

**BUENA VISTA SCHOOL DISTRICT NO. R-31
BUENA VISTA, COLORADO**

FINANCIAL STATEMENTS

June 30, 2016



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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Education
Buena Vista School District No. R-31
Buena Vista, 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 Buena Vista School District No. R-31, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buena Vista School District No. R-31, as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share, and the schedule of the District's contributions on pages 31-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis 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 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 combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Lutler & Associates, LLC

December 12, 2016

**Buena Vista School District R-31
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

The discussion and analysis of Buena Vista School District R-31's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

FINANCIAL HIGHLIGHTS

- In total, the net position of the District decreased by \$696,372. The liabilities of the Buena Vista School District R-31 exceeded its assets at the close of the most recent fiscal year by \$2,089,064. Fiscal year 2016 saw an increase in the Net Pension Liability of \$2,646,446 resulting in a balance in Net Pension of \$21,263,422 as compared to a Net Pension of \$18,616,976 at the close of fiscal year 2015.
- General Revenues accounted for \$10,562,465 in revenue or 85 percent of all governmental revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,848,513 or 15 percent of total governmental revenues of \$12,410,978.
- The District incurred \$12,065,497 in expenses related to total Government activities. The District received revenue of \$12,398,260. The excess of revenue over expenses was primarily caused by one time receipts of a \$100,000 GOCO grant and the receipt from the state for small rural schools funding of \$241,115.
- The Food Service Fund has been included in with Other Governmental Funds on the Statement of Revenues, Expenditures and Changes in Fund Balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: Management’s Discussion and Analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
- The government funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The supplementary information contains combining statements for non major governmental funds, as well as budgetary comparisons for all other funds.

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. All of the 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) are one way to measure the District’s financial position. Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating. To assess the District’s overall health, you need to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school facilities.

**Buena Vista School District R-31
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

- **Governmental activities-** Most of the District's basic services are included here, such as instruction, transportation, maintenances and operation, and administration. These activities are financed mainly through property taxes and state equalization funds. Because of the change in classification, the Food Service fund is also reported under governmental activities as a special revenue fund. The Food Service fund receives much of its revenue from federal reimbursements with the balance of revenue from charging students and staff and transfers from the General fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District used to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

The District maintains six separate Governmental funds and one Agency Fund which encompasses the student activities at the school level:

Governmental funds- Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one 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 reconciliations of the governmental funds statements to the district-wide statements explain the relationships (or differences) between them.

**Buena Vista School District R-31
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position is used to serve as a potential indicator of a government's financial position. However, with the new requirement under GASB 68, the District has incurred a proportional share of net unfunded liability of \$21,263,422 for fiscal year end 2016. This has resulted in liabilities including deferred inflows exceeding assets and deferred outflows by \$2,089,064.

Table 1

Condensed Statement of Net Position

Assets and Deferred Outflows:	<u>2015</u>	<u>2016</u>	<u>Net Difference</u>
Current Assets	\$ 6,895,926	\$ 7,253,184	\$ 357,258
Capital Assets	15,605,797	15,080,982	(524,815)
Deferred Outflow	1,689,175	3,380,050	1,690,875
Total Assets and Deferred Outflows:	<u>\$24,190,898</u>	<u>\$25,714,216</u>	<u>\$ 1,523,318</u>
Liabilities and Deferred Inflows			
Current Liabilities	1,978,016	1,988,289	10,273
Long Term Liabilities	4,987,556	4,250,194	(737,362)
Pension Liability	18,616,976	21,263,422	2,646,446
Deferred Outflow Related to Pensions	1,042	301,375	300,333
Total Liabilities and Deferred Inflows	<u>\$ 25,583,590</u>	<u>\$ 27,803,280</u>	<u>\$ 2,219,690</u>
Net Position			
Invested in Capital Assets	9,789,646	9,990,452	200,806
Restricted	1,902,627	2,062,623	159,996
Unrestricted	(13,084,965)	(14,142,139)	(1,057,174)
Total Net Position	<u>\$ (1,392,692)</u>	<u>\$ (2,089,064)</u>	<u>\$ (696,372)</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 24,190,898</u>	<u>\$ 25,714,216</u>	<u>\$ 1,523,318</u>

**Buena Vista School District R-31
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

The largest portion of the Districts assets are capital assets. This is the result of the construction of the addition of the elementary school wing. The balance of current assets are primarily cash and investments. At the close of the fiscal year, the District reported a negative net position due to the implementation of GASB 68.

Table 2

Buena Vista School District Change in Net Position

	<u>2015</u>	<u>2016</u>	<u>Net Difference</u>
Program Revenues			
Charges for services	\$ 192,285	\$ 229,326	\$ 37,041
Operating Grants and Contributions	1,708,368	1,619,187	(89,141)
General Revenues			
Property taxes	5,601,864	5,894,352	292,488
Specific Ownership taxes	625,097	663,726	38,629
State Equalization	3,509,547	3,708,984	199,437
Other Revenues	203,572	282,025	78,473
Investment Earnings	8,616	13,378	4,762
Total Revenues	\$ 11,849,349	\$ 12,410,978	\$ 561,629
Expenses			
Instruction	\$ 6,388,270	7,634,740	1,246,470
Supporting Services	4,609,943	5,368,319	758,376
Interest on long-term debt	104,921	104,291	(630)
Total Expenses	\$ 11,103,134	\$ 13,107,350	\$ 2,004,216
change in net position	746,215	(696,372)	(1,442,587)
Net position -beginning	(2,138,907)	(1,392,692)	(746,215)
Net-position-ending	\$ (1,392,692)	\$ (2,089,064)	\$ (696,372)

