,770,395	14,082,040	2,728,070
11	Charter School Fund	176,141	427,792	426,174	177,760
20,26-29	Special Revenue Fund	0	0	0	0
21	Capital Reserve Spec Revenue Fund	15,257	260,944	260,944	15,257
22	Govt Designated-Purpose Grants Fund	0	170,187	170,186	1
23	Pupil Activity Special Revenue Fund	0	0	0	0
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
30	Debt Service Fund	0	0	0	0
31	Bond Redemption Fund	3,775,691	4,529,002	5,126,450	3,178,243
41	Building Fund	47,775,612	-442,737	36,157,018	11,175,857
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	0	0	0	0
	TOTALS	53,782,416	19,715,583	56,222,812	17,275,187
Proprietary					
51	Food Service Fund	117,416	1,122,471	590,951	648,936
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	117,416	1,122,471	590,951	648,936
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	79,178	1,849	3,000	78,026
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	405,075	566,385	582,083	389,378
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
	TOTALS	484,253	568,234	585,083	467,404

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

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Colorado Department of Education
Colorado School Districts
2009-2010
Bolded Balance Sheet Report
Must mirror the combined balance sheet pages from your audit.

GUNNISON GUNNISON WATERSHED RE1J
District Code: 1360

Desc/ Bolded Bal Sheet Codes	Governmental						Proprietary				Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 21-29	Debt Service Funds 31-39	Capital Projects Funds 41-49	Enterprise Fund 51 (food)	Other Enterprise Funds 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds65-69(60)	Trust & Agency Funds Funds 72-79	Foundations Fund 85	Totals
ASSETS													
Cash and Investments (8100-8104,8111)	3,047,928	27,312	0	0	2,817,416	14,570,662	350	0	0	0	465,401	0	20,929,068
Cash with Fiscal Agent (8105)	204,401	0	0	0	54,690	0	0	0	0	0	0	0	259,091
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Receivable (8121,8122)	869,300	0	0	0	307,360	0	0	0	0	0	0	0	1,176,660
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental Accounts Rec (8141)	333	0	0	0	0	0	0	0	0	0	0	0	333
Grants Accounts Receivable (8142)	245,267	0	0	78,506	0	0	339	0	0	0	0	0	324,112
Other Receivables (8151-8154,8161)	107,750	0	0	0	0	0	13,506	0	0	0	0	0	121,255
Inventories (8171,8172,8173)	0	0	0	0	0	0	5,370	0	0	0	0	0	5,370
Prepaid Expenses (8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sites (8211)	0	0	0	0	0	0	0	0	0	0	0	0	0
Site Improvements (8221)	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Depreciation on Site Improvements (8222)	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	544,966	0	0	0	0	0	544,966
Total Assets	4,474,978	27,312	0	78,506	3,179,466	14,570,662	564,530	0	0	0	465,401	0	23,360,855
LIABILITIES & FUND EQUITY													
LIABILITIES													
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental Payables (7411)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	99,619	534	90	988	0	3,394,805	0	0	0	0	1,243	0	3,497,280
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	1,389,651	39,479	22,923	12,730	0	0	0	0	0	0	0	0	1,464,783
Payroll Ded. and Withholdings (7471-7473)	0	0	84	63	0	0	1,908	0	0	0	0	0	2,054
Deferred Revenue (7481)	0	0	0	0	0	0	5,211	0	0	0	0	0	5,211
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	275,873	-190,460	-41,333	49,468	1,223	0	-91,526	0	0	0	-3,246	0	-1
Long-Term Liabilities (7521,7531,7561,7590)	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensated Absences (7541,)	0	0	0	0	0	0	0	0	0	0	0	0	0
Note: Fund 90 District Debt Accounts 7511 through 7519 are not shown on this report													
Total Liabilities	1,765,143	-150,448	-18,236	63,248	1,223	3,394,805	-84,407	0	0	0	-2,003	0	4,969,327

12/03/2010
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Colorado Department of Education
Colorado School Districts
2009-2010
Bolded Balance Sheet Report
Must mirror the combined balance sheet pages from your audit.

GUNNISON GUNNISON WATERSHED RE1J
District Code: 1360

Desc/ Bolded Bal Sheet Codes	Governmental General Funds 10,12-18	Governmental Charter School Fund 11	Governmental Preschool Fund 19	Governmental Special Revenue Funds 21-29	Governmental Debt Service Funds 31-39	Governmental Capital Projects Funds 41-49	Proprietary Enterprise Fund 51 (food)	Proprietary Other Enterprise Funds 52-59	Proprietary Risk-Related Activity Funds 63-64	Proprietary Other Internal Service Funds65-69(60)	Fiduciary Trust & Agency Funds Funds 72-79	Fiduciary Foundations Fund 85	Totals
FUND EQUITY													
Res. for:Inv, Prepaid Exp, Enc (6751,6752,6753)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved Fund Balances (6759)	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved Fund Balances (6760)	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved for TABOR 3% Reserved (6761)	422,215	12,408	0	0	0	0	0	0	0	0	0	0	434,623
Reserved for TABOR Multi-Year (6762)	0	0	0	0	0	0	0	0	0	0	0	0	0
Designated Fund Balance (6763)	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Renewal Reserve (6764)	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (Restricted Under GASB 54) (6765)	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk Related Activity Reserve (Restricted Under GASB 54) (6766)	0	0	0	0	0	0	0	0	0	0	0	0	0
Full Day Kindergarten Reserve (6767)	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (6768)	0	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved Fund Balance (6770)	2,256,550	165,352	18,236	15,258	3,178,243	11,175,857	648,936	0	0	0	467,404	0	17,925,836
Invest. in Cap. Assets(fund51) (6790)	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets(fund 51) (6791)	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets (6792)	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior-Period Adjustment (6880)	31,069	0	0	0	0	0	0	0	0	0	0	0	31,069
Total Fund Equity	2,709,834	177,760	18,236	15,258	3,178,243	11,175,857	648,936	0	0	0	467,404	0	18,391,528
Total Liabilities & Fund Equity	4,474,978	27,312	0	78,506	3,179,466	14,570,662	564,530	0	0	0	465,401	0	23,360,855
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	