

**ARCHULETA SCHOOL DISTRICT 50 JT
PAGOSA SPRINGS, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**For The Year Ended
June 30, 2016**



RECEIVED

By Justin L. Smith at 10:45 am, Jan 24, 2017

**ARCHULETA SCHOOL DISTRICT 50 JT
PAGOSA SPRINGS, COLORADO**

ROSTER OF SCHOOL OFFICIALS

**YEAR ENDED
JUNE 30, 2016**

BOARD OF EDUCATION

Greg Schick – President

Bruce Dryburgh – Vice President

Brooks Lindner – Secretary/Treasurer

Lisl Keuning – Member

Jason Peterson – Member

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

ARCHULETA SCHOOL DISTRICT 50 JT.

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Archuleta School District 50 JT's annual financial report presents the school district management team's discussion and analysis of the District's financial performance during the fiscal year, which ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position as of June 30, 2016 was (\$1,417,500), an improvement of \$345,157. This negative net position is a result of the District's implementation of the Governmental Accounting Standards Board (GASB) *Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the state's net pension liability on the District's Statement of Net Position beginning in the 2014-2015 fiscal year.*
- Without the District's \$23,192,506 share of Colorado's pension liability, the District's total combined net position as of June 30, 2016 would be \$21,766,343. This represents a \$1,900,198 (9.6%) increase over the previous year's net position.
- The General Fund's annual deficit increased from \$203,396 to \$339,167, largely because of an increased transfer to the Capital Reserve Projects Fund to pay for additional school busses and to pay for the reroofing project at the 5-6 Building.
- Despite Amendment 23, the State of Colorado continues to implement the Negative factor to balance the state's budget. With the \$1,371,093 withheld in FY2016, the total withheld to date equals \$8,990,821.
- The General Fund had a \$7,628,158 Fund Balance as of June 30, 2016. This amount is equal to 69.1% of the District's total General Fund expenditures for Fiscal Year 2016.
- The District had long-term debt at June 30, 2016 of \$28,942,609 including general obligation bonds, capital leases, a roof settlement, accrued compensated absences, unamortized bond premiums, and the pension liability. This \$586,370 increase from last year was caused primarily by an increase in the pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts — *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government-wide financial statements* that provide both long-term 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 government, reporting the District's operations in more detail than the government-wide statements.

- *Governmental funds* statements tell how general government services were financed in the short term as well as what remains for future spending. Governmental funds include the General, Food Service, Capital Reserve, Grant, and Bond Redemption Funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Fiduciary funds include the Student Activity (self-supporting student clubs and classes) and the Private Purpose Trust Fund (interest only can be spent for Mooney, Newton, and A.S.E. programs).

The financial statements also include *notes* that explain some of the information in the report and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes *all* of the district's assets and liabilities. Current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The Statement of Activities reports how the District's net position changed during the most recent year.

Both district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The district-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum, staff development, health services, technology, maintenance, transportation and general administration. Property taxes and grants finance most of these activities. The bond fund is also included in the Governmental category.

To assess the overall health of the District, consideration needs to be given to additional non-financial factors such as changes in the District's tax base, changes in student enrollment, the condition of school buildings, along with major capital improvements.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds — not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. Other funds are established by the Board of Trustees to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

Governmental funds — Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided at the bottom of the governmental funds statement, or on subsequent pages, that explain the relationship (or differences) between them.

Fiduciary funds – The District is the trustee, or *fiduciary*, for certain funds. It is responsible for other assets, that because of a trust arrangement, can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As shown below, the Total Net Investment in Capital assets increased \$831,854 (7.8%). This increase follows an increase of \$616,222 the previous year and \$739,483 the year before that.

Eliminating the \$23,192,506 Pension Liability would result in an Unrestricted net position of \$8,325,438 which would represent resources available to fund the District's programs and reserves for next year.

Changes in Net Assets

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2016	2015
Current Assets	10,959,143	10,973,145
Non Current Assets	16,642,602	16,723,205
Deferred Outflows of Financial Resources	<u>2,909,009</u>	<u>1,032,096</u>
Total Assets	<u>30,510,754</u>	<u>28,728,446</u>
Current Liabilities	1,357,482	1,460,683
Long-Term Liabilities	28,942,609	28,356,239
Deferred Inflows of Financial Resources	<u>1,628,163</u>	<u>674,181</u>
Total Liabilities	<u>31,928,254</u>	<u>30,491,103</u>
Net Position		
Net Investment in Capital Assets	11,370,855	10,539,001
Restricted Net Position	2,078,713	1,892,869
Unrestricted Net Position	<u>(14,867,068)</u>	<u>(14,194,527)</u>
Total Net Position (Deficit)	<u>\$ (1,417,500)</u>	<u>\$ (1,762,657)</u>

Governmental Activities

The District's total revenues were \$11,565,566 an increase of \$818,677. A significant portion of the District's revenues comes from local sources (56%) of which the majority of that amount comes from local property taxes. The next largest share of the district's revenue (33%) comes from state funds. The remaining 11% of revenue comes from Operating Grants (Federal and Private.)

Property tax revenues decreased slightly from the previous year due to decreased assessed valuation in Archuleta County. State Equalization funding finally increased. but once again this amount was severely reduced by the \$1,371,093 Negative Factor applied by the state.

The District's expenses are predominantly related to instructing, caring for, feeding, and transporting students. The total cost of all programs and services was \$13,396,983. Expenditures for instruction in all governmental activities were 60%, support services were 39%, and interest on long term debt was less than 3/4 of a percent.

STATEMENT OF ACTIVITIES – Governmental Activities

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for Services	\$ 265,398	\$ 222,095
Operating Grants	1,972,574	2,030,278
Capital Grants	<u>5,824</u>	<u>-</u>
Total Program Revenues	<u>2,243,796</u>	<u>2,252,373</u>
General Revenues:		
Taxes	7,402,991	7,042,121
State Equalization	4,014,587	3,654,057
Investment Income	26,678	10,187
Miscellaneous	<u>121,310</u>	<u>40,524</u>
Total General Revenues	<u>11,565,566</u>	<u>10,746,889</u>
Total Revenues	<u>13,809,362</u>	<u>12,999,262</u>
Expenses		
Instruction	7,910,476	7,773,252
Supporting Services	5,486,507	5,367,827
Interest on Long Term Debt	67,222	31,608
Total Expenses	<u>13,464,205</u>	<u>13,172,687</u>
Change in Net Position	<u>345,157</u>	<u>(173,425)</u>
Net Position - Beginning	(1,762,657)	18,574,188
Prior Period Restatement	<u>-</u>	<u>(20,163,420)</u>
Net Position Beginning (Restated)	<u>(1,762,657)</u>	<u>(1,589,232)</u>
Net Position - Ending	<u>\$ (1,417,500)</u>	<u>\$ (1,762,657)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds include the General, Food Service, Grant, Bond Redemption, and Capital Reserve Project Fund. Revenues from governmental fund types totaled \$13,773,810 which was an increase of \$774,548 (6.0%) in revenues from the previous year. In the paragraphs below, each of the District's Funds will be examined.

General Fund - The General Fund is the major operating fund of the District, providing most of the resources for the educational and support programs in the schools. Revenues of \$11,456,531 were comprised of approximately 56% from local property and specific ownership taxes, 35% from state equalization money, 3% from state categorical grants, 3% from federal funds, and 3% from other sources. Actual revenues received were above budgeted revenue amounts by \$291,750.

Expenditures for the year were \$11,027,749 while transfers to other funds totaled \$830,181. Spending was distributed with roughly 79.3% being spent on salaries and benefits, 15.7% on services and utilities, and 5% on supplies and equipment. Actual expenditures were slightly below budget amounts (excluding contingency reserves.) However, the fund experienced a deficit in the amount of \$339,167. This makes the fourth straight year that the General Fund has experienced a deficit. Reserves in the amount of \$7,628,158 are still more than adequate to meet unforeseen district needs, but the district needs to be cautious in spending down reserves in the future without an adequate long range plan.

Food Service Fund - With revenues of \$463,279 (\$20,291 above budget) and expenses of \$483,573 (\$14,319 under budget) the annual \$20,000 transfer from the General Fund allowed the Food Service Fund to be within \$294 of a break-even operation. The transfer was made to help offset increased costs of food. Federal nutrition requirements also negatively impacted this fund's bottom line. The Food Service Department has been able to accumulate a small fund balance of \$57,828 as of June 30, 2016.

Grant Fund – The grant fund showed a small decrease from the previous year with FY2016 Revenues and Expenses of \$832,772, a \$46,296 (5.3%) decrease compared to FY2015. The grants are overwhelmingly used for instructional purposes (70.5% of the various grant expenditures) and for Pupil Support (22.9% of grant expenditures.) The district continues to be very successful in receiving both new and continuation grants to support programs for our students.