**Buena Vista School District R-31
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Governmental Activities

A large part of the District's revenue comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$7,500 per funded student for the close of 2016. In fiscal year 2016, the funded pupil count was 914.5. As noted earlier the Food Service fund was reclassified as a special revenue fund and is no longer an enterprise fund of the District. This program is included in with other governmental funds. The General Fund did transfer to the Food Service fund \$70,000. In addition, the Food Service fund received Federal and state revenue of \$238,954 which includes commodity contributions of \$23,165.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,992,676, an increase of \$332,763 in comparison with the prior year. The increase was primarily due to a grant received from GOCO for \$100,000 for the playground at the elementary school in which the funds were expended in the prior year as well as one-time revenue from the state of Colorado per HB15-1321 for \$228,136.

Approximately 24 percent of this total amount of fund balance or \$1,454,610 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable ,restricted or assigned to indicate that it is not available for new spending because it has already been committed to comply with emergency reserve statutory requirements \$350,000, pay debt service of \$1,303,914 and to set aside funding for the District's insurance and capital projects totaling \$2,851,774.

**Buena Vista School District R-31
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

The General fund is the chief operating fund for the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$1,454,610 or down \$49,360 from the previous year. This decrease was due to fund balance being assigned for capital outlay and technology projects in the District. Total fund balance increased to \$4,377,378.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.7 percent of total general fund expenditures, while total fund balance represents 41 percent of that same amount.

The District's General Fund Balance increased \$309,774 during the current fiscal year primarily because of a grant received from GOCO for \$100,000 for the playground at the elementary school in which the funds were expended in the prior year as well as one-time revenue from the state of Colorado per HB15-1321 for \$228,136.

The debt service fund has a total fund balance of \$1,303,914 all of which is restricted for the payment of debt service.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Actual expenditures were under budget, primarily because the District did not use all the reserve request.

CAPITAL ASSET ADMINISTRATION

By the end of 2016, the District has invested \$15,080,982 in land, buildings and equipment (including vehicles), all of this total was from governmental activities. Additional information on the District's capital assets can be found in Footnote 4 of this report.

**Buena Vista School District R-31
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

DEBT ADMINISTRATION

At the end of the current fiscal year, the District had total bonded debt outstanding of \$4,475,000.

State statutes limit the amount of general obligation debt a governmental entity may issue to the largest of twenty percent of its assessed value or six percent of its market value. The current debt limitation for the District using the assessed value approach is \$36,178,569 which is significantly in excess of the District's outstanding general obligation debt. Under the actual value approach, the District's debt limit is 89,638,426.

Additional information on the District's long-term debt can be found in Note 6 of the audited report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, 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 Business Office, Buena Vista School District R-31, P.O. Box 2027, Buena Vista, Colorado 81211.

BASIC FINANCIAL STATEMENTS

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Investments	\$ 6,672,588	\$ 6,118,590
Taxes Receivable	329,424	312,201
Accounts Receivable	95,752	429,771
Other Receivables	123,042	-
Prepaid Items	21,439	21,439
Inventories	10,939	13,925
Capital Assets, Not Depreciated	1,175,321	1,175,321
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>13,905,661</u>	<u>14,430,476</u>
TOTAL ASSETS	<u>22,334,166</u>	<u>22,501,723</u>
DEFERRED OUTFLOW OF RESOURCES		
Loss on Refunding	5,516	18,761
Related to Pensions	<u>3,374,534</u>	<u>1,670,414</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,380,050</u>	<u>1,689,175</u>
LIABILITIES		
Accounts Payable	34,485	38,251
Accrued Salaries and Benefits	1,107,952	1,092,409
Noncurrent Liabilities		
Due Within One Year	845,852	847,356
Due in More Than One Year	4,250,194	4,987,556
Pension Liability	<u>21,263,422</u>	<u>18,616,976</u>
TOTAL LIABILITIES	<u>27,501,905</u>	<u>25,582,548</u>
DEFERRED OUTFLOW OF RESOURCES		
Related to Pensions	<u>301,375</u>	<u>1,042</u>
NET POSITION		
Investment in Capital Assets	9,990,452	9,789,646
Restricted for Debt Service	1,303,914	1,272,933
Restricted for Capital Projects	296,709	326,828
Restricted for Emergencies	350,000	300,000
Restricted for Insurance	112,000	2,866
Unrestricted	<u>(14,142,139)</u>	<u>(13,084,965)</u>
TOTAL NET POSITION	<u>\$ (2,089,064)</u>	<u>\$ (1,392,692)</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2016	2015
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 7,634,740	\$ -	\$ 1,278,925	\$ (6,355,815)	\$ (5,367,038)
Supporting Services	5,368,319	229,326	340,262	(4,798,731)	(3,730,522)
Interest and Fiscal Charges	104,291	-	-	(104,291)	(104,921)
Total Governmental Activities	13,107,350	229,326	1,619,187	(11,258,837)	(9,202,481)
GENERAL REVENUES					
				5,894,352	5,601,864
Local Property Taxes				663,726	625,097
Specific Ownership Taxes				3,708,984	3,509,547
State Equalization				282,025	203,572
Other Revenues				13,378	8,616
Earnings on Investments					
TOTAL GENERAL REVENUES				10,562,465	9,948,696
CHANGE IN NET POSITION				(696,372)	746,215
NET POSITION, Beginning				(1,392,692)	(2,138,907)
NET POSITION, Ending				\$ (2,089,064)	\$ (1,392,692)

