

**CLEAR CREEK SCHOOL DISTRICT NO. RE-1
IDAHO SPRINGS, COLORADO**

FINANCIAL STATEMENTS

June 30, 2016



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TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i - vii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances– Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	5
Statement of Net Position – Proprietary Fund Types	6
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund Types	7
Statement of Cash Flows – Proprietary Fund Types	8
Statement of Fiduciary Net Position	9
Notes to Financial Statements	10 - 33
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	34 - 37
Budgetary Comparison Schedule – Grants Fund	38
Schedule of the School's Proportionate Share	39
Schedule of the School's Contributions	40
Combining and Individual Fund Financial Statements and Schedules	
Budgetary Comparison Schedule – Bond Redemption Fund	41
Combining Balance Sheet – Nonmajor Governmental Funds	42

TABLE OF CONTENTS (Continued)

Combining and Individual Fund Financial Statements and Schedules (Continued)	PAGE
Combining Statement of Revenues, Expenses and Changes in Fund Balances – Nonmajor Governmental Funds	43
Budgetary Comparison Schedule – Food Service Fund	44
Budgetary Comparison Schedule – Capital Reserve Fund	45
Budgetary Comparison Schedule – Sewer Treatment Fund	46
Budgetary Comparison Schedule – Tuition Preschool Fund	47
Statement of Changes in Assets and Liabilities – Agency Fund	48
 STATISTICAL SECTION (Unaudited)	
History of Assessed Valuation and Mill Levies in the District	49
Property Tax Collections	50
Ten Largest Taxpayers	51
Assessed Valuation of Classes of Property	52
Facilities and Curriculum	53
District Enrollment	54
Historical Debt Ratios	55
 STATE COMPLIANCE	
Independent Auditors’ Report on Electronic Financial Data Integrity Check Figures	56 - 57
Electronic Financial Data Integrity Check Figures	58

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Education
Clear Creek School District No. RE-1
Idaho Springs, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Clear Creek School District No. RE-1, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Clear Creek School District No. RE-1, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of the district's proportionate share, and the schedule of the district's contributions on pages 34 - 40 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 financial statements and 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 financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

The statistical section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

John Luttrell & Associates, LLC

December 13, 2016

Clear Creek School District RE-1

Management's Discussion and Analysis Fiscal Year Ending June 30, 2016

As management of the Clear Creek School District RE-1 (the District), we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of the Clear Creek School District RE-1 for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information provided by auditors in the Independent Auditor's Report.

Financial Highlights

The District's general fund balance decreased to \$6,607,323 from \$6,955,817 the year ending June 30, 2016.

The operations of the District are funded primarily by local property tax revenues and state revenues received under the State School Finance Act (the Act). Property tax revenue for the year was \$11,330,192, Specific Ownership tax revenue was \$455,200 and total State Equalization Revenue under the Act was negative \$292,473, due to a Categorical Buyout payment to CDE.

Overview of Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

The income statement presents information showing how the District's net position changed during the year. All changes in the Fund Balance are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year end).

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Fund tracking is reported in the auditor's report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ending June 30, 2016, the District's combined assets exceeded liabilities by \$1,346,216. Of this amount, \$249,892 of these funds is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. \$2,461,372 is restricted for long-term obligations of the District, and \$8,203,411 is from the balance invested in capital assets. The balance unrestricted and available for meet the District's ongoing needs is negative \$(9,568,459), due to the recording of the District's share of the potential PERA net pension liability (see note 9).

Net Position

	2016	2015
Assets		
Current Assets	\$ 10,698,259	10,462,881
Capital Assets, Net of Depreciation	<u>15,246,649</u>	<u>17,226,814</u>
Total Assets	<u>27,412,562</u>	<u>27,689,695</u>
Deferred Outflows of Resources		
Related to Pensions	2,336,227	780,779
Deferred Loss on Refunding	<u>307,587</u>	<u>384,484</u>
Total Deferred Outflows of Resources	<u>2,643,814</u>	<u>1,165,263</u>
Liabilities		
Current Liabilities	1,027,091	868,896
Noncurrent Liabilities		
Net Pension Liability	18,383,305	16,483,928
Due Within One Year	1,907,403	1,938,657
Due in More Than One year	<u>6,938,167</u>	<u>8,486,101</u>
Total Liabilities	<u>28,255,966</u>	<u>27,777,582</u>

Deferred Outflows of Resources		
Related to Pensions	<u>454,194</u>	<u>81,223</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	8,203,411	7,186,540
Restricted for Debt Service	2,461,372	2,426,091
Restricted for Emergencies	249,892	280,839
Unrestricted	<u>(9,568,459)</u>	<u>(8,897,317)</u>
Total Net Position	<u>\$ 1,346,216</u>	<u>\$ 996,153</u>
Change in Net Position		
	2016	2015
Revenues		
Program Revenues		
Charges for Services	\$ 267,007	262,828
Operating Grants and Contributions	1,293,158	944,573
General Revenues		
State Equalization	(292,473)	(283,948)
Specific Ownership Taxes	455,200	434,950
Local Property Taxes	11,330,192	11,184,090
Other Revenues	180,755	224,172
Interest Income	22,143	8,588
Special Item		
Forgiveness of Advance to Other Fund	(417,022)	-
Total Revenues	<u>12,838,960</u>	<u>12,775,253</u>
Expenses		
Instruction	7,046,392	6,509,352
Support Services	5,241,520	4,754,898
Interest and Fiscal Charges	200,985	225,184
Total Expenses	<u>12,488,897</u>	<u>11,489,434</u>
Increase (Decrease) in Net Position	350,063	1,285,833
Net Position, beginning, as restated	<u>996,153</u>	<u>(289,680)</u>
Net Position, ending	<u>\$1,346,216</u>	<u>\$ 996,153</u>

Financial Analysis of the District's Funds

Governmental funds. The focus for 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, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the District's governmental funds reported a combined ending fund balance of \$9,578,419, compared to \$9,974,852 last year.