Bond Redemption Fund – The Bond Redemption Fund had revenues of \$1,021,111 and expenses of \$970,150. The Fund Balance at June 30, 2016 was \$1,515,830. A large fund balance is required in this fund because most of the fund's expenses are incurred each year prior to the receipt of property taxes which represented 95.5% of the fund's revenues. It should be noted that with a fund balance of this size, unless future mill levies are reduced there will be money in the fund sufficient to repay the outstanding prior to the December 2020 final payment date.

Capital Reserve Project Fund - In the past, revenue for this fund was based on pupil count. The district now funds the Capital Reserve Project Fund with a transfer from the General Fund based on the need for repairs and the need to purchase vehicles and equipment/technology. In FY2016 the fund had investment earnings of \$117 and a transfer of \$810,181. The transfer was significantly larger than the \$265,000 transfer in FY2015 because of the unexpected need to replace two school busses with cracked frames and because a transfer was made to replace the 5-6 building roof. Expenditures for in the fund for the fiscal year totaled \$530,513. At June 30, 2016, the fund had a Fund Balance of \$314,771 which was used to pay for FY2017 expenses, primarily for previously mentioned roof project.

Proprietary Funds, Insurance Fund - The Insurance Fund was a proprietary fund (a fund that operated as a business) and has been closed. The self-funded insurance plan has been discontinued as it was not financially viable. The District converted to a premium based plan that still provided health and dental coverage to staff. It is hoped that the district will be able to negotiate further reductions in future premiums for the benefit of staff. The district currently does not have any proprietary funds.

Fiduciary Funds - Fiduciary funds are funds that are held in trust by the district. The District has a Student Activity Fund to hold money for all self-supporting club and class activities. The District also has a Trust-Donation Fund that was established for private donations that have specific guidelines on how the money generated from the principal is to be spent.

- Student Activity Fund – Revenues in this fund on FY2016 were \$175,617 while expenses were \$156,310, both numbers representing increases from the previous year. At June 30, 2016, the Student Activity Fund had a Fund Balance of \$119,231.
- Trust-Donation Fund - The district has three trusts in this fund.
 - o The interest on \$250,000 of the Whit Newton Fund is set-aside for the Archuleta Scholarship in Escrow program.
 - o Interest on \$50,000 of the Mooney donation is designated to help fund either remedial or accelerated summer school programs.
 - o The Hughes donation supports the P.A.C. program at Pagosa High School.

Revenue in FY2016 was \$1,935. Expenditures were \$3,698. The ending Net Position for the fund at June 30, 2016 was \$556,139.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY2016, the District had invested \$16,642,602 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net decrease of 1/2% or \$80,603. This decrease was due to the difference of depreciation, and the value of equipment and vehicles purchased.

	Balance July 1 2015	Additions	Retirements	Balance June 30 2016
<u>Governmental activities</u>				
Assets not being depreciated:				
Land	\$ 1,080,048	\$ -	\$ -	\$ 1,080,048
Construction in Progress	-	15,282	-	15,282
Total assets not being depreciated	<u>1,080,048</u>	<u>15,282</u>	<u>-</u>	<u>1,095,330</u>
Assets being depreciated:				
Buildings & Improvements	19,811,173	-	-	19,811,173
Equipment and vehicles	<u>2,481,045</u>	<u>349,158</u>	<u>567,628</u>	<u>2,262,575</u>
Total assets being depreciated	<u>22,292,218</u>	<u>349,158</u>	<u>567,628</u>	<u>22,073,748</u>
Less: Accumulated depreciation				
Buildings	(4,537,420)	(310,850)	-	(4,848,270)
Equipment and vehicles	<u>(2,111,641)</u>	<u>(107,513)</u>	<u>(540,948)</u>	<u>(1,678,206)</u>
Total accumulated depreciation	<u>(6,649,061)</u>	<u>(418,363)</u>	<u>(540,948)</u>	<u>(6,526,476)</u>
Total capital assets, net	<u>\$ 16,723,205</u>	<u>\$ (53,923)</u>	<u>\$ 26,680</u>	<u>\$ 16,642,602</u>

Long-Term Debt

At year-end, the District had long-term debt obligation of \$28,942,609. This includes general obligation bonds (which will be fully paid-off in Fiscal Year 2021), a multi-year performance contract, copier leases, the Roofmasters settlement, accrued compensated absences, the PERA pension liability, and unamortized bond premiums.

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Current Portion
2014 General Obligation Refunding Bonds	\$ 4,910,000	\$ -	\$ 880,000	\$ 4,030,000	\$ 880,000
Capital Lease Payable - Improvements	1,264,812	-	81,702	1,183,110	88,566
Capital Lease Payable - Copiers	9,392	62,232	12,987	58,637	11,225
Roofmasters Settlement	66,667	-	33,333	33,334	33,334
Accrued Compensated Absences	312,781	-	2,181	310,600	33,001
PERA Net Pension Liability	21,628,812	1,563,694	-	23,192,506	-
Unamortized Bond Premium	<u>163,775</u>	<u>-</u>	<u>29,353</u>	<u>134,422</u>	<u>29,353</u>
Total	<u>\$ 28,356,239</u>	<u>\$ 1,625,926</u>	<u>\$ 1,039,556</u>	<u>\$ 28,942,609</u>	<u>\$ 1,075,479</u>
Deferred Gain on Refunding	<u>\$ 286,108</u>	<u>\$ -</u>	<u>\$ 51,278</u>	<u>234,830</u>	<u>\$ 51,278</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District's October 2016 funded pupil count (which is the basis of the state's FY2017 revenues) is expected to increase significantly. Information from the State Demographer's Office suggests that the District may see continued student increases, although the impact of the opening of Pagosa Peak Open School may change those projections.

The local economy continues to show growth, but because TABOR restricts revenue increases, the school district does not expect more funding in the foreseeable future. Expenditures will need to be examined carefully and the district will need to resist the temptation to fund additional employees and increases in salaries from reserves. It would appear the only source of additional future revenues will be from local sources such as property taxes.

The district is fortunate to have received Secure Rural School (SRS) dollars in the past, but these funds should not be relied on to "fill the gap" as amounts have been reduced in recent years and legislation has not yet been passed to continue the program for the 2016-2017 school year or beyond.

Colorado school districts continue to have their funding reduced by the "negative factor" which was recently deemed to be constitutional by the State Supreme Court.

The impact of continuing increases in Colorado PERA's contribution rates (which is scheduled to continue to increase until it reaches a rate of 20.15% in 2018) and increases in the cost of health insurance will need to be studied. These increases will limit the amount of funds available for salaries and other operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Director at 970-264-2228 x 403.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Archuleta School District 50 JT
Pagosa Springs, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Archuleta School District 50 JT, Colorado, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Archuleta School District 50 JT, Colorado, as of June 30, 2016, 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.

Report on Summarized Comparative Information

We have previously audited the Archuleta School District 50 JT's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M7 and pension schedules on pages 32 -33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 34 - 37 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. In addition, combining individual fund schedules on pages 38 - 45 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The 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. Such 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 basic 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.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports page 46 - 49 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Archuleta School District 50 JT

Independent Auditors' Report

Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 on our consideration of the Archuleta School District 50 JT's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Archuleta School District 50 JT's internal control over financial reporting and compliance.

Holscher, Mayberry + Company, LLC

Englewood, CO

December 7, 2016

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2016.

Archuleta School District 50JT
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
ASSETS	
Current Assets	
Cash and Investments	\$ 8,844,932
Cash with Fiscal Agent	1,476,609
Taxes Receivable	545,343
Grants Receivable	73,372
Other Accounts Receivable	671
Inventory	<u>18,216</u>
Total Current Assets	<u>10,959,143</u>
Noncurrent Assets	
Capital Assets, not being depreciated	1,095,330
Capital Assets, being depreciated	<u>15,547,272</u>
Total Noncurrent Assets	<u>16,642,602</u>
TOTAL ASSETS	<u>27,601,745</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Contributions Subsequent to Measurement Date	630,727
Difference Between Actual and Expected Experience - net	306,269
Difference Between Projected and Actual Returns on Pension Plan Investments - net	<u>1,972,013</u>
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>2,909,009</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>\$ 30,510,754</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Accounts Payable	103,990
Accrued Interest	11,118
Accrued Salaries & Benefits	1,242,374
Total Current Liabilities	<u>1,357,482</u>
Non-Current Liabilities	
Due Within One Year	1,076,919
Due In More Than One Year	<u>27,865,690</u>
Total Noncurrent Liabilities	<u>28,942,609</u>
TOTAL LIABILITIES	<u>30,300,091</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Gain on Refunding	234,830
Difference Between Projected and Actual Pension Plan Experience - net	966
Changes of Assumptions - net	327,750
Change in District's Proportionate Share of Net Pension Liability - net	968,425
Deferred Inflows Other	9,236
Deferred Inflows Grants	<u>86,956</u>
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>1,628,163</u>
NET POSITION	
Net Investment in Capital Assets	11,370,855
Restricted Net Position	2,078,713
Unrestricted Net Position	<u>(14,867,068)</u>
TOTAL NET POSITION	<u>(1,417,500)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 30,510,754</u>