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Bond Redemption	Capital Projects	Other Governmental Funds	Total Governmental Funds	
					2016	2015
ASSETS						
Cash and Investments	\$ 5,092,294	\$ 1,251,702	\$ 296,709	\$ 31,883	\$ 6,672,588	\$ 6,118,590
Taxes Receivable	278,249	51,175	-	-	329,424	312,201
Accounts Receivable	95,752	-	-	-	95,752	429,771
Other Receivables	103,467	19,575	-	-	123,042	-
Inventory	-	-	-	10,939	10,939	13,925
Prepaid Expenses	21,439	-	-	-	21,439	21,439
TOTAL ASSETS	\$ 5,591,201	\$ 1,322,452	\$ 296,709	\$ 42,822	\$ 7,253,184	\$ 6,895,926
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 32,785	\$ -	\$ -	\$ 1,700	\$ 34,485	\$ 38,251
Accrued Salaries and Benefits	1,081,505	-	-	26,447	1,107,952	1,092,409
Unearned Revenues	99,533	18,538	-	-	118,071	105,353
TOTAL LIABILITIES	1,213,823	18,538	-	28,147	1,260,508	1,236,013
FUND BALANCES						
Nonspendable	21,439	-	-	10,939	32,378	35,364
Restricted for Emergencies	350,000	-	-	-	350,000	300,000
Restricted for Insurance	112,000	-	-	-	112,000	2,866
Restricted for Debt Service	-	1,303,914	-	-	1,303,914	1,272,933
Restricted for Capital Projects	-	-	296,709	-	296,709	326,828
Assigned	2,439,329	-	-	3,736	2,443,065	2,217,952
Unassigned	1,454,610	-	-	-	1,454,610	1,503,970
TOTAL FUND BALANCES	4,377,378	1,303,914	296,709	14,675	5,992,676	5,659,913
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,591,201	\$ 1,322,452	\$ 296,709	\$ 42,822		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	15,080,982	15,605,797
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.	118,071	105,353
Long-term liabilities and related deferred outflows, including bonds payable (\$4,601,288), loss on refunding \$5,516, early retirement (\$285,613), and compensated absences (\$209,145) are not due and payable in the current period and are not reported in the funds.	(5,090,530)	(5,816,151)
Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$21,263,422) deferred outflows related to pensions \$3,374,534 and deferred inflows related to pensions (\$301,375).	(18,190,263)	(16,947,604)
Net position of governmental activities	<u>\$ (2,089,064)</u>	<u>\$ (1,392,692)</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General	Bond Redemption	Capital Projects	Other Governmental Funds	Total Governmental Funds	
					2016	2015
REVENUES						
Local Sources	\$ 5,972,808	\$ 921,706	\$ 21	\$ 175,554	\$ 7,070,089	\$ 6,643,178
State Sources	4,379,339	-	-	9,124	4,388,463	4,300,231
Federal Sources	709,878	-	-	229,830	939,708	917,684
TOTAL REVENUES	11,062,025	921,706	21	414,508	12,398,260	11,861,093
EXPENDITURES						
Current						
Instruction	6,245,124	-	-	-	6,245,124	6,044,106
Supporting Services	4,376,765	-	-	462,381	4,839,146	4,683,835
Capital Outlay	30,362	-	60,140	-	90,502	899,605
Debt Service						
Principal	-	775,000	-	-	775,000	760,000
Interest and Fiscal Charges	-	115,725	-	-	115,725	129,600
TOTAL EXPENDITURES	10,652,251	890,725	60,140	462,381	12,065,497	12,517,146
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	409,774	30,981	(60,119)	(47,873)	332,763	(656,053)
OTHER FINANCING SOURCES (USES)						
Transfer Out	(100,000)	-	-	-	(100,000)	(85,000)
Transfer In			30,000	70,000	100,000	85,000
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	-	30,000	70,000	-	-
NET CHANGE IN FUND BALANCES	309,774	30,981	(30,119)	22,127	332,763	(656,053)
FUND BALANCES, Beginning	4,067,604	1,272,933	326,828	(7,452)	5,659,913	6,315,966
FUND BALANCES, Ending	<u>\$ 4,377,378</u>	<u>\$ 1,303,914</u>	<u>\$ 296,709</u>	<u>\$ 14,675</u>	<u>\$ 5,992,676</u>	<u>\$ 5,659,913</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ 332,763
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$551,902) and loss on disposal of assets (\$3,275) exceeded capital outlay \$30,362 in the current period.	(524,815)
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.	12,718
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These include bond principal payments \$775,000, increase in early retirement (\$57,467) increase in compensated absences (\$3,346), amortization of bond premium \$24,679 and loss on refunding (\$13,245).	725,621
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	<u>(1,242,659)</u>
Change in net position of governmental activities	<u>\$ (696,372)</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 266,034</u>
LIABILITIES	
Due to Student Groups	<u><u>\$ 266,034</u></u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Buena Vista School District No. R-31 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

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

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Bond Redemption Fund* accounts for resources accumulated for, and payments made on, long-term debt obligations of the District's governmental funds.

The *Capital Projects Fund* accounts for resources accumulated for, and payments made on, long-term debt obligations related to the District's Best grant project.