The general fund is the major operating fund of the District. At the end of the current fiscal year the fund balance decreased by \$348,494 to \$6,607,323 from \$6,955,817 last year.

The bond redemption fund is used to collect local property tax revenues specifically raised to pay off the long-term bond debt of the District, and to make such payments as they become due. At the end of the current fiscal year the fund balance was \$2,461,372, all of which was restricted for principal and interest payments.

Proprietary-type funds. Proprietary-type funds are used to account for activities that have the characteristics of business activities. The sewer treatment plant, tuition preschools and the food service are activities of this nature. Fund balances in these funds are similar to retained earnings in business activities.

The sewer treatment plant fund was established to account for a treatment facility that is larger than is needed to service the high school, where it was built, and in anticipation of its transfer to a separate sanitation district. Currently, all of the operating costs are absorbed by the high school, its only user. The fund balance at June 30 was \$397,723 and represents the facility net of accumulated depreciation and the balance of prepaid insurance on the facility.

General Fund Budgetary Highlights

Note that for purposes of this report, "General Fund" comprises the General Fund, the Fiscal Emergency Reserve Fund, the Insurance Fund and the CPP Preschool Fund. In this grouping, the District budgeted for revenues of \$10,233,840 for the year ended June 30, 2016, before the Charter School Allocations and fees received from the Charter School budgeted for \$118,118. Actual revenues were \$10,351,477, also before the Charter School Allocation and fees received from the Charter School in the amount of \$128,183. Specific ownership taxes were \$20,350 more than expected and property tax receipts were \$70,006. Supplemental state funding for Small Rural Districts and At-Risk students was \$8,268 more than expected. Finally, the transfer to the Food Service Fund was \$18,500 less than budgeted. The net of other small differences accounted for the balance of the difference. The net of other small differences accounted for the balance of the difference.

Also in this grouping, the District budgeted for expenditures of \$9,342,149 for the year ended June 30, 2016. Actual expenditures were \$8,913,437, a variance of \$428,712.

Salaries and wages were higher than budgeted by a net of \$5,801, but the differences varied widely by building and department. Some of the differences and the reasons were:

- Transportation wages were over budget \$91,751 due to increased secretarial time, added SpEd drivers, and overtime,
- Carlson's salaries and wages were over budget by \$30,933, mainly due to added SpEd aides,
- King-Murphy's were under budget because of unfilled positions (including custodial),
- Middle School and High School were under budget by \$49,541 and \$14,122, respectively, for the same reasons.
- In all schools, the stipends for the Leadership Coaches totaling \$33,000 were transferred to the Title IIA grant for reimbursement instead of impacting the General Fund.
- Maintenance was under budget \$9,231 because of a position that was unfilled for part of the year.

Benefits were less than anticipated by \$263,188, mainly due to underused group insurance benefits by eligible employees, the benefits on unfilled or late filled positions and the transfer to Title IIA mentioned above.

Purchased Professional Services were over budget by \$24,039 mainly due to

- Legal fees over budget by \$24,553,
- Unbudgeted property appraisal services \$15,207,
- Partly offset by the unfinished policy manual project (\$11,853).

Purchased Property Services were \$22,628 less than budgeted mainly due to

- Technology repairs were under budget by \$31,548,
- General maintenance repair costs were under budget by \$10,601
- Repair costs, sanitation charge from the treatment plant and water rights payments for the High School were higher than budgeted by \$7,522, \$4,227 and \$9,937 respectively.

Other Purchased Services were under budget \$101,898 for the following reasons, primarily the first one:

- A prior year e-rate reimbursement adjustment was received for \$80,578,
- SpEd support costs (excess costs and tuition) were under budget \$21,064,
- High School online and other course fees were under budget \$20,402,
- Unemployment claims were less than anticipated by \$19,294,
- Partially offset by Technology online and other services over budget by \$28,424.

- Other smaller differences made up the remainder.

Supplies, books, small equipment and energy costs were less than budgeted by \$69,075 from savings in all buildings and departments. Some of the differences were:

- Instructional supplies and books at buildings - \$23,252 lower than budget,
- Transportation supplies and fuel - \$48,405 lower (\$35,939 from fuel),
- Utilities at the District Office were \$11,531 less than budgeted,
- Partially offset by higher supplies and utilities costs at the High School (\$6,650 and \$13,258, respectively).
- Other smaller differences made up the remainder of the variance.

Finally, there was \$15,645 in unused contingency and other budgets.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets as of June 30, 2016, amounts to \$16,741,394 (net of related depreciation). This investment in capital assets consists of land, buildings, vehicles and equipment. The detail of this investment is in Note 5 to the financial statements.

Long-term debt.

As of June 30, 2016 the District's long-term debt consisted of \$7,690,000 in General Obligation Bonds and Retirement and Leave Obligations of approximately \$238,548. The detail of Long-term debt is in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for the District continue to be student enrollment and the State's economy, which has resulted in cuts to K-12 funding. Additionally, the impending closure of the Henderson Mine, the primary taxpayer in the County, will have a significant impact on the District's funding for 2016-2017.