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

Archuleta School District 50JT
Balance Sheet
Governmental Funds
June 30, 2016
(With Comparative Totals for June 30, 2015)

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
		<u>Designated Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Project Fund</u>
ASSETS				
Cash and Investments	\$ 8,397,665	\$ 26,445	\$ -	\$ 347,257
Cash with Fiscal Agent	40,560	-	1,436,049	-
Taxes Receivable	464,812	-	80,531	-
Interfund Accounts Receivable	12,988	-	-	-
Grants Receivable	-	73,372	-	-
Other Accounts Receivable	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 8,916,025</u>	<u>\$ 99,817</u>	<u>\$ 1,516,580</u>	<u>\$ 347,257</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ -	\$ 12,238	\$ 750	\$ -
Accounts Payable	67,418	3,888	-	32,486
Accrued Salaries & Benefits	1,217,184	-	-	-
Total Liabilities	<u>1,284,602</u>	<u>16,126</u>	<u>750</u>	<u>32,486</u>
Deferred Inflows of Financial Resources				
Deferred Inflows Other	-	-	-	-
Deferred Inflows Grants	3,265	83,691	-	-
Total Deferred Inflows of Financial Resources	<u>3,265</u>	<u>83,691</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable Fund Balance	-	-	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	1,515,830	-
Restricted for TABOR Emergencies	346,000	-	-	-
Restricted Multi-Year Obligations	198,667	-	-	-
Assigned Fund Balance				
Assigned for Fund Purpose	-	-	-	314,771
Unassigned Fund Balance	7,083,491	-	-	-
Total Fund Balance	<u>7,628,158</u>	<u>-</u>	<u>1,515,830</u>	<u>314,771</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,916,025</u>	<u>\$ 99,817</u>	<u>\$ 1,516,580</u>	<u>\$ 347,257</u>

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

Other Governmental Funds	Totals	
	2016	2015
\$ 73,565	\$ 8,844,932	\$ 8,641,213
-	1,476,609	1,504,587
-	545,343	365,616
-	12,988	88,167
-	73,372	443,234
671	671	639
<u>18,216</u>	<u>18,216</u>	<u>17,856</u>
<u>\$ 92,452</u>	<u>\$ 10,972,131</u>	<u>\$ 11,061,312</u>
\$ -	\$ 12,988	\$ 88,167
198	103,990	149,866
<u>25,190</u>	<u>1,242,374</u>	<u>1,220,730</u>
<u>25,388</u>	<u>1,359,352</u>	<u>1,458,763</u>
9,236	9,236	14,171
-	86,956	63,076
<u>9,236</u>	<u>96,192</u>	<u>77,247</u>
18,216	18,216	17,856
-	1,515,830	1,464,869
-	346,000	325,000
-	198,667	198,667
39,612	354,383	75,252
-	7,083,491	7,461,514
<u>57,828</u>	<u>9,516,587</u>	<u>9,525,302</u>
<u>\$ 92,452</u>	<u>\$ 10,972,131</u>	<u>\$ 11,061,312</u>

Archuleta School District 50JT
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2016

Fund Balance - Governmental Funds		\$ 9,516,587
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	1,095,330	
Capital assets, being depreciated	22,073,748	
Accumulated depreciation	(6,526,476)	16,642,602
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Deferred charge (gain) on refunding	(234,830)	
Bond premiums	(134,422)	(369,252)
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date	630,727	
Difference between actual and expected experience	422,276	
Amortization of experience difference	(116,007)	
Difference between projected and actual investment returns on the pension plan	2,612,717	
Amortization of the investment return difference	(640,704)	
Net pension liability	(23,192,506)	
Difference between projected and actual pension plan experience	(2,103)	
Amortization of the pension plan experience difference	1,137	
Changes in assumptions	(451,899)	
Amortization of change in assumptions	124,149	
Change in District proportionate share of the net pension liability	(1,499,349)	
Amortization of the change in proportion	530,924	(21,580,638)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(4,030,000)	
Capital leases payable	(1,241,747)	
Settlements payable	(33,334)	
Accrued interest payable	(11,118)	
Accrued compensated absences	(310,600)	(5,626,799)
Total Net Position - Governmental Activities		<u>\$ (1,417,500)</u>

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

Archuleta School District 50JT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

		<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
	<u>General Fund</u>	<u>Designated Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Project Fund</u>
REVENUES				
Local Sources	\$ 6,645,982	\$ 99,241	\$ 1,021,111	\$ 117
Intermediate Sources	68,499	-	-	-
State Sources	4,345,633	210,554	-	-
Federal Sources	396,417	522,977	-	-
TOTAL REVENUES	<u>11,456,531</u>	<u>832,772</u>	<u>1,021,111</u>	<u>117</u>
EXPENDITURES				
Instruction	6,601,407	587,488	-	104,888
Pupil Support	415,327	190,977	-	-
Staff Support	172,975	15,895	-	-
General Administration	538,206	-	750	2,866
School Administration	692,570	18,000	-	-
Business Services	243,756	-	-	-
Operations and Maintenance	1,239,302	412	-	111,797
Transportation	517,369	-	-	286,925
Other Central Support	306,630	10,000	-	-
Risk Management	174,050	-	-	-
Food Service	-	10,000	-	-
Community Support	-	-	-	-
Facilities	-	-	-	24,037
Other Uses	192	-	-	-
Debt Service	125,965	-	969,400	-
TOTAL EXPENDITURES	<u>11,027,749</u>	<u>832,772</u>	<u>970,150</u>	<u>530,513</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>428,782</u>	<u>-</u>	<u>50,961</u>	<u>(530,396)</u>
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	62,232	-	-	-
Transfer In (Out) - net	(830,181)	-	-	810,181
TOTAL OTHER FINANCING SOURCES (USES)	<u>(767,949)</u>	<u>-</u>	<u>-</u>	<u>810,181</u>
CHANGE IN FUND BALANCE	(339,167)	-	50,961	279,785
BEGINNING FUND BALANCE	<u>7,967,325</u>	<u>-</u>	<u>1,464,869</u>	<u>34,986</u>
ENDING FUND BALANCE	<u>\$ 7,628,158</u>	<u>\$ -</u>	<u>\$ 1,515,830</u>	<u>\$ 314,771</u>

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

		<u>Totals</u>	
Other Governmental			
<u>Funds</u>	<u>2016</u>	<u>2015</u>	
\$ 116,617	\$ 7,883,068	\$ 7,381,709	
-	68,499	79,492	
7,495	4,563,682	4,343,700	
<u>339,167</u>	<u>1,258,561</u>	<u>1,194,361</u>	
<u>463,279</u>	<u>13,773,810</u>	<u>12,999,262</u>	
-	7,293,783	7,077,317	
-	606,304	589,514	
-	188,870	279,507	
-	541,822	430,773	
-	710,570	710,757	
-	243,756	228,835	
-	1,351,511	1,266,274	
-	804,294	627,633	
-	316,630	343,122	
-	174,050	160,711	
483,573	493,573	454,319	
-	-	1,000	
-	24,037	-	
-	192	-	
-	<u>1,095,365</u>	<u>1,019,446</u>	
<u>483,573</u>	<u>13,844,757</u>	<u>13,189,208</u>	
<u>(20,294)</u>	<u>(70,947)</u>	<u>(189,946)</u>	
-	62,232	-	
<u>20,000</u>	<u>-</u>	<u>-</u>	
<u>20,000</u>	<u>62,232</u>	<u>-</u>	
(294)	(8,715)	(189,946)	
<u>58,122</u>	<u>9,525,302</u>	<u>9,715,248</u>	
<u>\$ 57,828</u>	<u>\$ 9,516,587</u>	<u>\$ 9,525,302</u>	

Archuleta School District 50JT
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2016

Change in Fund Balance - Governmental Funds	\$	(8,715)
<p>Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level</p>		
Capitalized Asset Purchases	364,440	
Depreciation Expense	(418,363)	
Gain (Loss) on Asset Disposals	<u>(26,680)</u>	(80,603)
<p>Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
Change in contributions subsequent to the measurement date	46,542	
Change in the difference between actual and expected experience	422,276	
Change in the amortization of experience difference	(116,007)	
Current year projected to actual investment return difference	2,115,038	
Current year amortization of overall investment return differences	(590,936)	
Change in net pension liability	(1,563,694)	
Current year projected to actual pension plan experience difference	(488)	
Current year amortization of overall experience differences	917	
Change in the changes of assumptions	(451,899)	
Change in the amortization of change in assumptions	124,149	
Current year change in proportionate share of cost-sharing plan liability	(1,051,616)	
Current year amortization of overall proportionate share differences	<u>469,869</u>	(595,849)
<p>Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level</p>		
Principal payments on bonds payable	880,000	
Principal payments on capital leases	32,457	
Principal payments on settlements	33,333	
Change in accrued interest payable	1,722	
Amortization of premiums and discounts	29,353	
Amortization of gain on refunding	51,278	
Change in accrued compensated absences	<u>2,181</u>	<u>1,030,324</u>
Total Net Position - Governmental Activities	\$	<u><u>345,157</u></u>

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

Archuleta School District 50JT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016
(With Comparative Totals for June 30, 2015)

	A.S.E. - Mooney - Hughes P.A.C. Fund	Pupil Activity Agency Fund	Totals	
			2016	2015
ASSETS				
Cash and Investments	\$ 556,139	\$ 119,231	\$ 675,370	\$ 657,826
NET POSITION				
Restricted Net Position	\$ 556,139	\$ 119,231	\$ 675,370	\$ 657,826

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

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Archuleta School District 50 JT (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*.