Additionally, the District reports the following fund types:

The *Agency Fund* is used to account for resources used to support each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the District considers cash and cash equivalents to be all demand deposits as well as short- term investments with a maturity date of three months or less. Investments are stated at fair value.

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

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

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives.

Land Improvements	20 years
Buildings and Improvements	50 years
Equipment	5 to 20 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. These compensated absences are recognized as current salary costs when accrued in the proprietary fund types and when paid in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Employees earn 10 – 20 days of vacation leave annually based on the length of service. District policy allows employees to carryover two years of unused vacation leave into the next year. All outstanding vacation leave is payable upon resignation, termination, retirement, or death.

Employees also earn sick leave and can accumulate up to 90 days. Accumulated sick leave is payable only upon retirement at 100% of the daily substitute teachers' per diem rates as specified in the District's policy. Upon resignation, termination, or death, any outstanding sick leave is forfeited.

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Net Position— The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District considers prepaid expenses and inventories as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District has also classified amounts held for insurance, capital projects, and amounts held for debt service as restricted as required by the Colorado Department of Education and the bond trustee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified portions of the fund balances of the General Fund, Food Service Fund, and Capital Reserve Fund as assigned because their use has been designated for a specific purpose by the Finance Director.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on a Non-GAAP 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:

- 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.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund equity at fiscal yearend because they have lapsed and are pending reinstatement.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Deposits	\$ 1,388,102
Investments	<u>5,550,520</u>
Total Cash and Investments	<u>\$ 6,938,622</u>

Cash and investments are reported in the financial statements as follows:

Governmental Activities	\$ 6,672,588
Fiduciary Funds	<u>266,034</u>
Total	<u>\$ 6,938,622</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2016, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all 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 District has no policy regarding custodial credit risk for deposits.

At June 30, 2016, the District had deposits with financial institutions with a carrying amount of \$1,388,102. The bank balances with the financial institutions were \$1,502,110. Of these balances, \$251,388 was covered by federal depository insurance and \$1,250,722 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

As of June 30, 2016, the District has the following investments:

	<u>Fair Value</u>	<u>Investment Maturity (Years)</u>	
		<u>Less than One Year</u>	<u>1 to 5 Years</u>
Governmental Agency Securities	\$ 465,391	\$ 465,391	\$ -
Money Markets	180,374	180,374	-
Colostrust	<u>4,904,755</u>	<u>4,904,755</u>	<u>-</u>
Total	<u>\$ 5,550,520</u>	<u>\$ 5,550,520</u>	<u>\$ -</u>

Interest Rate Risk

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

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The Government Agency Securities above are authorized for all funds and fund types used by Colorado school districts, and have a credit rating of AA+ and Aaa by Standard and Poor's and Moody's, respectively.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

The District had invested \$4,904,755 in the Colorado Government Liquid Asset Trust (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. The Fund operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. The Fund is rated AAAM by Standard and Poor's.

NOTE 4: CAPITAL ASSETS

	Balances <u>6/30/15</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/16</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ <u>1,175,321</u>	-	-	\$ <u>1,175,321</u>
Capital Assets, depreciated				
Land Improvements	1,530,501	-	-	1,530,501
Buildings and Improvements	20,255,854	-	-	20,255,854
Equipment	<u>1,445,623</u>	<u>30,362</u>	<u>26,200</u>	<u>1,449,785</u>
Total Capital Assets, depreciated	<u>23,231,978</u>	<u>30,362</u>	<u>26,200</u>	<u>23,236,140</u>
Less Accumulated Depreciation				
Land Improvements	687,838	70,405	-	758,243
Buildings and Improvements	7,121,449	414,118	-	7,535,567
Equipment	<u>992,215</u>	<u>67,379</u>	<u>22,925</u>	<u>1,036,669</u>
Total Accumulated Depreciation	<u>8,801,502</u>	<u>551,902</u>	<u>22,925</u>	<u>9,330,479</u>
Total Capital Assets, depreciated, Net	<u>14,430,476</u>	<u>(521,540)</u>	<u>3,275</u>	<u>13,905,661</u>
Governmental Activities, Capital Assets, Net	<u>\$ 15,605,797</u>	<u>\$ (521,540)</u>	<u>\$ 3,275</u>	<u>\$ 15,080,982</u>

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

Governmental Activities	
Instruction	\$ 496,712
Supporting Services	<u>55,190</u>
Total	<u>\$ 551,902</u>

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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, were \$1,081,505 and \$26,447 in the General and Food Service Funds, respectively.

NOTE 6: LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2016:

	Balance <u>6/30/15</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/16</u>	Due In <u>One Year</u>
Series 2012 Refunding					
Bonds (2002 GO)	\$ 1,185,000	-	\$ 590,000	\$ 595,000	\$ 595,000
Series 2012 Premium	24,743	-	17,466	7,277	-
2013 General Obligation					
Bonds	4,065,000	-	185,000	3,880,000	195,000
Series 2013 Premium	126,224	-	7,213	119,011	-
Early Retirement	228,146	131,940	74,473	285,613	55,852
Compensated Absences	<u>205,799</u>	<u>3,346</u>	<u>-</u>	<u>209,145</u>	<u>-</u>
Total	<u>\$ 5,834,912</u>	<u>\$ 135,286</u>	<u>\$ 874,152</u>	<u>\$ 5,096,046</u>	<u>\$ 845,852</u>

Compensated absences and early retirement are expected to be liquidated with revenues of the General Fund.