Total enrollment for the 2014-2015 school year was 890, including preschools and the charter school. The enrollment for the 2015-2016 school year was 894. Enrollment for 2016-2017 is expected to be 859, however, a decrease of 35. When a District's enrollment is declining, the State's Per-Pupil funding is based on the highest average of the current and the prior two, three or four years' full-time equivalent pupils. The funded average pupil count for 2014-2015 was 862.7 and the funded count for 2015-2016 was 847.2, including a state supplemental factor for full-day kindergarten. The funded count for 2016-2017 is expected to be 823.7, a decrease of 23.5. Further, the number of pupils attending the charter school in the district, Georgetown Community School (GCS), shifts per-pupil funding revenue from the General Fund of the District to that school. The pupil count for GCS, including the state supplemental factor for full-day kindergarten, was 93.5 for 2014-2015 and the count for 2015-2016 was 100.8. The GCS count for 2016-2017 is expected to be 119.5, a significant increase in the shift of revenue.

Because of state funding cuts and changes in the funding formula, the District received no Equalization funding in 2015-2016; further, because of the assessed valuation of property in the County, the District is subject to Categorical Buyout, meaning that ECEA funding and partial reimbursement for Pupil Transportation have to be reimbursed from property tax collections. However, with the closure of the Henderson Mine mentioned above, this situation will change for 2016-2017. The District's funding will be partially made up of State Equalization, which will be subject to the so-called Negative Factor which will essentially zero out the State Equalization Funding. The District plans to mitigate the impact of this loss of funding by budget cuts and use of Fiscal Emergency Reserve funds. The Categorical Buyout will be eliminated in a subsequent year due to a lag in the calculation of that item by the State.

Requests for Information

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

Clear Creek School District RE-1
320 Hwy. 103
P. O. Box 3399
Idaho Springs, CO 80452

BASIC FINANCIAL STATEMENTS

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF NET POSITION

June 30, 2016

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES		
ASSETS				
Cash and Investments	\$ 10,281,274	\$ 89,172	\$ 10,370,446	\$ 556,576
Taxes Receivable	135,270	-	135,270	-
Grants Receivable	145,330	-	145,330	-
Accounts Receivable	11,663	-	11,663	19,230
Prepaid Items	605	2,950	3,555	-
Inventories	4,904	-	4,904	-
Interfund Balances	8,004	(8,004)	-	-
Capital Assets, Not Depreciated	868,734	-	868,734	-
Capital Assets, Depreciated Net of Accumulated Depreciation	14,557,915	1,314,745	15,872,660	65,982
TOTAL ASSETS	26,013,699	1,398,863	27,412,562	641,788
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	2,336,227	-	2,336,227	225,348
Deferred Loss on Refunding	307,587	-	307,587	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,643,814	-	2,643,814	225,348
LIABILITIES				
Accounts Payable	143,952	4,388	148,340	21,206
Accrued Expenses	7,264	-	7,264	-
Accrued Salaries and Benefits	788,796	13,572	802,368	36,493
Unearned Revenues	68,619	500	69,119	4,412
Noncurrent Liabilities				
Net Pension Liability	18,383,305	-	18,383,305	1,773,439
Due Within One Year	1,907,403	-	1,907,403	-
Due in More Than One Year	6,021,145	917,022	6,938,167	-
TOTAL LIABILITIES	27,320,484	935,482	28,255,966	1,835,550
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	454,194	-	454,194	93,831
NET POSITION				
Net Investment in Capital Assets	7,805,688	397,723	8,203,411	65,982
Restricted for Debt Service	2,461,372	-	2,461,372	-
Restricted for Emergencies	247,296	2,596	249,892	33,000
Unrestricted	(9,631,521)	63,062	(9,568,459)	(1,161,227)
TOTAL NET POSITION	\$ 882,835	\$ 463,381	\$ 1,346,216	\$ (1,062,245)

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 6,961,130	\$ -	\$ 474,554	\$ -
Supporting Services	5,136,098	95,514	818,604	-
Interest and Fiscal Charges	200,985	-	-	-
Total Governmental Activities	12,298,213	95,514	1,293,158	-
Business-Type Activities				
Sewer Treatment	105,422	56,728	-	-
Tuition Preschool	85,262	114,765	-	-
Total Business-Type Activities	190,684	171,493	-	-
TOTAL PRIMARY GOVERNMENT	\$ 12,488,897	\$ 267,007	\$ 1,293,158	\$ -
COMPONENT UNIT				
Charter School	\$ 1,053,441	\$ 132,645	\$ 89,951	\$ 13,028

GENERAL REVENUES

Local Property Taxes
Specific Ownership Taxes
State Equalization
Other Revenues
Earnings on Investments

SPECIAL ITEMS

Forgiveness of Advance to Other Fund

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning, As Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGES
IN NET POSITION

PRIMARY GOVERNMENT

Governmental Activities	Business-type Activities	TOTAL	Component Unit
\$ (6,486,576)	\$ -	\$ (6,486,576)	\$ -
(4,221,980)	-	(4,221,980)	-
(200,985)	-	(200,985)	-
<u>(10,909,541)</u>	<u>-</u>	<u>(10,909,541)</u>	<u>-</u>
-	(48,694)	(48,694)	-
-	29,503	29,503	-
<u>-</u>	<u>(19,191)</u>	<u>(19,191)</u>	<u>-</u>
<u>(10,909,541)</u>	<u>(19,191)</u>	<u>(10,928,732)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(817,817)</u>
11,330,192	-	11,330,192	-
455,200	-	455,200	-
(292,473)	-	(292,473)	770,646
180,755	-	180,755	151,764
22,143	-	22,143	652
<u>(417,022)</u>	<u>-</u>	<u>(417,022)</u>	<u>-</u>
<u>11,278,795</u>	<u>-</u>	<u>11,278,795</u>	<u>923,062</u>
369,254	(19,191)	350,063	105,245
<u>513,581</u>	<u>482,572</u>	<u>996,153</u>	<u>(1,167,490)</u>
<u>\$ 882,835</u>	<u>\$ 463,381</u>	<u>\$ 1,346,216</u>	<u>\$ (1,062,245)</u>