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds would be aggregated and reported as non-major funds. The fiduciary funds are presented separately.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue (Designated Grants) Fund - This fund is used to account for some of the Districts grants.

Debt Service – (Bond Redemption) Fund – This fund is used to account for the repayment of the District's general obligation indebtedness.

Capital Projects (Capital Reserve) Fund - This fund is used to account for the District's major capital outlay activity.

The District reports the following fiduciary funds:

A.S.E.- Mooney- Hughes P.A.C. (Agency) Fund – This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. This fund generally accounts for significant donations that are set aside for student benefit.

Pupil Activity (Agency) Fund – This fund is used to account for the money held in trust by the District for student organizations. This fund is custodial and does not measure the results of operations.

Measurement Focus and Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund 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 at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles except for the Enterprise Fund which budgets on a cash basis. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

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

- o Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- o Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- o Prior to June 30, the budget is adopted by formal resolution.
- o Expenditures may not legally exceed appropriations at the fund level.
- o Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- o Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- o Encumbrance accounting is not utilized.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances

Cash and Investments – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Inventories – Inventory of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances
(Continued)

The District capitalizes assets with an original value of at least \$5,000 and a useful life in excess of one year.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	40-75 years
Vehicles	7-15 years
Other Equipment	7 years

Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2016, the District has recorded accrued leave as disclosed in Note 6.

Long-Term Debt – The District’s general obligation bonds are accounted for in the Bond Redemption Fund. Principal repayments are shown as expenditures in the fund level financial statements. The District’s capital leases are paid through the General Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District reports deferred outflows related to pension liabilities as further described in Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports several items, one of which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows related to grant carryovers and prepaid student balances, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The deferred gain on the bond refunding is being amortized over the life of the bonds using the effective interest rate method as principal is repaid. In addition, the District reports deferred inflows related to pension liabilities as further described in Note 9.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Net Position/Fund Balances (Continued)

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities.

These revenues consist of, but are not limited to grants, fees and other charges for services. Expenditures, where eligible, are first charged to restricted net position prior to being charged against unrestricted net position. Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on October 1. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2016, follows:

Cash & Equivalents	\$ 3,198,427
Investments	7,798,483
Total Cash & Investments	<u>\$10,996,910</u>

These balances are allocated as follows in the financial statements:

Governmental Activities - Unrestricted	\$ 8,844,932
Governmental Activities - Held By Others	1,476,609
Fiduciary Funds	675,369
Total Cash & Investments	<u>\$10,996,910</u>

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2016, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 600,068	\$ 600,068
PDPA Collateralized (Not in the District's name)	811,223	2,598,359
Total Cash Balances	<u>\$ 1,411,291</u>	<u>\$ 3,198,427</u>

INVESTMENTS

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Weighted Avg. Mat. in Years</u>
Local Gov't Invest Pool - Bond Trustee	\$ -	\$ 1,985,766	\$ -	\$ 1,985,766	0.00
Local Gov't Invest Pool - Unrestricted	-	5,812,718	-	5,812,718	0.00
Total Investments	<u>\$ -</u>	<u>\$ 7,798,484</u>	<u>\$ -</u>	<u>\$ 7,798,484</u>	0.00

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Investment Pools:** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended June 30, 2016, the District invested funds in Colotrust and CSAFE. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pools invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similarly to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These pools are rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016, the District did not have any investments requiring safekeeping.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2016 of \$18,216, consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 4: CAPITAL ASSETS

Activity for governmental activity capital assets which are capitalized by the District is summarized below:

	Balance July 1 2015	Additions	Retirements	Balance June 30 2016
<u>Governmental activities</u>				
Assets not being depreciated:				
Land	\$ 1,080,048	\$ -	\$ -	\$ 1,080,048
Construction in Progress	-	15,282	-	15,282
Total assets not being depreciated	<u>1,080,048</u>	<u>15,282</u>	<u>-</u>	<u>1,095,330</u>
Assets being depreciated:				
Buildings & Improvements	19,811,173	-	-	19,811,173
Equipment and vehicles	<u>2,481,045</u>	<u>349,158</u>	<u>567,628</u>	<u>2,262,575</u>
Total assets being depreciated	<u>22,292,218</u>	<u>349,158</u>	<u>567,628</u>	<u>22,073,748</u>
Less: Accumulated depreciation				
Buildings	(4,537,420)	(310,850)	-	(4,848,270)
Equipment and vehicles	<u>(2,111,641)</u>	<u>(107,513)</u>	<u>(540,948)</u>	<u>(1,678,206)</u>
Total accumulated depreciation	<u>(6,649,061)</u>	<u>(418,363)</u>	<u>(540,948)</u>	<u>(6,526,476)</u>
Total capital assets, net	<u>\$ 16,723,205</u>	<u>\$ (53,923)</u>	<u>\$ 26,680</u>	<u>\$ 16,642,602</u>
Instruction		\$ 239,404		
Supporting Services		<u>178,959</u>		
Total Depreciation		<u>\$ 418,363</u>		

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016, are as follows:

General Fund	\$ 1,217,184
Food Service Fund	<u>25,190</u>
Total Accrued Salaries & Benefits	<u>\$ 1,242,374</u>

ARCHULETA SCHOOL DISTRICT 50JT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 6: LONG-TERM DEBT

Changes in the District's long-term debt for the year ended June 30, 2016, were as follows:

	<u>Balance</u> <u>July 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>	<u>Accrued</u> <u>Interest</u>
2014 General Obligation Refunding Bond	\$ 4,910,000	\$ -	\$ 880,000	\$ 4,030,000	\$ 880,000	\$ 89,400	\$ 6,386
Capital Lease Payable - Improvements	1,264,812	-	81,702	1,183,110	88,566	29,868	4,732
Capital Lease Payable - Copiers	9,392	62,232	12,987	58,637	11,225	1,407	-
Roofmasters Settlement	66,667	-	33,333	33,334	33,334	-	-
Accrued Compensated Absences	312,781	-	2,181	310,600	33,001	-	-
PERA Net Pension Liability	21,628,812	1,563,694	-	23,192,506	-	-	-
Unamortized Bond Premium	163,775	-	29,353	134,422	29,353	-	-
Total	<u>\$ 28,356,239</u>	<u>\$ 1,625,926</u>	<u>\$ 1,039,556</u>	<u>\$ 28,942,609</u>	<u>\$ 1,075,479</u>	<u>\$ 120,675</u>	<u>\$ 11,118</u>

Capital Leases

In 2016, the District entered into a capital lease agreement for the purchase of office copiers. The lease requires 60 monthly payments beginning on March 24, 2016 of \$1,203, including interest at 6.0%. Equipment with a remaining value of \$58,084 has been capitalized under this lease.

In 2013, the District entered into a capital lease agreement for energy efficiency improvements to the District. The lease requires 30 semiannual payments beginning October 2012 and ending April 2027. Payments start in the amount of \$49,111 and increases each year until it reaches a maximum payment of \$62,025, including interest at 2.4%. Building improvements with a remaining value of \$1,368,148 have been capitalized under this lease.

Future minimum capital lease payments at June 30, 2016, are as follows:

2017	\$ 130,869
2018	135,937
2019	138,486
2020	138,486
2021	133,674
2022-2026	620,247
2027	<u>124,049</u>
Total Future Minimum Lease Payments	1,421,749
Less: Interest Portion	<u>(176,010)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 1,241,747</u>

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 6: LONG-TERM DEBT (Continued)

2014 General Obligation Refunding Bonds

On March 26, 2014, the District issued \$5,700,000 of general obligation bonds to refund the remaining outstanding 2004 General Obligation Bonds. The bonds require semiannual interest payments at a rate of 2%. The bonds also require annual principal payments each year through December 2020. Payments are made through the District's Bond Redemption Fund. All bond reserves are held by the District's trustee, Archuleta County.

A schedule of required future bond payments is as follows:

<u>Year Ended June 30, 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 880,000	\$ 71,800	\$ 951,800
2018	905,000	53,950	958,950
2019	930,000	35,600	965,600
2020	940,000	16,900	956,900
2021	375,000	3,750	378,750
Total	\$ 4,030,000	\$ 182,000	\$ 4,212,000

2014 Bond Premiums

Upon the issuance of the 2014 general obligation bonds, the District recognized bond premiums of \$190,126. This premium will be amortized over the life of the bonds through December, 2020.