General Obligation Bonds

On October 16, 2012, the District issued General Obligation Refunding Bonds Series 2012, in the amount of \$2,325,000. Proceeds were used to advance refund a portion of the 2002 General Obligation Bonds. The bonds are due in annual installments starting on December 1, 2013 through December 1, 2017. These bonds bear interest at 1.0% to 2.5% payable semi-annually on June and December 1. As of June 30, 2016, \$595,000 was outstanding on these bonds.

On February 20, 2013, the District issued General Obligation Bonds Series 2013, in the amount of \$4,460,000. Proceeds were used to finance costs of acquisition, construction, and equipment improvements at District facilities. These bonds bear interest ranging from 2.0% to 3.0%. Interest only payments are due annually on June 1 and payments of principal and interest are due annually on December 1 through 2033. As of June 30, 2016, \$3,880,000 was outstanding on these bonds.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6: LONG-TERM DEBT (Continued)

Debt Service requirements to maturity for the bonds are as follows:

Year Ended <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 790,000	\$ 99,988	\$ 889,988
2018	195,000	90,138	285,138
2019	200,000	86,188	286,188
2020	200,000	82,188	282,188
2021	205,000	78,138	283,138
2022-2026	1,100,000	325,019	1,425,019
2027-2031	1,235,000	176,488	1,411,488
2032-2033	<u>550,000</u>	<u>16,650</u>	<u>566,650</u>
Total	<u>\$ 4,475,000</u>	<u>\$ 954,797</u>	<u>\$ 5,429,797</u>

Early Retirement

The District has an early retirement plan available for qualified employees. Benefits under the plan are based on a multiple of the difference between the retiring person’s salary and an entry level person’s salary. Payment schedules are negotiated with management by the retiring employee of the District and usually are spread over five years. Early retirement payments are reviewed annually by the Board of Education and are subject to annual appropriation by the Board.

NOTE 7: JOINTLY GOVERNED ORGANIZATIONS

BOCES

The District, in conjunction with other surrounding districts, created the Mountain Board of Cooperative Educational Services (the “BOCES”). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The BOCES financial statements can be obtained at their office located at 1713 Mount Lincoln Drive West, Leadville, Colorado 80461. The District paid \$59,237 to the BOCES during the year, and no amount was owed as of June 30, 2016.

NOTE 8: 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.

NOTE 8: 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.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 8: 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:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate ¹	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	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF ¹	17.33%	18.13%

¹Rates 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 Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF School were \$1,149,204 for the year ended June 30, 2016.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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 \$21,263,422 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 the 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 0.13902%, which was an increase of 0.00167% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$2,391,863. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$280,786	\$886
Net difference between projected and actual earnings on pension plan investments	\$1,807,987	N/A
Changes in assumptions and other inputs	N/A	\$300,489
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$694,142	N/A
Contributions subsequent to the measurement date	\$591,619	N/A
Total	\$3,374,534	\$301,375

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$591,619 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,	
2017	\$798,292
2018	\$798,450
2019	\$514,048
2020	\$370,750

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

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90%-10.10%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future 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

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.

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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.

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Asset Class	Target Allocation	10 Year Expected Geometric Real 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 applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

NOTE 8: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

Based on the above actuarial cost method and 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 Academy'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 percent, 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 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$27,563,610	\$21,263,422	\$16,022,841

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.

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.

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

Other Post-Employment Benefits (Continued)

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 percent 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, 2014, 2015 and 2016, the District’s employer contributions to the HCTF were \$57,251, \$60,593, and \$62,516 respectively, equal to their required contributions for each year.

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or District coverage amounts in any of the past three years.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state 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 the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. In November 1999, electors within the District authorized the District to collect, retain and expend all revenues collected or received by the District effective for the 1997-98 fiscal year and each subsequent year thereafter, notwithstanding the limitations of the Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. A reservation of equity in the General Fund in the amount of \$350,000 has been recorded as an emergency reserve in accordance with the Amendment.

NOTE 11: SUBSEQUENT EVENTS

Purchase and Sale Agreement

On August 10, 2016, the District entered into a purchase and sale agreement with the Town of Buena Vista, Colorado. The District has agreed to convey the District's existing property currently used as the District's baseball and soccer field to the Town. Under the terms of the agreement, the Town will seek voter approval in the April 2017 special election to sell the Town's River Park parcel to the District as payment for the conveyance of the District's property to the Town. Should the Town fail to get voter approval for the sale in April 2017, then the Town agrees to seek approval during the Town's regular election in April 2018. Upon execution of the purchase and sale agreement the District and the Town have also entered into a land lease agreement.

Land Lease Agreement

On August 10, 2016, the District entered into a land lease agreement with the Town of Buena Vista, Colorado for the lease of the Town's River Park property for the use as a mixed used property for baseball and soccer fields. The lease will commence upon completion of the mixed use baseball and soccer field which will be designed and constructed by the Town of Buena Vista and is to be completed during the Spring of 2017. The lease is for 99 years. The District is not required to make rent payment as the conveyance of the District's existing baseball and soccer field to the Town will be considered rent payment under the terms of the agreement.