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL	GRANT	BOND REDEMPTION	NONMAJOR FUNDS
ASSETS				
Cash and Investments	\$ 7,538,308	\$ -	\$ 2,350,625	\$ 392,341
Taxes Receivable	26,007	-	109,263	-
Grants Receivable	-	145,330	-	-
Accounts Receivable	11,663	-	-	-
Prepaid	605	-	-	-
Inventories	-	-	-	4,904
Due from Other Funds	63,281	-	1,484	177,645
Advance to Other Fund	-	-	-	-
TOTAL ASSETS	\$ 7,639,864	\$ 145,330	\$ 2,461,372	\$ 574,890
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 120,671	\$ -	\$ -	\$ 23,281
Accrued Expenses	6,833	431	-	-
Accrued Salaries and Benefits	722,534	35,377	-	30,885
Due to Other Funds	182,503	51,903	-	-
Unearned Revenues	-	57,619	-	11,000
TOTAL LIABILITIES	1,032,541	145,330	-	65,166
FUND BALANCES				
Nonspendable	605	-	-	4,904
Restricted for Emergencies	244,273	-	-	3,023
Restricted for Insurance	44,820	-	-	-
Restricted for CPP Preschool Expenses	90,089	-	-	-
Restricted for Debt Service	-	-	2,461,372	-
Restricted for Food Service	-	-	-	1,042
Committed for Operating Requirements	6,081,561	-	-	-
Committed for Accrued Salaries	-	-	-	-
Assigned for Capital Expenses	-	-	-	500,755
Unassigned	145,975	-	-	-
TOTAL FUND BALANCES	6,607,323	-	2,461,372	509,724
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,639,864	\$ 145,330	\$ 2,461,372	\$ 574,890

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.

Long-term liabilities, including bonds payable (\$7,690,000), long-term retirement (\$30,156), compensated absences (\$208,392), and deferred charges net of amortization \$307,587, are not due and payable in the current period and are not reported in the funds.

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 (\$18,383,305) deferred outflows related to pensions \$2,336,227 and deferred inflows related to pensions (\$454,194).

Net position of governmental activities

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

TOTALS

2016	2015
10,281,274	\$ 10,069,720
135,270	115,358
145,330	112,464
11,663	90,064
605	8,343
4,904	5,616
242,410	222,654
-	417,022
<u>\$ 10,821,456</u>	<u>\$ 11,041,241</u>

\$ 143,952	\$ 121,990
7,264	28,887
788,796	653,759
234,406	212,451
68,619	49,302
<u>1,243,037</u>	<u>1,066,389</u>

5,509	422,638
247,296	278,368
44,820	65,680
90,089	132,435
2,461,372	2,426,091
1,042	(1,571)
6,081,561	-
-	141,805
500,755	585,660
145,975	5,923,746
<u>9,578,419</u>	<u>9,974,852</u>

15,426,649	15,863,375
------------	------------

(7,620,961)	(9,540,274)
-------------	-------------

<u>(16,501,272)</u>	<u>(15,784,372)</u>
<u>\$ 882,835</u>	<u>\$ 513,581</u>

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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

	GENERAL	GRANT	BOND REDEMPTION	NONMAJOR FUNDS
REVENUES				
Local Sources	\$ 8,901,886	\$ 4,272	\$ 2,071,266	\$ 102,977
County Sources	244,908	-	-	-
State Sources	325,191	9,046	-	3,018
Federal Sources	-	288,802	-	125,448
TOTAL REVENUES	<u>9,471,985</u>	<u>302,120</u>	<u>2,071,266</u>	<u>231,443</u>
EXPENDITURES				
Current				
Instruction	4,407,167	268,588	-	-
Supporting Services	4,506,290	33,532	-	237,652
Capital Outlay	-	-	-	567,011
Debt Service				
Principal	-	-	1,835,000	-
Interest and Fiscal Charges	-	-	200,985	-
TOTAL EXPENDITURES	<u>8,913,457</u>	<u>302,120</u>	<u>2,035,985</u>	<u>804,663</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>558,528</u>	<u>-</u>	<u>35,281</u>	<u>(573,220)</u>
OTHER FINANCING SOURCES (USES)				
Forgiveness of Advance to Other Fund	(417,022)	-	-	-
Transfers In	-	-	-	490,000
Transfers Out	(490,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(907,022)</u>	<u>-</u>	<u>-</u>	<u>490,000</u>
NET CHANGE IN FUND BALANCES	<u>(348,494)</u>	<u>-</u>	<u>35,281</u>	<u>(83,220)</u>
FUND BALANCES, Beginning	<u>6,955,817</u>	<u>-</u>	<u>2,426,091</u>	<u>592,944</u>
FUND BALANCES, Ending	<u>\$ 6,607,323</u>	<u>\$ -</u>	<u>\$ 2,461,372</u>	<u>\$ 509,724</u>