Bond Refunding

As part of the 2014 bond refunding, the District recognized a gain based on the difference of the carrying value of the old and new bonds in the amount of \$332,142 that will be amortized over the life of the 2014 bonds.

Settlement Agreement

The District entered into a settlement agreement related to Junior High roof repairs that were completed during the previous fiscal year. The settled repair cost of \$200,000 required a \$100,000 payment upon completion and then requires payment of a third of the remaining balance annually commencing December 31, 2014. The future payments do not bear interest.

Accrued Compensated Absences

The District allows eligible employees to carryover used vacation of up to 20 days. Sick leave and personal leave will be paid out annually, subsequent to the end of the year, for accruals in excess of 60 days at either the current substitute teacher rate or a percentage thereof, depending upon the employee type. Any remaining sick and vacation leave accruals will be paid upon termination at the above listed rates. The District has accrued all potential payments as noncurrent liabilities in the governmental activities. In addition, the District has included the current portion of the accrued compensated absences as part of the accrued salaries and benefits reported in the funds. Payments for unused leave are typically funded through the General Fund.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District is a participant among five Districts in a jointly governed organization to operate the San Juan Board of Cooperative Services (BOCS). The BOCS was formed for the purpose of administrative functions among member districts for special education and federal grants. During the year ended June 30, 2016, the District paid \$150,082 in assessments to the BOCS. The BOCS is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCS. Financial statements for the BOCS can be obtained from the BOCS administrative offices at: 201 East 12th Street, Durango, CO 81301.

NOTE 8: 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.

Colorado School Districts Self Insurance Pool

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool.

Health and Dental Insurance

The District partially self-insured its health insurance claims until December of 2012 when it switched to a commercial carrier.

Other Insurance

The District carries commercial insurance for other risks of loss, including workers compensation.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

January 1 st through December 31 st	2014 ¹	2015 ¹
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%
Total employer contribution rate to the SCHDTF	16.43%	17.33%

¹ Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$1,118,282 for the plan year ended December 31, 2015 and \$1,192,641 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$23,192,506 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was .1516%, which was a decrease of .0115% from its proportion measured as of December 31, 2014.

ARCHULETA SCHOOL DISTRICT 50JT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

For the year ended June 30, 2016 the District recognized pension expense of \$2,305,184. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 306,260	\$ (967)
Changes of assumptions or other inputs	\$ -	\$ (327,751)
Net difference between projected and actual earnings on pension plan	\$ 1,972,015	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (968,425)
Contributions subsequent to the measurement date	\$ 630,727	\$ -
Total	\$ 2,909,002	\$ (1,297,143)

\$630,727 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Total
2017	\$ (103,919)
2018	(140,392)
2019	(332,437)
2020	(404,384)
Total	\$ (981,132)

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-10.10%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Asset Class	Target Allocation	10 Year Expected Geometric Rate of Return
U.S Equity - Large Cap	26.76%	5.00%
U.S Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (30,064,266)	\$ (23,192,506)	\$ (17,476,484)

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2016 program members contributed \$94,878.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The District is required to contribute at a rate of 1.02% of PERA-includable 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 C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the District contributions to the HCTF were \$66,949, \$66,045 and \$67,092, respectively, equal to their required contributions for each year.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 12: INTERFUND ACTIVITY

The District has the following balances owed between funds at year end:

General Fund		
Due from Grants Fund	\$	12,238
Due from Bond Fund		<u>750</u>
Total General Fund		12,988
Grants Fund		
Due to General Fund		(12,238)
Bond Redemption Fund		
Due to General Fund		<u>(750)</u>
Net Interfund Balances	\$	<u><u>-</u></u>

The District has recorded the following annual transfers through June, 30 2016.

General Fund		
Transfer to Capital Reserve Fund	\$	(810,181)
Transfer to Food Service		<u>(20,000)</u>
Net General Fund		(830,181)
Capital Reserve Project Fund		
Transfer from General Fund		810,181
Food Service Fund		
Transfer from General Fund		<u>20,000</u>
Net Interfund Transfers	\$	<u><u>-</u></u>

NOTE 13: COMMITMENTS AND CONTINGENCIES AND RESTRICTIONS

Claims and Judgments – The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. 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 District may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Tabor Amendment – In November 1992, Colorado voters passed Article X, Section 20, (the Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. In November, 1997, voters within the District passed the following ballot question:

“Shall Archuleta School District 50JT located in Archuleta and Hinsdale Counties, **without imposing any new taxes or increases in tax rates**, be allowed to collect, retain, and expend all revenues from all sources in 1998 and subsequent years, notwithstanding any state restriction on fiscal year spending, including without limitation of the restrictions of Article X, Section 20 of the Colorado Constitution?”

The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$346,000, as required by the Amendment.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 13: COMMITMENTS AND CONTINGENCIES AND RESTRICTIONS

The District has recorded the following restrictions and assignments of its governmental fund balance and governmental activities net position:

Restricted for Debt Service	\$ 1,515,830
Restricted for TABOR Emergencies	346,000
Restricted for Multiyear Agreements	<u>198,667</u>
Total Restricted Governmental Fund Balance/Net Position	<u>\$ 2,060,497</u>
Assigned for Capital Projects	\$ 314,771
Assigned for Food Service	<u>39,613</u>
Total Assigned Fund Balance	<u>\$ 354,384</u>

NOTE 14: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$1,417,500 and an unrestricted net position deficit of \$14,867,068, primarily due to adding the PERA net pension liability of \$23,192,506, as further described in Note 9. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES - UNAUDITED

ARCHULETA SCHOOL DISTRICT 50JT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
District's proportion of the net pension asset (liability)	0.151642%	0.159583%	0.163093%
District's proportionate share of the net pension asset (liability)	\$ (23,192,506)	\$ (21,628,812)	\$ (20,802,459)
District's covered-employee payroll	\$ 6,608,505	\$ 6,685,369	\$ 6,574,795
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%	64.07%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

ARCHULETA SCHOOL DISTRICT 50JT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 1,145,254	\$ 1,098,406	\$ 1,021,066
Actual contributions	<u>(1,145,254)</u>	<u>(1,098,406)</u>	<u>(1,021,066)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,608,505	\$ 6,685,369	\$ 6,574,795
Contributions as a percentage of covered-employee payroll	17.33%	16.43%	15.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date show

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Property Taxes	\$ 5,652,782	\$ 5,729,612	\$ 5,756,744	\$ 27,132	\$ 5,535,647
Specific Ownership Taxes	515,083	511,804	613,066	101,262	593,335
Delinquent Taxes	40,000	40,000	15,827	(24,173)	27,324
Tuition From Individuals	35,000	35,000	98,504	63,504	55,656
Investment Earnings	9,000	20,375	22,592	2,217	8,694
Pupil Activity Revenues	30,000	30,000	25,259	(4,741)	33,620
Fees	10,000	-	8,325	8,325	-
Rent Revenue	1,000	1,000	2,918	1,918	1,590
Donations	8,500	8,500	3,000	(5,500)	20,685
Sale of Capital Assets	-	-	-	-	1,600
Indirect Cost Revenue	-	-	13,987	13,987	13,350
Insurance Proceeds	-	-	-	-	14,334
Other Local	1,500	24,344	85,760	61,416	20,368
Total Local Sources	<u>6,302,865</u>	<u>6,400,635</u>	<u>6,645,982</u>	<u>245,347</u>	<u>6,326,203</u>
Intermediate Sources					
Mineral Leases	-	-	1,241	1,241	1,278
Impact Fee Revenue	2,500	2,500	-	(2,500)	-
Other Intermediate Source Revenue	80,500	63,934	67,258	3,324	78,214
Total Intermediate Sources	<u>83,000</u>	<u>66,434</u>	<u>68,499</u>	<u>2,065</u>	<u>79,492</u>
State Sources					
State Equalization	4,009,973	3,976,679	4,014,587	37,908	3,654,057
Hold Harmless Kindergarten	42,000	46,681	46,995	314	44,850
Transportation	138,000	133,120	136,445	3,325	109,278
State Grants from CDE					
State ELPA	43,000	43,706	50,752	7,046	46,563
Add'l At-Risk Funding	-	-	9,893	9,893	-
Library Grant	80,000	4,000	4,000	-	4,807
Other CDE State Grants	9,113	9,113	-	(9,113)	-
State Vocational Education	50,000	55,980	64,043	8,063	72,900
State Grants Provided through BOCES	37,075	38,330	18,918	(19,412)	54,973
Total State Sources	<u>4,409,161</u>	<u>4,307,609</u>	<u>4,345,633</u>	<u>38,024</u>	<u>3,987,428</u>
Federal Sources					
Federal Grants from Other State Agencies					
NFS - Secure Rural Schools	334,000	308,750	303,931	(4,819)	325,896
Direct Federal Revenue					
Medicaid Reimbursement	46,135	46,135	57,268	11,133	46,758
Federal Provided through BOCES	18,000	35,218	35,218	-	29,093
Total Federal Sources	<u>398,135</u>	<u>390,103</u>	<u>396,417</u>	<u>6,314</u>	<u>401,747</u>
TOTAL REVENUES	<u>11,193,161</u>	<u>11,164,781</u>	<u>11,456,531</u>	<u>291,750</u>	<u>10,794,870</u>

