

**BOULDER PREPARATORY HIGH SCHOOL**

**FINANCIAL STATEMENTS**

**June 30, 2012**

**BOULDER PREPARATORY HIGH SCHOOL**

**ROSTER OF SCHOOL OFFICIALS**

June 30, 2012

**BOARD MEMBERS**

Peter Vigil, Chair

Donelda Mason, Treasurer

Manijeh Taherynia, Member

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Andre Adeli, Member

**SCHOOL MANAGEMENT**

Andre Adeli, Headmaster

Lili Adeli, Business Manager

## TABLE OF CONTENTS

	<b>PAGE</b>
Independent Auditors' Report	
Management's Discussion and Analysis	i - vi
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet - Governmental Fund	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	4
Notes to Financial Statements	5 - 11
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	12
Notes to Required Supplementary Information	13



Board of Trustees  
Boulder Preparatory High School  
Boulder, Colorado

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of the Boulder Preparatory High School, component unit of Boulder Valley School District RE-2, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the Boulder Preparatory High School, as listed in the table of contents. These financial statements are the responsibility of the Boulder Preparatory High School'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Boulder Preparatory High School as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

*Swanhorst & Company LLC*

November 8, 2012

# BOULDER PREPARATORY HIGH SCHOOL

## Management's Discussion and Analysis

Fiscal Year Ended June 30, 2012

As management of Boulder Preparatory High School ("Boulder Prep"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

Boulder Prep was formed in 1996 and was granted a charter with the Boulder Valley School District RE-2 ("BVSD") in 1997.

### Financial Highlights

- The assets of the Boulder Prep exceeded its liabilities at the close of the most recent fiscal year by \$439,964 (net position). Of this amount, \$263,692 represents the unrestricted net position, which may be used to meet the School's ongoing obligations.
- At the close of the current fiscal year, Boulder Prep's governmental fund reported a fund balance of \$302,025, a decrease of \$47,442 in comparison with the prior year. Approximately 87.3% of this amount (\$263,692) is available for spending at the government's discretion (unassigned fund balance). This amount represents approximately 22% of total general fund expenditures.

### Overview of Financial Statements

The discussion and analysis are intended to serve as an introduction to Boulder Prep's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Boulder Prep's finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Boulder Prep's net position changed during the most recent fiscal year. All changes in net position 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund Financial Statements.** Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

The governmental fund financial statements can be found on pages 3-4 of this report.

**Notes to Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 5-11 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Boulder Prep assets exceeded liabilities by \$439,964, at the close of the most recent fiscal year.

A portion of Boulder Prep's net position (\$137,939 or 31.4%) reflects its investment in capital assets (e.g. land and buildings) less any related outstanding debt and was used to acquire those assets. The school uses capital assets to provide a variety of services to its students. Accordingly, these assets are not available for future spending. Although Boulder Prep's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Boulder Prep's net position (\$38,333 or 8.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$263,692 or 59.9%) is unrestricted and may be used to meet Boulder Prep's ongoing obligations to its students.

At the end of the current and prior fiscal years, Boulder Prep is able to report positive balances in all reported categories of net position.

**Boulder Preparatory High School  
Net Position**

	<b>Governmental Activities</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Assets</b>		
Current and other assets	\$ 307,470	\$ 349,467
Capital Assets	<u>367,539</u>	<u>791,422</u>
Total assets	675,009	1,140,889
<b>Liabilities</b>		
Long-term liabilities	224,149	229,332
Other liabilities	<u>10,896</u>	<u>5,096</u>
Total Liabilities	235,045	234,428
<b>Net Position</b>		
Net investment in capital assets	137,939	556,994
Restricted	38,333	38,063
Unrestricted	<u>263,692</u>	<u>311,404</u>
 Total net position	 <u><u>\$ 439,964</u></u>	 <u><u>\$ 906,461</u></u>

Boulder Prep's net position decreased by \$50,942 from the prior year, after factoring out the prior period adjustment of \$415,555 (see Note 8). The reasons for the increase are discussed below.