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

TOTALS

<u>2016</u>	<u>2015</u>
\$ 11,080,401	\$ 11,069,892
244,908	86,961
337,255	134,822
<u>414,250</u>	<u>431,499</u>
<u>12,076,814</u>	<u>11,723,174</u>
4,675,755	4,486,357
4,777,474	4,927,271
567,011	505,506
1,835,000	1,815,000
<u>200,985</u>	<u>225,184</u>
<u>12,056,225</u>	<u>11,959,318</u>
<u>20,589</u>	<u>(236,144)</u>
(417,022)	-
490,000	530,000
<u>(490,000)</u>	<u>(530,000)</u>
<u>(417,022)</u>	<u>-</u>
(396,433)	(236,144)
<u>9,974,852</u>	<u>10,210,996</u>
<u>\$ 9,578,419</u>	<u>\$ 9,974,852</u>

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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	\$ (396,433)
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 (\$1,013,243) exceeded capital outlay of \$647,701 and loss on disposal of assets (\$71,184) in the current period.	(436,726)
Deferred charges are expensed when the bonds are issued in the governmental funds and decrease fund balance. In the government-wide statements, however, these costs are capitalized and amortized over the life of the bonds. This is the amount of amortization expense for the year.	(76,897)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	(716,900)
Repayments of bond principal \$1,835,000, decrease in long -term retirement \$186,718, and increase in compensated absences (\$25,508), are expenditures in the governmental funds but reduce long-term liabilities in the statement of net position.	<u>1,996,210</u>
Change in net position of governmental activities	<u>\$ 369,254</u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPES
 June 30, 2016

	SEWER TREATMENT	NONMAJOR	Totals	
		TUITION PRESCHOOL	2016	2015
ASSETS				
Current Assets				
Cash and Investments	\$ -	\$ 89,172	\$ 89,172	\$ 58,451
Prepaid Items	2,950	-	2,950	2,865
Due from Other Funds	1,438	-	1,438	-
Total Current Assets	4,388	89,172	93,560	61,316
Non-Current Assets				
Capital Assets, Net of Accumulated Depreciation	1,314,745	-	1,314,745	1,363,439
TOTAL ASSETS	1,319,133	89,172	1,408,305	1,424,755
LIABILITIES				
Accounts Payable	4,388	-	4,388	1,878
Accrued Expenses	-	-	-	-
Accrued Salaries and Benefits	-	13,572	13,572	12,130
Due to Other Funds	-	9,442	9,442	10,203
Unearned Revenue	-	500	500	950
Advances from Other Funds	-	-	-	417,022
Long-Term Liabilities				
Due in More than One Year	917,022	-	917,022	500,000
TOTAL LIABILITIES	921,410	23,514	944,924	942,183
NET POSITION				
Investment in Capital Assets	397,723	-	397,723	446,417
Restricted for Emergencies	-	2,596	2,596	2,471
Unrestricted	-	63,062	63,062	33,684
TOTAL NET POSITION	\$ 397,723	\$ 65,658	\$ 463,381	\$ 482,572

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
Year Ended June 30, 2016

	SEWER TREATMENT	NONMAJOR	Totals	
		TUITION PRESCHOOL	2016	2015
OPERATING REVENUES				
Charges for Services				
Other	\$ 56,728	\$ -	\$ 56,728	\$ 63,695
Tuition	-	114,765	114,765	101,772
Earnings on Investments	-	-	-	14
TOTAL OPERATING REVENUES	<u>56,728</u>	<u>114,765</u>	<u>171,493</u>	<u>165,481</u>
OPERATING EXPENSES				
Salaries	-	64,361	64,361	69,535
Benefits	-	20,669	20,669	22,683
Purchased Services	40,960	-	40,960	38,483
Supplies and Materials	15,768	92	15,860	18,203
Property	-	140	140	89
Depreciation	48,694	-	48,694	48,694
TOTAL OPERATING EXPENSES	<u>105,422</u>	<u>85,262</u>	<u>190,684</u>	<u>197,687</u>
OPERATING LOSS	(48,694)	29,503	(19,191)	(32,206)
NET POSITION, Beginning	<u>446,417</u>	<u>36,155</u>	<u>482,572</u>	<u>514,778</u>
NET POSITION, Ending	<u>\$ 397,723</u>	<u>\$ 65,658</u>	<u>\$ 463,381</u>	<u>\$ 482,572</u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended June 30, 2016
 Increase (Decrease) in Cash

	SEWER TREATMENT	NONMAJOR	Totals	
		TUITION PRESCHOOL	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Operations	\$ 56,728	\$ 114,765	\$ 171,493	\$ 165,481
Cash Paid to Suppliers and Employees	(56,728)	(84,044)	(140,772)	(152,350)
Net Cash Used by Operating Activities	<u>-</u>	<u>30,721</u>	<u>30,721</u>	<u>13,131</u>
NET INCREASE (DECREASE) IN CASH	-	30,721	30,721	13,131
CASH, Beginning	<u>-</u>	<u>58,451</u>	<u>58,451</u>	<u>45,320</u>
CASH, Ending	<u>\$ -</u>	<u>\$ 89,172</u>	<u>\$ 89,172</u>	<u>\$ 58,451</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	<u>\$ (48,694)</u>	<u>\$ 29,503</u>	<u>\$ (19,191)</u>	<u>\$ (32,206)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities				
Depreciation Expense	48,694	-	48,694	48,694
Changes in Assets and Liabilities				
Prepaid Items	(85)	-	(85)	562
Due from Other Funds	(1,438)	-	(1,438)	-
Accounts Payable	2,510	-	2,510	(6,091)
Accrued Salaries and Benefits	-	1,442	1,442	3,767
Accrued Expenses	-	-	-	(1,674)
Unearned Revenues	-	(450)	(450)	(400)
Due to Other Funds	(987)	226	(761)	479
Total Adjustments	<u>48,694</u>	<u>1,218</u>	<u>49,912</u>	<u>45,337</u>
Net Cash Used for Operating Activities	<u>\$ -</u>	<u>\$ 30,721</u>	<u>\$ 30,721</u>	<u>\$ 13,131</u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2016

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 181,425</u>
LIABILITIES	
Due to Student Groups	<u><u>\$ 181,425</u></u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Clear Creek School District No. RE-1 (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.