(Continued)

See the accompanying Independent Auditors' Report

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			Variance with Final Budget	2015 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES					
Instruction					
Salaries	4,432,410	4,432,410	4,396,036	36,374	4,412,214
Benefits	1,485,391	1,485,391	1,377,751	107,640	1,349,242
PS - Professional	367,654	368,154	323,638	44,516	292,908
PS - Property	23,270	23,270	14,676	8,594	15,903
PS - Other	297,272	297,272	323,310	(26,038)	260,813
Supplies	348,453	348,453	262,948	85,505	302,685
Property	11,573	11,573	93,966	(82,393)	46,708
Other Expenses	(296,639)	(261,639)	(190,918)	(70,721)	(236,988)
Total Instruction	<u>6,669,384</u>	<u>6,704,884</u>	<u>6,601,407</u>	<u>103,477</u>	<u>6,443,485</u>
Supporting Services					
Pupil Support					
Salaries	291,691	291,691	287,918	3,773	255,075
Benefits	99,633	99,633	93,288	6,345	78,868
PS - Professional	21,615	21,615	18,666	2,949	18,906
PS - Other	3,200	3,200	2,033	1,167	2,732
Supplies	12,340	12,340	12,193	147	5,921
Other Expenses	2,850	2,850	1,229	1,621	688
Total Pupil Support	<u>431,329</u>	<u>431,329</u>	<u>415,327</u>	<u>16,002</u>	<u>362,190</u>
Staff Support					
Salaries	301,350	226,240	122,654	103,586	177,092
Benefits	67,223	45,778	24,664	21,114	39,027
PS - Professional	21,450	21,450	2,041	19,409	26,338
PS - Property	-	-	-	-	2,057
PS - Other	27,900	27,900	945	26,955	5,663
Supplies	30,404	34,404	21,743	12,661	14,076
Property	1,484	1,484	928	556	2,511
Other Expenses	1,160	1,160	-	1,160	850
Total Staff Support	<u>450,971</u>	<u>358,416</u>	<u>172,975</u>	<u>185,441</u>	<u>267,614</u>
General Administration					
Salaries	236,505	304,205	322,338	(18,133)	258,954
Benefits	58,754	80,709	76,796	3,913	56,397
PS - Professional	46,000	50,500	63,913	(13,413)	48,665
PS - Property	2,000	2,000	2,447	(447)	3,424
PS - Other	32,000	32,000	24,489	7,511	21,735
Supplies	3,000	3,000	14,801	(11,801)	9,413
Property	1,000	1,000	638	362	-
Other Expenses	21,342	21,342	32,784	(11,442)	25,097
Total General Administration	<u>400,601</u>	<u>494,756</u>	<u>538,206</u>	<u>(43,450)</u>	<u>423,685</u>
School Administration					
Salaries	535,931	535,931	522,760	13,171	518,970
Benefits	156,909	156,909	148,122	8,787	143,646
PS - Professional	2,600	2,600	818	1,782	1,036
PS - Other	8,653	8,653	10,507	(1,854)	9,942
Supplies	8,200	8,200	5,442	2,758	8,429
Property	1,500	1,500	1,491	9	1,149
Other Expenses	4,284	4,284	3,430	854	2,585
Total School Administration	<u>718,077</u>	<u>718,077</u>	<u>692,570</u>	<u>25,507</u>	<u>685,757</u>
(Continued)					

See the accompanying Independent Auditors' Report

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			Variance with Final Budget	2015 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	139,360	139,360	139,179	181	142,232
Benefits	45,051	45,051	43,968	1,083	43,189
PS - Professional	41,000	41,000	48,602	(7,602)	39,046
PS - Other	2,000	2,000	2,865	(865)	2,017
Supplies	2,000	2,000	9,142	(7,142)	1,722
Property	2,000	2,000	-	2,000	629
Other Expenses	500	500	-	500	-
Total Business Services	<u>231,911</u>	<u>231,911</u>	<u>243,756</u>	<u>(11,845)</u>	<u>228,835</u>
Operations and Maintenance					
Salaries	469,591	469,591	451,331	18,260	444,057
Benefits	158,159	158,159	150,333	7,826	144,231
PS - Professional	111,944	111,944	142,184	(30,240)	73,607
PS - Property	310,600	310,600	351,754	(41,154)	331,444
PS - Other	37,500	37,500	55,129	(17,629)	65,249
Supplies	95,024	95,024	82,906	12,118	102,690
Property	8,382	8,382	5,665	2,717	4,020
Total Operations and Maintenance	<u>1,191,200</u>	<u>1,191,200</u>	<u>1,239,302</u>	<u>(48,102)</u>	<u>1,165,298</u>
Transportation					
Salaries	358,080	358,080	345,470	12,610	353,720
Benefits	86,932	86,932	84,486	2,446	82,923
PS - Professional	11,000	11,000	29,597	(18,597)	8,671
PS - Property	13,400	13,400	18,871	(5,471)	11,764
PS - Other	21,200	21,200	19,106	2,094	15,793
Supplies	180,500	180,500	128,159	52,341	167,032
Property	10,000	10,000	2,663	7,337	9,002
Other Expenses	(134,005)	(134,005)	(110,983)	(23,022)	(129,682)
Total Transportation	<u>547,107</u>	<u>547,107</u>	<u>517,369</u>	<u>29,738</u>	<u>519,223</u>
Other Central Support					
Salaries	140,480	140,480	133,266	7,214	131,209
Benefits	37,797	37,797	35,345	2,452	35,594
PS - Professional	130,850	130,850	101,068	29,782	119,151
PS - Property	20,000	20,000	14	19,986	-
PS - Other	2,000	2,000	208	1,792	748
Supplies	16,940	16,940	27,289	(10,349)	14,859
Property	49,750	49,750	9,440	40,310	31,561
Total Other Central Support	<u>397,817</u>	<u>397,817</u>	<u>306,630</u>	<u>91,187</u>	<u>333,122</u>
Risk Management					
PS - Professional	-	-	36,886	(36,886)	-
PS - Other	168,962	168,962	137,164	31,798	160,711
Total Risk Management	<u>168,962</u>	<u>168,962</u>	<u>174,050</u>	<u>(5,088)</u>	<u>160,711</u>
Other Uses					
Up-Front Grant Match	-	-	192	(192)	-

(Continued)

See the accompanying Independent Auditors' Report

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			Variance with Final Budget	2015 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES (Continued)					
Debt Service					
Principal	91,096	98,316	95,233	3,083	90,567
Interest	30,058	30,058	30,732	(674)	32,779
Total Debt Service	<u>121,154</u>	<u>128,374</u>	<u>125,965</u>	<u>2,409</u>	<u>123,346</u>
Contingency	7,149,491	6,929,092	-	6,929,092	-
TOTAL EXPENDITURES	<u>18,478,004</u>	<u>18,301,925</u>	<u>11,027,749</u>	<u>7,274,176</u>	<u>10,713,266</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(7,284,843)	(7,137,144)	428,782	7,565,926	81,604
OTHER FINANCING SOURCES (USES)					
Transfers	(392,096)	(830,181)	(830,181)	-	(285,000)
Capital Lease Proceeds	-	-	62,232	62,232	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(392,096)</u>	<u>(830,181)</u>	<u>(767,949)</u>	<u>62,232</u>	<u>(285,000)</u>
CHANGE IN FUND BALANCE	(7,676,939)	(7,967,325)	(339,167)	7,628,158	(203,396)
BEGINNING FUND BALANCE	7,676,939	7,967,325	7,967,325	-	8,170,721
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,628,158</u>	<u>\$ 7,628,158</u>	<u>\$ 7,967,325</u>

See accompanying Independent Auditors' Report.

DESIGNATED GRANTS FUND

This fund is used to account for some of the Districts grants.