Total revenues decreased \$213,277, or 15.6%. Boulder Prep's primary source of revenue, per pupil revenues and mill levy overrides, flow from BVSD based upon Boulder Prep's enrollment. 2012 per pupil revenue decreased by \$149,857, based upon a \$146 per pupil decreased allocation and 20 fewer enrolled students. Prior year's revenue also included an additional \$4,885 based upon 2010 enrollment and paid in 2011 from the reconciliation calculation. Boulder Prep also shares in BVSD's mill levy override revenues on a per pupil basis and received \$30,693 less revenue in 2012 based on 20 fewer students. Program revenues-operating grants and contributions decreased by \$27,384 due to one-time state funding received in 2011. Operating grants and contributions and grants and contributions not restricted to specific programs decreased by \$2,190 due to fewer donations received in 2012. Finally, capital construction funding decreased by \$3,153 due to a lower 2012 allocation from the State of Colorado, based upon fewer enrolled students.

2012 Total expenditures decreased by \$100,679 or 7.3%. Because of decreased revenues from having 20 fewer students, expenditures were reduced accordingly. Two staff positions were eliminated mid-year to achieve the required savings.

**Boulder Preparatory High School  
Changes in Net Position**

	<b>Governmental Activities</b>	
	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Revenues:</b>		
Program revenues		
Operating grants and contributions	\$ 110,533	\$ 137,917
General revenues		
Per pupil revenues	777,750	927,607
Mill levy override	244,701	275,394
Grants and contributions not restricted to specific programs	8,008	10,198
Capital construction funding	9,635	12,788
Total revenues	<u>1,150,627</u>	<u>1,363,904</u>
<b>Expenses:</b>		
Instruction	789,295	828,655
Support	395,468	456,705
Interest and fiscal charges	16,806	16,888
Total expenses	<u>1,201,569</u>	<u>1,302,248</u>
Increase (decrease) in net position	(50,942)	61,656
Net position, beginning	906,461	844,805
Prior period adjustment	<u>(415,555)</u>	<u>-</u>
Net position, ending	<u><u>\$ 439,964</u></u>	<u><u>\$ 906,461</u></u>

**Financial Analysis of the General Fund**

The focus of the Boulder Prep's General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Boulder Prep's financing requirements. In particular, an unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the school itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes.

At the end of the current fiscal year, the unassigned fund balance of the general fund was \$263,692, while the total fund balance decreased by \$47,442 to \$302,025. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. The unassigned fund balance represents approximately 44.0% of total general fund expenditures, while the total fund balance represents approximately 25.2% of that same amount.

**General Fund Budgetary Highlights**

A General Fund Budgetary Schedule is located on page 12 of the financial statements.

During the year there was one budget adjustment. Revenues were decreased by \$26,563. This is the net change from the school's projected revenue amounts for Per Pupil, District Mill Levy, capital construction and Special Education Grants and actual collections.

Actual revenues exceeded budgeted revenues by \$25,114, while actual expenditures were \$19,786 more than budgeted expenditures. The revenue difference is caused by donations and other local revenues and the 21<sup>st</sup> Century Grant for which revenues were collected but no budget was adopted. The expenditure difference is less than 2% of the budget and Boulder Prep's staff did not realign budget allocations to be in line with actual spending.

**Capital Assets and Debt Administration**

**Capital Assets.** Boulder Prep's investment in capital assets (net of depreciation) as of June 30, 2012, and 2011 are as follows.

**Boulder Preparatory High School  
Capital Assets (Net of Depreciation)**

	<b>Governmental Activities</b>	
	<u>2012</u>	<u>2011</u>
Land	\$ 76,400	\$ 76,400
Building	<u>291,139</u>	<u>299,467</u>
	<u>\$ 367,539</u>	<u>\$ 375,867</u>

Additional information on Boulder Prep's capital assets can be found in Note 3 of the financial statements

**Long-Term Debt.** Boulder Prep's long-term debt as of June 30, 2012, and 2011 is as follows.

**Boulder Preparatory High School  
Long-term Debt**

	<b>Governmental Activities</b>	
	<u>2012</u>	<u>2011</u>
Note Payable	\$ 229,600	\$ 234,428

Boulder Prep made principal payments on the note of \$4,828 during 2012.

Additional information on Boulder Prep's long-term debt can be found in Note 4 of the financial statements.