Discretely Presented Component Unit

Georgetown Community School is a public school authorized by the State of Colorado to provide alternatives for parents, pupils, and teachers. The School has a separate governing board but is fiscally dependent on the District for a majority of funding and their exclusion would render the District’s financial statements incomplete. Separate financial statements are available at the School’s office.

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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

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 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 *Grants Fund* accounts for Federal, State and local grants received by the District.

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

The *Sewer Treatment Enterprise Fund* accounts for the maintenance and operation of the sewer treatment plant at the High School.

Additionally, the District reports the following fund type:

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.

Assets, Liabilities and Fund Balance/Net Position

Investments – 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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Due To and Due From Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

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	25 years
Buildings	50 years
Equipment	5 to 20 years

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 because they are either not spendable in form or are legally or contractually required to be maintained intact. The District considers the advance to other funds, 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. They have also restricted funds for insurance, CPP Preschool expenses, debt service, and food service.
- 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. As of June 30, 2016, the District has a portion of its fund balance in the General Fund committed to reflect the amount of property taxes collected in May 2016 that will be used to pay future operating requirements. This was approved by the Board in October 2016 retroactive to the year ended June 30, 2016.
- Assigned – These amounts do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. As of June 30, 2016, the District's fund balance in the Capital Reserve Fund is assigned to future capital expenditures. These amounts are assigned by the Finance Director per the financial policy established by the Board.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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 balances.

Property Tax Revenues

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

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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Funds which budget 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 year-end because they have lapsed and are pending reinstatement.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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:

Petty Cash	\$ 200
Deposits	350,116
Investments	<u>10,201,555</u>
Total Cash and Investments	<u>\$ 10,551,871</u>

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

Governmental Activities	\$ 10,281,274
Business - Type Activities	89,172
Fiduciary Funds	<u>181,425</u>
Total	<u>\$ 10,551,871</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 \$350,116. The bank balances with the financial institutions were \$473,902. Of these balances, \$266,257 was covered by federal depository insurance and \$207,645 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>
Colotrust	\$ 148,139	N/A	AAAm
CSAFE	<u>10,053,416</u>	N/A	AAAm
Total	<u>\$ 10,201,555</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
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado school districts.

The District had invested \$10,201,555 in the Colorado Government Liquid Asset Trust and the Colorado Surplus Asset Fund Trust (COLOTRUST and CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate 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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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.

NOTE 4: INTERFUND BALANCES AND TRANSFERS

Interfund Balances at June 30, 2016 are as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 182,503	\$ 63,281
Grant Fund	51,903	-
Capital Reserve Fund	-	143,430
Bond Redemption Fund	-	1,484
Sewer Treatment Fund	-	1,438
Tuition Preschool	9,442	-
Food Service Fund	<u>-</u>	<u>34,215</u>
Total	<u>\$ 243,848</u>	<u>\$ 243,848</u>

These balances are due to cash transactions that were received or paid by the General Fund on behalf of another fund.

The District made the following transfers during the year.

<u>Transfer to</u>	<u>Transfer From</u>	<u>Amount</u>
Capital Reserve Fund	General Fund	\$ 475,000
Food Service Fund	General Fund	<u>15,000</u>
Total		<u>\$ 490,000</u>

The General Fund transferred funds to the Capital Reserve fund for capital and related expenses. The General Fund also made a transfer to the Food Service fund to subsidize operations.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 5: 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	\$ 868,734	\$ -	\$ -	\$ 868,734
Capital Assets, depreciated				
Buildings	30,248,896	375,891	1,056	30,623,731
Site Improvements	2,570,637	154,934	1,875	2,723,696
Equipment	<u>2,860,121</u>	<u>116,876</u>	<u>303,405</u>	<u>2,673,592</u>
Total Capital Assets, depreciated	<u>35,679,654</u>	<u>647,701</u>	<u>306,336</u>	<u>36,021,019</u>
Less Accumulated Depreciation				
Buildings	16,864,601	652,215	1,056	17,515,760
Site Improvements	1,470,457	133,744	-	1,604,201
Equipment	<u>2,349,955</u>	<u>227,284</u>	<u>234,096</u>	<u>2,343,143</u>
Total Accumulated Depreciation	<u>20,685,013</u>	<u>1,013,243</u>	<u>235,152</u>	<u>21,463,104</u>
Total Capital Assets, depreciated, Net	<u>14,994,641</u>	<u>(365,542)</u>	<u>(71,184)</u>	<u>14,557,915</u>
Governmental Activities, Capital Assets, Net	<u>\$ 15,863,375</u>	<u>\$ (365,542)</u>	<u>\$ (71,184)</u>	<u>\$ 15,426,649</u>
Business-Type Activities				
Capital Assets, depreciated				
Building	\$ 1,922,475	\$ -	\$ -	\$ 1,922,475
Less: Accumulated Depreciation	<u>559,036</u>	<u>48,694</u>	<u>-</u>	<u>607,730</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 1,363,439</u>	<u>\$ (48,694)</u>	<u>\$ -</u>	<u>\$ 1,314,745</u>

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

Governmental Activities

 Instruction \$ 1,013,243

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6: 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 \$722,534, \$35,377, \$30,885 and \$13,572. These amounts are recorded in the General, Grants, Food Service and Tuition Preschool Funds, respectively.