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
REVENUES				
Local Sources				
Donations	\$ 132,870	\$ 99,241	\$ (33,629)	\$ 51,100
State Sources				
State Grants from CDE				
READ Act Grant	15,400	15,400	-	17,658
SHP Grant	102,101	87,477	(14,624)	61,148
Educator Eff Liason Network Grant	18,000	18,000	-	25,000
State Grants from Other Agencies				
Other Agency State Grants	90,687	89,677	(1,010)	242,393
State Grants Provided through BOCES	-	-	-	872
Total State Sources	<u>226,188</u>	<u>210,554</u>	<u>(15,634)</u>	<u>347,071</u>
Federal Sources				
Federal Grants from CDE				
NCLB Title I, Part A - Improving Basic Programs	350,884	334,656	(16,228)	361,630
NCLB Title II, Part A - Teacher & Principal Training	74,180	74,291	111	75,208
RTTT - Early Learning Challenge	-	895	895	-
OBH Subst. Abuse Rev.	100,000	100,000	-	-
Race to the Top	-	-	-	6,882
Other Federal Grants	-	-	-	17,400
Federal Provided through BOCES	14,703	13,135	(1,568)	19,777
Total Federal Sources	<u>539,767</u>	<u>522,977</u>	<u>(16,790)</u>	<u>480,897</u>
TOTAL REVENUES	<u>898,825</u>	<u>832,772</u>	<u>(66,053)</u>	<u>879,068</u>
EXPENDITURES				
Instruction				
Salaries	204,439	165,751	38,688	158,487
Benefits	9,237	31,183	(21,946)	21,357
PS - Professional	18,050	10,000	8,050	2,090
PS - Other	7,685	15,486	(7,801)	729
Supplies	44,150	24,959	19,191	11,547
Property	5,000	5,000	-	26,670
Other Expenses	349,784	335,109	14,675	361,152
Total Instruction	<u>638,345</u>	<u>587,488</u>	<u>50,857</u>	<u>582,032</u>
Supporting Services				
Pupil Support				
Salaries	118,819	108,797	10,022	98,517
Benefits	35,301	33,717	1,584	28,157
PS - Professional	11,800	10,794	1,006	72,829
PS - Other	13,720	12,523	1,197	1,389
Supplies	22,998	24,477	(1,479)	13,270
Property	2,977	669	2,308	13,162
Total Pupil Support	<u>205,615</u>	<u>190,977</u>	<u>14,638</u>	<u>227,324</u>
Staff Support				
Salaries	4,160	-	4,160	3,000
Benefits	840	-	840	525
PS - Professional	10,895	15,895	(5,000)	-
PS - Other	-	-	-	7,233
Supplies	-	-	-	1,135
Total Staff Support	<u>15,895</u>	<u>15,895</u>	<u>-</u>	<u>11,893</u>
General Administration				
PS - Other	-	-	-	6,338
School Administration				
PS - Professional	18,000	18,000	-	25,000

(Continued)

See the accompanying Independent Auditors' Report

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015 Actual
	Final Budget	Actual		
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Operations and Maintenance				
Supplies	870	412	458	4,131
Other Central Support				
Salaries	9,000	7,556	1,444	9,013
Benefits	1,000	2,444	(1,444)	987
Total Other Central Support	10,000	10,000	-	10,000
Food Service				
Salaries	-	2,476	(2,476)	3,162
Benefits	-	510	(510)	13
PS - Professional	-	-	-	1,500
PS - Other	-	499	(499)	2,956
Supplies	10,000	6,515	3,485	3,719
Total Food Service	10,000	10,000	-	11,350
Community Support				
PS - Professional	-	-	-	1,000
Supplies	100	-	100	-
Total Community Support	100	-	100	1,000
TOTAL EXPENDITURES	898,825	832,772	66,053	879,068
CHANGE IN FUND BALANCE	-	-	-	-
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

**Archuleta School District 50JT
Balance Sheet
Nonmajor Governmental Funds
Food Service Fund
June 30, 2016
(With Comparative Totals for June 30, 2015)**

	Totals	
	2016	2015
ASSETS		
Cash and Investments	\$ 73,565	\$ 77,999
Other Accounts Receivable	671	639
Inventory	18,216	17,856
TOTAL ASSETS	\$ 92,452	\$ 96,494
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 198	\$ 2,230
Accrued Salaries & Benefits	25,190	25,236
Total Liabilities	25,388	27,466
Deferred Inflows of Financial Resources		
Deferred Inflows Other	9,236	10,906
Fund Balance		
Nonspendable Fund Balance	18,216	17,856
Assigned Fund Balance		
Assigned for Fund Purpose	39,612	40,266
Total Fund Balance	57,828	58,122
TOTAL LIABILITIES AND FUND BALANCE	\$ 92,452	\$ 96,494

See accompanying Independent Auditors' Report.

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Totals	
	2016	2015
REVENUES		
Local Sources	\$ 116,617	\$ 112,950
State Sources	7,495	9,201
Federal Sources	339,167	311,717
TOTAL REVENUES	463,279	433,868
 EXPENDITURES		
Food Service	483,573	442,969
TOTAL EXPENDITURES	483,573	442,969
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(20,294)	(9,101)
 OTHER FINANCING SOURCES (USES)		
Transfer In (Out) - net	20,000	20,000
CHANGE IN FUND BALANCE	(294)	10,899
BEGINNING FUND BALANCE	58,122	47,223
ENDING FUND BALANCE	\$ 57,828	\$ 58,122

See accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS

FOOD SERVICE FUND

This fund accounts for all financial activities associated with the District school lunch program.

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Investment Earnings	\$ 146	\$ 212	\$ 66	\$ 71
Food Service Revenue	93,100	116,405	23,305	112,880
Total Local Sources	<u>93,246</u>	<u>116,617</u>	<u>23,371</u>	<u>112,951</u>
State Sources				
State Grants from CDE				
State Match - Child Nutrition	4,100	4,122	22	4,189
Smart Start Nutrition	1,500	1,631	131	1,804
State K-2 Reduced Lunch	<u>2,000</u>	<u>1,742</u>	<u>(258)</u>	<u>3,208</u>
Total State Sources	<u>7,600</u>	<u>7,495</u>	<u>(105)</u>	<u>9,201</u>
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	65,000	69,977	4,977	65,545
National School Lunch Program	235,146	235,147	1	225,387
Federal Grants from Other State Agencies				
Commodities	<u>41,996</u>	<u>34,043</u>	<u>(7,953)</u>	<u>20,784</u>
Total Federal Sources	<u>342,142</u>	<u>339,167</u>	<u>(2,975)</u>	<u>311,716</u>
TOTAL REVENUES	<u>442,988</u>	<u>463,279</u>	<u>20,291</u>	<u>433,868</u>
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	152,528	152,900	(372)	148,310
Benefits	59,380	57,076	2,304	47,081
PS - Professional	4,300	2,512	1,788	2,410
PS - Property	-	19	(19)	-
PS - Other	2,350	2,013	337	2,774
Supplies	12,000	15,466	(3,466)	14,994
Food	224,588	218,977	5,611	204,026
Commodities	41,996	34,044	7,952	21,668
Property	<u>750</u>	<u>566</u>	<u>184</u>	<u>1,706</u>
TOTAL EXPENDITURES	<u>497,892</u>	<u>483,573</u>	<u>14,319</u>	<u>442,969</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(54,904)	(20,294)	34,610	(9,101)
OTHER FINANCING SOURCES (USES)				
Transfers	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>
CHANGE IN FUND BALANCE	(34,904)	(294)	34,610	10,899
BEGINNING FUND BALANCE	<u>34,904</u>	<u>58,122</u>	<u>23,218</u>	<u>47,223</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 57,828</u>	<u>\$ 57,828</u>	<u>\$ 58,122</u>

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

This fund is used to account for the repayment of the District's bonded debt.

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>2016</u>		Variance with Final Budget	<u>2015</u> Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Property Taxes	\$ 968,248	\$ 974,914	\$ 6,666	\$ 879,853
Specific Ownership Taxes	1,600	40,611	39,011	1,691
Delinquent Taxes	4,500	1,829	(2,671)	4,271
Investment Earnings	2,155	3,757	1,602	1,365
Other Local	-	-	-	4,219
TOTAL REVENUES	<u>976,503</u>	<u>1,021,111</u>	<u>44,608</u>	<u>891,399</u>
EXPENDITURES				
Supporting Services				
General Administration				
PS - Professional	1,000	750	250	750
Debt Service				
Principal	880,000	880,000	-	790,000
Interest	89,400	89,400	-	106,100
Total Debt Service	<u>969,400</u>	<u>969,400</u>	<u>-</u>	<u>896,100</u>
Contingency	<u>1,470,972</u>	<u>-</u>	<u>1,470,972</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,441,372</u>	<u>970,150</u>	<u>1,471,222</u>	<u>896,850</u>
CHANGE IN FUND BALANCE	(1,464,869)	50,961	1,515,830	(5,451)
BEGINNING FUND BALANCE	<u>1,464,869</u>	<u>1,464,869</u>	<u>-</u>	<u>1,470,320</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,515,830</u>	<u>\$ 1,515,830</u>	<u>\$ 1,464,869</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

This fund is used to account for the District's major capital outlay activity.

Archuleta School District 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2016

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
REVENUES				
Local Sources				
Investment Earnings	\$ 100	\$ 117	\$ 17	\$ 57
EXPENDITURES				
Instruction				
Property	121,811	104,888	16,923	51,800
Supporting Services				
General Administration				
Supplies	2,866	2,866	-	-
Operations and Maintenance				
Salaries	623	623	-	-
Benefits	115	115	-	-
Property	174,574	111,059	63,515	96,845
Total Operations and Maintenance	175,312	111,797	63,515	96,845
Transportation				
Property	286,925	286,925	-	108,410
Facilities/Capital Outlay				
PS - Professional	6,325	5,825	500	-
Buildings	252,028	18,212	233,816	-
Total Facilities/Capital Outlay	258,353	24,037	234,316	-
TOTAL EXPENDITURES	845,267	530,513	314,754	257,055
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(845,167)	(530,396)	314,771	(256,998)
OTHER FINANCING SOURCES (USES)				
Transfers	810,181	810,181	-	265,000
CHANGE IN FUND BALANCE - BUDGET BASIS	(34,986)	279,785	314,771	8,002
BEGINNING FUND BALANCE	34,986	34,986	-	26,984
ENDING FUND BALANCE	\$ -	\$ 314,771	\$ 314,771	\$ 34,986

See accompanying Independent Auditors' Report.