**Economic Factors and Next Year's Budget**

The primary factor driving the budget for Boulder Prep is student enrollment. Enrollment for the 2011-12 school year was 122 full-time equivalent (FTE) students. The enrollment projected for the 2012-13 school year is 117 FTE students, which is lower than the 160 maximum FTE enrollment allowed by Boulder Prep's contract with BVSD. Boulder Prep's contract with BVSD provides funding of \$6,375 per student in both 2011-12 and 2012-13. Additionally, Boulder Prep receives override and categorical revenue from BVSD on a per pupil basis. While these revenue sources can expect small increases, Boulder Prep's funding is essentially flat. Since operating expenditures continue to increase, Boulder Prep will need to use the fund balance or seek other local sources to balance its budget.

There is a great deal of uncertainty about state funding for schools over the next several school years due to the economic recession that the country has been facing since 2008. Due to conservative financial management in the past, and the availability of reserved funds, Boulder Prep expects to be able to weather this economic downturn without having to reduce staff or services to students.

**Requests for Information**

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

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Boulder, CO 80301  
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## **BASIC FINANCIAL STATEMENTS**

# Boulder Preparatory High School

## STATEMENT OF NET POSITION

June 30, 2012

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash	\$ 303,371
Grants Receivable	4,099
Capital Assets, Net of Accumulated Depreciation	<u>367,539</u>
<b>TOTAL ASSETS</b>	<u>675,009</u>
<b>LIABILITIES</b>	
Accrued Liabilities	5,445
Noncurrent Liabilities	
Due Within One Year	5,451
Due in More Than One Year	<u>224,149</u>
<b>TOTAL LIABILITIES</b>	<u>235,045</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	137,939
Restricted for Emergencies	38,333
Unrestricted	<u>263,692</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 439,964</u></u>

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

# Boulder Preparatory High School

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION  GOVERNMENTAL ACTIVITIES
<b>PRIMARY GOVERNMENT</b>			
<b>Governmental Activities</b>			
Instruction	\$ 789,295	\$ 104,485	\$ (684,810)
Supporting Services	395,468	6,048	(389,420)
Interest Expense	16,806	-	(16,806)
 Total Governmental Activities	 \$ 1,201,569	 \$ 110,533	 (1,091,036)
 <b>GENERAL REVENUES</b>			
			777,750
Per Pupil Revenue			244,701
Mill Levy Override			9,635
Capital Construction Funding			8,008
Grants and Contributions not Restricted to Specific Programs			8,008
 TOTAL GENERAL REVENUES			 1,040,094
 CHANGE IN NET POSITION			 (50,942)
 NET POSITION, Beginning, As Restated			 490,906
 NET POSITION, Ending			 \$ 439,964

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

# Boulder Preparatory High School

## BALANCE SHEET Governmental Fund June 30, 2012

	<b>GENERAL</b>
<b>ASSETS</b>	
Cash	\$ 303,371
Grants Receivable	4,099
	\$ 307,470
<b>TOTAL ASSETS</b>	<b>\$ 307,470</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accrued Salaries and Benefits	\$ 5,445
	5,445
<b>TOTAL LIABILITIES</b>	<b>5,445</b>
<b>FUND BALANCE</b>	
Restricted for Emergencies	38,333
Unassigned	263,692
	302,025
<b>TOTAL FUND BALANCE</b>	<b>302,025</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 307,470</b>

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

Total Fund balance of the Governmental Fund	\$ 302,025
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	367,539
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	(229,600)
Total Net Position of Governmental Activities	<b>\$ 439,964</b>

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

**Boulder Preparatory High School**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**Governmental Fund**  
**Year Ended June 30, 2012**

	<b>GENERAL</b>
<b>REVENUES</b>	
Local Sources	\$ 1,043,198
State Sources	101,381
Federal Sources	6,048
TOTAL REVENUES	1,150,627
<b>EXPENDITURES</b>	
Current	
Instruction	789,295
Supporting Services	387,140
Debt Service	
Principal	4,828
Interest and Fiscal Charges	16,806
TOTAL EXPENDITURES	1,198,069
NET CHANGE IN FUND BALANCE	(47,442)
<b>FUND BALANCE, Beginning</b>	349,467
<b>FUND BALANCE, Ending</b>	\$ 302,025

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

Net change in fund balance of the Governmental Fund	\$ (47,442)
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Governmental funds report capital outlay as an expenditure. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current year.	(8,328)
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Repayments of debt principal are expenditures in the governmental fund, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	4,828
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Change in Net Position of Governmental Activities	\$ (50,942)
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The accompanying notes are an integral part of the financial statements.