NOTE 7: LONG-TERM DEBT

The following is a summary of the District's Governmental Activities 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>
2011 GO Refunding Bonds	\$9,525,000	\$ -	\$ 1,835,000	\$ 7,690,000	\$ 1,865,000
Early Retirement	216,874	-	186,718	30,156	27,315
Compensated Absences	<u>182,884</u>	<u>25,508</u>	<u>-</u>	<u>208,392</u>	<u>15,088</u>
Total	<u>\$ 9,924,758</u>	<u>\$ 25,508</u>	<u>\$ 2,021,718</u>	<u>\$ 7,928,548</u>	<u>\$ 1,907,403</u>

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

General Obligation Bonds

On June 1, 2002, the District issued General Obligation Refunding Bonds Series 2002, in the amount of \$15,030,000. These bonds are due in annual installments starting on December 1, 2008 through December 1, 2019. These bonds bear interest at 2.25% to 5% payable annually on June and December 1. During the prior fiscal year, \$12,635,000 of these bonds was advance refunded. The remaining balance of these bonds was paid in full during the current fiscal year.

On December 15, 2011, the District issued General Obligation Refunding Bonds Series 2011, in the amount of \$13,390,000. Proceeds were used to advance refund a portion of the 2002 General Obligation Refunding Bonds. The bonds are due in annual installments starting on December 1, 2012 through December 1, 2019. These bonds bear interest at 0.65% to 2.9% payable annually on June and December 1.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 7: 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	\$ 1,865,000	\$ 170,438	\$ 2,035,438
2018	1,895,000	131,386	2,026,386
2019	1,940,000	83,415	2,023,415
2020	<u>1,990,000</u>	<u>28,855</u>	<u>2,018,855</u>
Total	<u>\$ 7,690,000</u>	<u>\$ 414,094</u>	<u>\$ 8,104,094</u>

Sewer Treatment Loan (Business Type Activities)

The Sewer Treatment Fund of the District has borrowed funds in the amount of \$500,000 and \$417,022 from Clear Creek County (the County) and the General Fund of the District, respectively. These funds were used to complete the construction of the Sewer Treatment Plant. In exchange for these agreements, the County and the District are entitled to a reservation of capacity in the treatment plant, and the proceeds for the subsequent sale of reserved capacity. The County and the General Fund of the District are to be reimbursed solely from the sale of excess capacity in the treatment plant. This note has been classified as long term in the financial statements of the Sewer Fund, however, the District has forgiven the advance in the General Fund as the likelihood of a sale of excess capacity is not likely.

Defeased Debt

On December 1, 2011, the District deposited \$12,635,000 of the General Obligation Refunding Bonds Series 2002 into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The outstanding balance of the defeased bonds was \$7,735,000 as of June 30, 2016.

NOTE 8: JOINTLY GOVERNED ORGANIZATIONS

BOCES

The District, in conjunction with other surrounding districts, created the Mt. Evans 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 10595 Highway 119, Black Hawk, CO 80422.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The School 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 School 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.

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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

Contributions. Eligible employees and the School 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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF School were \$996,366 for the year ended June 30, 2016.

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

At June 30, 2016 the School reported a liability of \$18,383,305 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 School's proportion of the net pension liability was based on the School'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 School's proportion was 0.12020%, which was a decrease of 0.00143% from its proportion measured as of December 31, 2014.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2016 the School recognized pension expense of \$1,713,266. At June 30, 2016, the School 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	\$ 242,754	\$ 766
Net difference between projected and actual earnings on pension plan investments	\$ 1,563,097	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$ 193,640
Changes in assumptions and other inputs	N/A	\$ 259,788
Contributions subsequent to the measurement date	\$ 530,376	N/A
Total	\$ 2,336,227	\$ 454,194

\$530,376 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	\$327,446
2018	\$327,583
2019	\$376,095
2020	\$320,533

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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.

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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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.

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%.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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:

- 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).

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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.

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 School’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 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	\$23,830,136	\$18,383,305	\$13,852,557

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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Other Post-Employment Benefits

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02 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 \$53,240, \$53,648, and \$54,152 respectively, equal to their required contributions for each year.

NOTE 10: 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 participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The District is fully self insured for unemployment compensation and has a \$1,000 deductible for property insurance.

The District continues to carry commercial insurance for all other risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or District coverage in any of the past three years.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 11: 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 1998, electors within the District authorized the District to collect, retain and expend all revenues collected or received by the District effective for the 1996-97 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, Food Services Fund, Capital Reserve Fund, and Tuition Preschool Fund in the amounts of \$244,273, \$2,993, \$30, and \$2,596, respectively, has been recorded as an emergency reserve in accordance with the Amendment.