Purchase and Sale Agreement – Rodeo Grounds Parcel

On August 10, 2016, the District entered into a purchase and sale agreement with the Town of Buena Vista, Colorado for the conveyance of the Town's five acre parcel described as the Town's rodeo grounds for the purchase price of \$10. Pursuant to the purchase and sale agreement of the District's baseball and soccer field property, the Town will seek voter approval to convey the Town's River Park property to the District. Once the Town has received voter approval, ownership of the rodeo grounds parcel will revert back to the Town.

NOTE 12: DEFICIT NET POSITION

The net position of the governmental activities is in a deficit position of \$2,089,064 due to the District including its Net Pension Liability per the requirements of GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA SCHOOL DISTRICT NO. R-31

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Property Taxes	\$ 4,797,736	\$ 4,797,736	\$ 4,963,455	\$ 165,719	\$ 4,694,625
Specific Ownership Taxes	570,000	570,000	663,726	93,726	625,097
Tuition	30,000	30,000	53,773	23,773	45,180
Earnings on Investments	7,000	7,000	9,829	2,829	7,129
All Other Local Revenue Codes	266,062	266,062	282,025	15,963	203,572
Total Local Sources	<u>5,670,798</u>	<u>5,670,798</u>	<u>5,972,808</u>	<u>302,010</u>	<u>5,575,603</u>
State Sources					
State Equalization	3,578,896	3,683,381	3,708,984	25,603	3,509,547
Exceptional Children's Education Act	182,046	182,046	205,619	23,573	201,321
Transportation	77,000	77,000	101,308	24,308	99,658
All Other State Revenue	64,575	292,711	363,428	70,717	113,160
Total State Sources	<u>3,902,517</u>	<u>4,235,138</u>	<u>4,379,339</u>	<u>144,201</u>	<u>3,923,686</u>
Federal Sources					
Title I	161,666	161,666	160,970	(696)	165,321
Title II	37,428	37,428	37,339	(89)	37,574
Medicaid	65,000	65,000	100,039	35,039	66,911
Head Start	193,504	193,504	193,509	5	196,724
SWAP	83,908	83,908	87,612	3,704	83,908
Other Federal Sources	178,092	178,092	130,409	(47,683)	156,313
Total Federal Sources	<u>719,598</u>	<u>719,598</u>	<u>709,878</u>	<u>(9,720)</u>	<u>706,751</u>
TOTAL REVENUES	<u>10,292,913</u>	<u>10,625,534</u>	<u>11,062,025</u>	<u>436,491</u>	<u>10,206,040</u>
EXPENDITURES					
Instruction					
Salaries	4,251,985	4,336,891	4,401,234	(64,343)	4,335,927
Employee Benefits	1,290,563	1,290,563	1,438,565	(148,002)	1,292,264
Purchased Services	89,668	89,668	66,668	23,000	90,147
Supplies and Materials	307,480	307,480	300,271	7,209	264,950
Property	1,500	113,215	21,820	91,395	38,783
Other Objects and Uses	17,660	4,500	16,566	(12,066)	22,035
Total Instruction	<u>5,958,856</u>	<u>6,142,317</u>	<u>6,245,124</u>	<u>(102,807)</u>	<u>6,044,106</u>

(Continued)

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
EXPENDITURES (Continued)					
Supporting Services					
Students					
Salaries	293,030	293,030	316,021	(22,991)	301,485
Employee Benefits	101,811	101,811	89,971	11,840	81,492
Purchased Services	93,439	93,439	118,308	(24,869)	113,439
Supplies and Materials	35,470	35,470	28,866	6,604	18,939
Total Students	<u>523,750</u>	<u>523,750</u>	<u>553,166</u>	<u>(29,416)</u>	<u>515,355</u>
Instructional Staff					
Salaries	428,732	453,732	409,570	44,162	367,479
Employee Benefits	149,246	149,246	120,407	28,839	112,540
Purchased Services	120,950	120,950	107,395	13,555	109,248
Supplies and Materials	86,093	86,093	74,679	11,414	78,452
Property	164,000	205,000	199,957	5,043	156,104
Total Instructional Staff	<u>949,021</u>	<u>1,015,021</u>	<u>912,008</u>	<u>103,013</u>	<u>823,823</u>
General Administration					
Salaries	215,660	215,660	216,748	(1,088)	191,363
Employee Benefits	59,874	59,874	63,157	(3,283)	56,970
Purchased Services	48,600	106,600	111,922	(5,322)	45,831
Supplies and Materials	74,000	74,000	91,466	(17,466)	83,540
Other Objects and Uses	8,000	-	750	(750)	9,133
Total General Administration	<u>406,134</u>	<u>456,134</u>	<u>484,043</u>	<u>(27,909)</u>	<u>386,837</u>
School Administration					
Salaries	476,211	476,211	449,589	26,622	414,942
Employee Benefits	169,759	169,759	150,948	18,811	143,334
Purchased Services	19,000	19,000	14,623	4,377	13,130
Supplies and Materials	6,630	6,630	5,987	643	6,374
Property	-	-	3,055	(3,055)	5,567
Total School Administration	<u>671,600</u>	<u>671,600</u>	<u>624,202</u>	<u>47,398</u>	<u>583,347</u>

(Continued)