**Boulder Preparatory High School**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Boulder Preparatory High School ("the School") was formed in 1996 and was granted a charter with Boulder Valley School District in 1997.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

**Reporting Entity**

The financial reporting entity consists of the School, organizations for which the School is financially accountable and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the School. Based upon the application of this criteria, the School does not include additional organizations within its reporting entity.

The School is a component unit of the District. The District granted the School's charter and the majority of the School's funding is provided by the District.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the 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 grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Boulder Preparatory High School

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

(Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major governmental fund:

*General Fund* - This fund is the general operating fund of the School and accounts for all financial activities.

#### **Assets, Liabilities and Fund Equity**

*Cash and Investments* - Investments are reported at fair value.

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Capital Assets* - Capital assets, which consist of buildings, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	50 years
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The District owns a portion of the School's building. Only the portion that the School owns is recorded in the financial statements.

**Boulder Preparatory High School**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

*Long-Term Debt* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

*Net Position/Fund Balances* - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available, the School uses restricted fund balance first.

**Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the District's risk management programs for these risks of loss.

**NOTE 2: CASH AND INVESTMENTS**

At June 30, 2012, the School had the following cash and investments:

Deposits	\$	87,523
Cash Held by the District		215,848
Total	\$	303,371

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**Boulder Preparatory High School**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments**

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local government may invest, which include the following. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes an investment for a period in excess of five years. State statutes generally do not address custodial risk.

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

The School had no investments at June 30, 2012.

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012, is summarized below

	Balances 6/30/11	Additions	Deletions	Balances 6/30/12
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 76,400	\$ -	\$ -	\$ 76,400
Total Capital Assets, Being Depreciated	<u>76,400</u>	<u>-</u>	<u>-</u>	<u>76,400</u>
Capital Assets, Being Depreciated				
Buildings	<u>332,778</u>	<u>-</u>	<u>-</u>	<u>332,778</u>
Total Capital Assets, Being Depreciated	<u>332,778</u>	<u>-</u>	<u>-</u>	<u>332,778</u>
Less Accumulated Depreciation For				
Buildings	<u>33,311</u>	<u>8,328</u>	<u>-</u>	<u>41,639</u>
Total Accumulated Depreciation	<u>33,311</u>	<u>8,328</u>	<u>-</u>	<u>41,639</u>
Total Capital Assets, Being Depreciated, Net	<u>299,467</u>	<u>(8,328)</u>	<u>-</u>	<u>291,139</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 375,867</u></u>	<u><u>\$ (8,328)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 367,539</u></u>

Depreciation expense was charged to the supporting services program of the School.

**Boulder Preparatory High School**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 4: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the year ended June 30, 2012.

	Balances 6/30/11	Additions	Payments	Balances 6/30/12	Due Within One Year
Loan Payable	\$ 234,428	\$ -	\$ 4,828	\$ 229,600	\$ 5,451
<b>Total</b>	<b>\$ 234,428</b>	<b>\$ -</b>	<b>\$ 4,828</b>	<b>\$ 229,600</b>	<b>\$ 5,451</b>

In August 2007, the School entered into a loan agreement with First National Bank in the amount of \$250,000. The proceeds of the loan were used to purchase a building. The loan agreement requires monthly payments of \$1,803 through April 30, 2032. Interest accrues at 7.125% per annum.