FIDUCIARY FUNDS

Private Purpose Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The District's private purpose trust fund is its Scholarship Fund.

The District has established agency funds to account for various student activity groups and contributions from private organizations. The agency funds are custodial in nature and do not involve measurement of results of operations. This fund is the Pupil Activity Agency Fund.

Archuleta School District 50JT
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
A.S.E. - Mooney - Hughes P.A.C. Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015	
	Final Budget	Actual		Budget	Actual
ADDITIONS					
Local Sources	\$ 1,520	\$ 1,935	\$ 415	\$ 3,314	
DEDUCTIONS					
Instruction	30,000	-	30,000	-	
Other Supporting Services	780	3,698	(2,918)	8,265	
Contingency	528,642	-	528,642	-	
TOTAL DEDUCTIONS	<u>559,422</u>	<u>3,698</u>	<u>555,724</u>	<u>8,265</u>	
CHANGE IN NET POSITION	(557,902)	(1,763)	556,139	(4,951)	
BEGINNING NET POSITION	<u>557,902</u>	<u>557,902</u>	-	<u>562,853</u>	
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 556,139</u>	<u>\$ 556,139</u>	<u>\$ 557,902</u>	

See accompanying Independent Auditors' Report.

Archuleta School District 50JT
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Pupil Activity Agency Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015	
	Final Budget	Actual		Budget	Actual
ADDITIONS					
Local Sources	\$ 137,047	\$ 175,617	\$ 38,570	\$ 145,282	
DEDUCTIONS					
Instruction	175,047	156,310	18,737	147,657	
Contingency	61,924	-	61,924	-	
TOTAL DEDUCTIONS	236,971	156,310	80,661	147,657	
CHANGE IN NET POSITION	(99,924)	19,307	119,231	(2,375)	
BEGINNING NET POSITION	99,924	99,924	-	102,299	
ENDING NET POSITION	\$ -	\$ 119,231	\$ 119,231	\$ 99,924	

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 0220 - ARCHULETA COUNTY 50 JT
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	7,967,325		10,688,582	11,027,750		7,628,158
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	7,967,325		10,688,582	11,027,750		7,628,158
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
21 Food Service Spec Revenue Fund	58,122		483,279	483,573		57,828
22 Govt Designated-Purpose Grants Fund	0		832,772	832,772		0
23 Pupil Activity Special Revenue Fund	0		0	0		0
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	1,464,869		1,021,111	970,150		1,515,830
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	34,986		810,298	530,512		314,771
Totals	9,525,302		13,836,042	13,844,757		9,516,588
Proprietary						
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	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	557,902		1,935	3,699		556,139
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	99,924		175,617	156,310		119,231
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	657,826		177,552	160,009		675,370

FINAL

*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.



Colorado Department of Education

Bolded Balance Sheet Report

District: 0220 - ARCHULETA COUNTY 50 JT

Fiscal Year 2015-16

Colorado School District/BOCES

ASSETS	Governmental						Proprietary				Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	8,397,665	0	0	73,565	26,445	0	347,257	0	0	0	0	0	9,520,302
Cash with Fiscal Agent (8105)	40,560	0	0	0	0	1,436,049	0	0	0	0	0	0	1,476,609
Taxes Receivable (8121,8122)	464,812	0	0	0	0	80,531	0	0	0	0	0	0	545,343
Interfund Loans Receivable (8131,8132)	12,988	0	0	0	0	0	0	0	0	0	0	0	12,988
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	0	0	0	0	73,372	0	0	0	0	0	0	0	73,372
Other Receivables (8151-8154,8161)	0	0	0	671	0	0	0	0	0	0	0	0	671
Inventories (8171,8172,8173)	0	0	0	18,216	0	0	0	0	0	0	0	0	18,216
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	8,916,025	0	0	92,453	99,817	1,516,580	347,257	0	0	0	675,370	0	11,647,502

	Governmental					Proprietary				Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
LIABILITIES & FUND EQUITY												
LIABILITIES												
Interfund Payables (7401,7402)	0	0	0	0	12,238	750	0	0	0	0	0	12,988
Other Payables (7421-7423)	67,418	0	0	198	3,888	0	32,486	0	0	0	0	103,989
Accrued Expenses (7461)	1,217,184	0	0	25,190	0	0	0	0	0	0	0	1,242,374
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	9,236	0	0	0	0	0	0	0	9,236
Deferred Inflow Grants (7801)	3,265	0	0	0	83,691	0	0	0	0	0	0	86,956
Total Liabilities	1,287,867	0	0	34,624	99,817	750	32,486	0	0	0	0	1,455,544

Fiduciary

Proprietary

Governmental

FUND EQUITY	Governmental										Proprietary						Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals					
Non-spendable Fund Balance 6710	0	0	0	18,216	0	0	0	0	0	0	0	0	18,216					
Restricted Fund Balance 6720	0	0	0	0	0	1,515,830	0	0	0	0	0	0	1,515,830					
TABOR 3% Emergency Reserve 6721	346,000	0	0	0	0	0	0	0	0	0	0	0	346,000					
TABOR Multi-Year 6722	198,667	0	0	0	0	0	0	0	0	0	0	0	198,667					
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0					
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0					
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0					
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0					
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0					
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0					
Assigned Fund Balance 6760	0	0	0	39,613	0	0	314,771	0	0	0	0	0	354,384					
Unassigned Fund Balance 6770	7,083,491	0	0	0	0	0	0	0	0	675,370	0	0	7,758,860					
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0					
Restricted Net Assets 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	0	0	0	0	0	0	0	0	0	0	0	0	0					
Total Fund Equity	7,628,158	0	0	57,828	0	1,515,830	314,771	0	0	675,370	0	0	10,191,958					

Total Liabilities & Fund Equity	Governmental						Proprietary						Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
8,916,025	8,916,025	0	0	92,453	99,817	1,516,580	347,257	0	0	675,370	0	11,647,502		

Do Assets=Liability+Fund Equity	Governmental						Proprietary						Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk Related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
For Each Fund Type:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

SINGLE AUDIT COMPLIANCE

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Archuleta School District 50 JT
Pagosa Springs, Colorado

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance *Government Auditing Standards*

Independent Auditors' Report

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Archuleta School District 50 JT (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Englewood, Colorado
December 7, 2016

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Archuleta School District 50 JT
Pagosa Springs, Colorado

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited the Archuleta School District 50 JT (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's, Colorado's major federal programs for the year ended June 30, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 of a control 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Archuleta School District 50 JT
Report on Compliance, Report on Internal Control Over Compliance and
Report on Schedule of Expenditures of Federal Awards

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements the Archuleta School District 50 JT, as of and for the year ended June 30, 2016, and have issued our report thereon dated December 7, 2016 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 basic 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.



Englewood, Colorado
December 7, 2016

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Findings and Questioned Costs
June 30, 2016

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ yes x no

Identification of major program:

84.010 NCLB Title I, Part A - Improving Basic Programs

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes _____ no

Findings Related to Financial Statements

None noted.

Findings and Questioned Costs for Federal Awards

None noted.

Archuleta School District 50JT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<u>Grantor/Grant Title</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Passthrough Colorado Department of Education			
NCLB Title I, Part A - Improving Basic Programs	4010	84.010	\$ 334,656
NCLB Title II, Part A - Teacher & Principal Training	4367	84.367	74,291
Race to the Top - Phase 3	4413	84.413	895
Total U.S. Department of Education			<u>409,842</u>
U.S. Department of Health and Human Services			
Passthrough Colorado Department of Human Services			
Block Grants for Prevention and Treatment of Substance Abuse	7959	93.959	<u>100,000</u>
U.S. Department of Agriculture			
Passthrough Archuleta County			
Secure Rural Schools	7665	10.665	303,931
Passthrough Colorado Department of Education			
School Breakfast Program	4553	10.553	69,977
National School Lunch Program	4555	10.555	235,147
Passthrough Colorado Department of Human Services			
Commodities	4555	10.555	34,044
Total U.S. Department of Agriculture			<u>643,099</u>
Total Federal Expenditures			<u>\$ 1,152,941</u>

See accompanying Independent Auditors' Report.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards, (the "Schedule"), includes the federal award activity of the Archuleta School District 50JT, (the "District") under the programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: 10% DE MINIMUS COST RATE

The District did not utilize the 10% de minimis cost rate allowed under the Uniform Guidance.

NOTE 3: SUBRECIPIENTS

There were no subrecipients that received funding from the District for the fiscal year.