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	111,198	111,198	108,387	2,811	109,478
Employee Benefits	28,961	28,961	29,600	(639)	30,027
Purchased Services	20,400	20,400	73,769	(53,369)	20,205
Total Business Services	<u>160,559</u>	<u>160,559</u>	<u>211,756</u>	<u>(51,197)</u>	<u>159,710</u>
Operations and Maintenance					
Salaries	353,376	353,376	351,627	1,749	340,133
Employee Benefits	108,662	108,662	127,062	(18,400)	115,106
Purchased Services	470,584	571,184	425,211	145,973	405,233
Supplies and Materials	72,700	72,700	83,750	(11,050)	73,734
Property	960	960	-	960	-
Total Operations and Maintenance	<u>1,006,282</u>	<u>1,106,882</u>	<u>987,650</u>	<u>119,232</u>	<u>934,206</u>
Student Transportation					
Salaries	208,821	208,821	203,994	4,827	218,652
Employee Benefits	69,446	69,446	63,224	6,222	66,514
Purchased Services	78,639	95,639	73,431	22,208	106,919
Supplies and Materials	77,500	77,500	49,142	28,358	76,601
Property	11,294	11,294	27,130	(15,836)	8,197
Total Student Transportation	<u>445,700</u>	<u>462,700</u>	<u>416,921</u>	<u>45,779</u>	<u>476,883</u>
Central Support					
Salaries	125,000	125,000	115,705	9,295	86,154
Employee Benefits	3,011	3,011	8,560	(5,549)	8,558
Purchased Services	65,000	146,400	93,116	53,284	138,131
Property	-	-	-	-	135,874
Total Central Support	<u>193,011</u>	<u>274,411</u>	<u>217,381</u>	<u>57,030</u>	<u>368,717</u>

(Continued)

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
Total Supporting Services	4,356,057	4,671,057	4,407,127	263,930	4,248,878
RESERVES					
Contingency	2,189,329	2,189,329	-	2,189,329	-
Emergency Reserves	550,000	600,000	-	600,000	-
Board Assigned	112,000	112,000	-	112,000	-
TOTAL RESERVES	2,851,329	2,901,329	-	2,901,329	-
TOTAL EXPENDITURES	13,166,242	13,714,703	10,652,251	3,062,452	10,292,984
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,873,329)	(3,089,169)	409,774	3,498,943	(86,944)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(70,000)	(70,000)	(100,000)	(30,000)	(85,000)
TOTAL OTHER FINANCING SOUR	(70,000)	(70,000)	(100,000)	(30,000)	(85,000)
CHANGE IN FUND BALANCE	(2,943,329)	(3,159,169)	309,774	3,468,943	(171,944)
FUND BALANCES, Beginning	3,754,859	3,754,859	4,067,604	312,745	4,239,548
FUND BALANCES, Ending	\$ 811,530	\$ 595,690	\$ 4,377,378	\$ 3,781,688	\$ 4,067,604

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>
School's proportionate share of the Net Pension Liability	0.1376%	0.1373%	13.9020%
School's proportionate share of the Net Pension Liability	\$ 17,556,591	\$ 18,616,976	\$ 21,263,422
School's covered-employee payroll	\$ 5,550,212	\$ 5,754,421	\$ 6,058,831
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	316.3%	323.5%	350.9%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
 SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2014	2015	2016
Statutorily required contributions	\$ 954,090	\$ 1,063,788	\$ 1,149,204
Contributions in relation to the Statutorily required contributions	954,090	1,063,788	1,149,204
Contribution deficiency (excess)	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 5,612,829	\$ 5,940,481	\$ 6,128,996
Contributions as a percentage of covered-employee payroll	17.00%	17.91%	18.75%

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

BUENA VISTA SCHOOL DISTRICT NO. R-31

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 June 30, 2016

	Food Service Fund	Capital Reserve Fund	TOTALS	
			2016	2015
ASSETS				
Cash and Investments	\$ 31,151	\$ 732	\$ 31,883	\$ 10,574
Inventory	10,939	-	10,939	13,925
TOTAL ASSETS	\$ 42,090	\$ 732	\$ 42,822	\$ 24,499
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 1,700	\$ -	\$ 1,700	\$ 1,701
Accrued Salaries and Benefits	26,447	-	26,447	30,250
TOTAL LIABILITIES	28,147	-	28,147	31,951
FUND EQUITY				
Fund Balance				
Nonspendable	10,939	-	10,939	13,925
Assigned	3,004	732	3,736	(21,377)
TOTAL FUND EQUITY	13,943	732	14,675	(7,452)
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,090	\$ 732	\$ 42,822	\$ 24,499

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2016

	Food Service Fund	Capital Reserve Fund	TOTALS	
			2016	2015
REVENUES				
Local Sources	\$ 175,553	\$ 1	\$ 175,554	\$ 147,106
State Sources	9,124	-	9,124	5,554
Federal Sources	229,830	-	229,830	210,933
TOTAL REVENUES	<u>414,507</u>	<u>1</u>	<u>414,508</u>	<u>363,593</u>
EXPENDITURES				
Current				
Supporting Services	<u>462,381</u>	<u>-</u>	<u>462,381</u>	<u>461,957</u>
TOTAL EXPENDITURES	<u>462,381</u>	<u>-</u>	<u>462,381</u>	<u>461,957</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(47,874)</u>	<u>1</u>	<u>(47,873)</u>	<u>(98,364)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>85,000</u>
TOTAL OTHER FINANCING SOURCES	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>85,000</u>
NET CHANGE IN FUND BALANCES	22,126	1	22,127	(13,364)
FUND BALANCES, Beginning	<u>(8,183)</u>	<u>731</u>	<u>(7,452)</u>	<u>5,912</u>
FUND BALANCES, Ending	<u>\$ 13,943</u>	<u>\$ 732</u>	<u>\$ 14,675</u>	<u>\$ (7,452)</u>