Debt payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,451	\$ 16,184	\$ 21,635
2014	5,853	15,782	21,635
2015	6,283	15,352	21,635
2016	6,746	14,889	21,635
2017	7,243	14,392	21,635
2018 - 2022	45,042	63,130	108,172
2023 - 2027	64,250	43,922	108,172
2028 - 2032	88,732	16,525	105,257
<b>Total</b>	<b>\$ 229,600</b>	<b>\$ 200,176</b>	<b>\$ 429,776</b>

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

*Plan Description* - The School 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 members or their beneficiaries. All employees of the School are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained by contacting Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Boulder Preparatory High School**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)**

*Funding Policy* - The contribution requirements of members and the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8% of covered salary. The School's contribution rate for calendar years 2010, 2011, and 2012 was 13.85%, 14.75% and 15.65% of covered salary, respectively. A portion of the School's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note 6). The School's contributions to the SDTF for the years ended June 30, 2012, 2011, and 2010 were \$89,590, \$87,636, and \$81,678, respectively, equal to the required contributions for each year.

**NOTE 6: POSTEMPLOYMENT HEALTHCARE BENEFITS**

*Plan Description* - The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA-participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by contacting Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Funding Policy* - The School 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 School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions of the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The School's apportionment to the HCTF for the years ended June 30, 2012, 2011, and 2010 was \$6,012, \$6,251, and \$6,217, respectively.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. At June 30, 2012, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**Boulder Preparatory High School**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 7: COMMITMENTS AND CONTINGENCIES** (Continued)

**Tabor Amendment**

In November 1992, Colorado voters passed Article X, Section 20 (the "Amendment") to the State Constitution which limits state and local government tax powers and imposes spending limitations. The School believes it is in compliance with the Amendment. The Amendment requires all governments to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2012, the emergency reserve of \$38,333 was reported as restricted fund balance in the General Fund.

**NOTE 8: RESTATEMENT**

During the year ended June 30, 2012, the School restated capital assets and accumulated depreciation to correct errors from previous fiscal years. A building that was purchased by the Boulder Valley School District was erroneously recorded as an asset of the School.

	Governmental Activities	Capital Assets
Balance, June 30, 2011, as Originally Stated	\$ 906,461	\$ 791,422
Capital Assets	(450,301)	(450,301)
Accumulated Depreciation	34,746	34,746
Balance, June 30, 2012, as Restated	\$ 490,906	\$ 375,867

**REQUIRED SUPPLEMENTARY INFORMATION**

# Boulder Preparatory High School

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL Positive (Negative)</u>
<b>REVENUES</b>				
Local Sources				
Per Pupil Revenue	\$ 796,875	\$ 777,750	\$ 777,750	\$ -
District Mill Levy	250,718	244,701	244,701	-
Other	-	1,556	20,747	19,191
State Sources				
Capital Construction	12,780	9,760	9,635	(125)
Special Education Grants	19,593	19,636	19,636	-
Expelled and At-Risk Student Services Grants	72,110	72,110	72,110	-
Federal Sources				
21st Century Grants	-	-	6,048	6,048
<b>TOTAL REVENUES</b>	<u>1,152,076</u>	<u>1,125,513</u>	<u>1,150,627</u>	<u>25,114</u>
<b>EXPENDITURES</b>				
Instruction	585,497	687,302	789,295	(101,993)
Supporting Services	586,518	468,981	387,140	81,841
Debt Service				
Principal	-	4,828	4,828	-
Interest	-	17,172	16,806	366
<b>TOTAL EXPENDITURES</b>	<u>1,172,015</u>	<u>1,178,283</u>	<u>1,198,069</u>	<u>(19,786)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(19,939)	(52,770)	(47,442)	5,328
<b>FUND BALANCE, Beginning</b>	<u>248,389</u>	<u>248,389</u>	<u>349,467</u>	<u>101,078</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 228,450</u>	<u>\$ 195,619</u>	<u>\$ 302,025</u>	<u>\$ 106,406</u>

See the accompanying Independent Auditors' Report.

**Boulder Preparatory High School**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2012**

**NOTE 1:      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The budget is legally adopted on a basis consistent with generally accepted accounting principles ("GAAP").

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- By June 30, management submits to the Board of Trustees a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Board of Trustees.
- Expenditures may not legally exceed budget appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Trustees.
- All appropriations lapse at fiscal year end.

**Legal Compliance**

For the year ended June 30, 2012, General Fund expenditures exceeded the amounts budgeted by \$19,786. This may be a violation of State statutes.