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

FOOD SERVICE FUND
 BUDGETARY COMPARISON STATEMENT
 Year Ended June 30, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Charges for Services	\$ 175,500	\$ 175,553	\$ 53	\$ 147,105
State and Federal Sources				
School Lunches	135,000	141,691	6,691	137,848
School Breakfast	79,906	64,974	(14,932)	50,724
Commodity Donations	35,000	23,165	(11,835)	22,361
State Match	8,800	9,124	324	5,554
TOTAL REVENUES	<u>434,206</u>	<u>414,507</u>	<u>(19,699)</u>	<u>363,592</u>
EXPENDITURES				
Salaries	149,450	153,707	(4,257)	155,669
Benefits	111,147	63,192	47,955	60,436
Purchased Services	1,600	279	1,321	2,801
Food	229,300	227,796	1,504	199,096
Other Supplies	22,700	17,407	5,293	43,955
TOTAL EXPENDITURES	<u>514,197</u>	<u>462,381</u>	<u>51,816</u>	<u>461,957</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(79,991)</u>	<u>(47,874)</u>	<u>32,117</u>	<u>(98,365)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>85,000</u>
CHANGE IN FUND BALANCE	(9,991)	22,126	32,117	(13,365)
FUND BALANCES, Beginning	<u>15,979</u>	<u>(8,183)</u>	<u>(24,162)</u>	<u>5,182</u>
FUND BALANCES, Ending	<u>\$ 5,988</u>	<u>\$ 13,943</u>	<u>\$ 7,955</u>	<u>\$ (8,183)</u>

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

CAPITAL RESERVE FUND
 BUDGETARY COMPARISON STATEMENT
 Year Ended June 30, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Earnings on Investments	\$ -	\$ 1	\$ 1	\$ 1
TOTAL REVENUES	-	1	1	1
EXPENDITURES				
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	-	1	1	1
FUND BALANCE, Beginning	1,000	731	(269)	730
FUND BALANCE, Ending	\$ 1,000	\$ 732	\$ (268)	\$ 731

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BOND REDEMPTION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Property Taxes	\$ 904,994	\$ 914,971	\$ 9,977	\$ 915,598
Delinquent Taxes	497	3,208	2,711	3,385
Earnings on Investments	3,186	3,527	341	1,183
TOTAL REVENUES	908,677	921,706	13,029	920,166
EXPENDITURES				
Bond Issuance Costs				
Debt Service				
Principal	775,000	775,000	-	760,000
Interest and Fiscal Charges	115,725	115,725	-	129,600
TOTAL EXPENDITURES	890,725	890,725	-	889,600
CHANGE IN FUND BALANCE	17,952	30,981	13,029	30,566
FUND BALANCE, Beginning	899,340	1,272,933	373,593	1,242,367
FUND BALANCE, Ending	\$ 917,292	\$ 1,303,914	\$ 386,622	\$ 1,272,933

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
BEST Grant	\$ -	\$ -	\$ -	\$ -	\$ 370,991
Earnings on Investments	-	6,000	21	(5,979)	303
TOTAL REVENUES	-	6,000	21	(5,979)	371,294
EXPENDITURES					
Purchased Services	-	-	-	-	-
Capital Outlay	35,000	70,000	52,009	17,991	872,605
Other	-	-	8,131	(8,131)	-
TOTAL EXPENDITURES	35,000	70,000	60,140	9,860	872,605
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,000)	(64,000)	(60,119)	3,881	(501,311)
OTHER FINANCING SOURCES					
Transfer In	-	-	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES	-	-	30,000	30,000	-
CHANGE IN FUND BALANCE	(35,000)	(64,000)	(30,119)	33,881	(501,311)
FUND BALANCE, Beginning	258,000	258,000	326,828	68,828	828,139
FUND BALANCE, Ending	\$ 223,000	\$ 194,000	\$ 296,709	\$ 102,709	\$ 326,828

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

AGENCY FUND - PUPIL ACTIVITY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended June 30, 2016

	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 206,621	\$ 545,518	\$ 486,105	\$ 266,034
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Accounts Payable - Due to Student Groups	\$ 206,621	\$ 545,518	\$ 486,105	\$ 266,034
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See the accompanying independent auditors' report.

COMPLIANCE



**JOHN CUTLER
& ASSOCIATES**

Board of Education
Buena Vista School District No. R-31
Buena Vista, Colorado

**INDEPENDENT AUDITORS' REPORT ON ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES**

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 Buena Vista School District No. R-31, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The electronic data integrity check figures listed in the table of contents are presented for purposes of additional analysis 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 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 electronic data integrity check figures are fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

December 12, 2016



Colorado Department of Education
Auditors Integrity Report
 District: 0490 - BUENA VISTA R-31
 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	4,043,299	10,797,024	10,489,445	4,350,878
18 Risk Mgmt Sub-Fund of General Fund	24,305	165,000	162,807	26,498
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	4,067,604	10,962,024	10,652,252	4,377,376
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	-8,183	484,507	462,381	13,942
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,272,933	921,706	890,725	1,303,915
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	326,828	30,021	60,140	296,709
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	730	1	0	731
Totals	5,659,912	12,398,259	12,065,498	5,992,672
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	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	206,621	545,518	486,104	266,034
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	206,621	545,518	486,104	266,034

FINAL

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