NOTE 12: SUBSEQUENT EVENTS

The management of the District has performed an evaluation of subsequent events through December 13, 2016 and has considered any relevant matters in the preparation of the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	2016			VARIANCE	2015
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Local Sources					
Property Taxes	\$ 9,300,536	\$ 9,193,996	\$ 9,264,002	\$ 70,006	\$ 9,151,855
Specific Ownership Taxes	415,887	434,850	455,200	20,350	434,950
Earnings on Investments	5,700	7,720	15,682	7,962	5,973
All Other Local Revenue Codes	151,552	165,710	174,677	8,967	207,171
Charter School Allocation	(853,100)	(1,024,309)	(1,007,675)	16,634	(886,612)
Total Local Sources	<u>9,020,575</u>	<u>8,777,967</u>	<u>8,901,886</u>	<u>123,919</u>	<u>8,913,337</u>
County Sources	<u>86,937</u>	<u>240,458</u>	<u>244,908</u>	<u>4,450</u>	<u>86,961</u>
State Sources					
State Equalization	(254,942)	(295,405)	(292,473)	2,932	(283,948)
Exceptional Children's Education Act	168,619	168,254	171,474	3,220	204,949
Transportation	205,000	216,875	221,594	4,719	202,884
Small Rural Schools	-	218,300	223,636	5,336	-
All Other State Revenue	<u>1,200</u>	<u>1,200</u>	<u>960</u>	<u>(240)</u>	<u>2,151</u>
Total State Sources	<u>119,877</u>	<u>309,224</u>	<u>325,191</u>	<u>15,967</u>	<u>126,036</u>
TOTAL REVENUES	<u>9,227,389</u>	<u>9,327,649</u>	<u>9,471,985</u>	<u>144,336</u>	<u>9,126,334</u>
EXPENDITURES					
Instruction					
Salaries	2,998,403	2,945,910	2,919,290	26,620	2,802,746
Employee Benefits	1,039,770	1,023,394	881,541	141,853	829,331
Purchased Services	344,610	393,354	360,300	33,054	328,735
Supplies and Materials	146,700	149,755	123,295	26,460	122,460
Property	67,650	64,970	70,353	(5,383)	83,195
Other Objects and Uses	<u>49,505</u>	<u>49,505</u>	<u>52,388</u>	<u>(2,883)</u>	<u>51,302</u>
Total Instruction	<u>4,646,638</u>	<u>4,626,888</u>	<u>4,407,167</u>	<u>219,721</u>	<u>4,217,769</u>
Supporting Services					
Students					
Salaries	195,997	175,738	174,129	1,609	186,796
Employee Benefits	69,918	65,879	51,297	14,582	50,868
Purchased Services	201,447	219,878	213,894	5,984	168,444
Supplies and Materials	8,600	7,600	5,367	2,233	4,026
Property	-	-	359	(359)	-
Other Objects and Uses	<u>3,325</u>	<u>3,150</u>	<u>1,232</u>	<u>1,918</u>	<u>1,253</u>
Total Students	<u>479,287</u>	<u>472,245</u>	<u>446,278</u>	<u>25,967</u>	<u>411,387</u>

(Continued)

See the accompanying independent auditors' report.

CLEAR CREEK 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)					
Instructional Staff					
Salaries	385,500	430,846	398,168	32,678	365,897
Employee Benefits	125,813	138,262	122,977	15,285	94,986
Purchased Services	277,432	274,355	199,170	75,185	330,520
Supplies and Materials	12,600	13,600	12,035	1,565	9,830
Property	-	-	3,123	(3,123)	1,505
Other Objects and Uses	3,600	3,600	3,405	195	3,365
Total Instructional Staff	<u>804,945</u>	<u>860,663</u>	<u>738,878</u>	<u>121,785</u>	<u>806,103</u>
General Administration					
Salaries	132,080	135,080	139,678	(4,598)	134,344
Employee Benefits	50,103	50,710	43,433	7,277	33,987
Purchased Services	79,247	84,785	102,402	(17,617)	86,003
Supplies and Materials	2,150	2,150	1,642	508	2,464
Property	10,000	10,000	-	10,000	-
Other Objects and Uses	8,310	8,752	8,753	(1)	8,236
Total General Administration	<u>281,890</u>	<u>291,477</u>	<u>295,908</u>	<u>(4,431)</u>	<u>265,034</u>
School Administration					
Salaries	491,451	504,683	511,964	(7,281)	482,839
Employee Benefits	159,207	160,920	146,624	14,296	141,069
Purchased Services	54,925	49,550	41,606	7,944	68,159
Supplies and Materials	10,030	9,930	6,303	3,627	5,700
Property	600	600	4,100	(3,500)	6,602
Other Objects and Uses	3,500	3,500	3,031	469	2,679
Total School Administration	<u>719,713</u>	<u>729,183</u>	<u>713,628</u>	<u>15,555</u>	<u>707,048</u>
Business Services					
Salaries	108,256	108,256	108,258	(2)	106,895
Employee Benefits	32,736	32,736	32,054	682	29,077
Purchased Services	30,554	29,192	13,656	15,536	34,068
Supplies and Materials	500	500	816	(316)	325
Other Objects and Uses	600	2,300	2,587	(287)	1,332
Total Business Services	<u>172,646</u>	<u>172,984</u>	<u>157,371</u>	<u>15,613</u>	<u>171,697</u>

(Continued)

See the accompanying independent auditors' report.

CLEAR CREEK 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)					
Operations and Maintenance					
Salaries	450,945	441,729	407,965	33,764	444,559
Employee Benefits	164,632	162,767	127,236	35,531	142,466
Purchased Services	214,465	219,712	230,596	(10,884)	271,291
Supplies and Materials	323,000	323,000	323,703	(703)	313,519
Property	2,100	2,100	8,006	(5,906)	3,602
Total Operations and Maintenance	<u>1,155,142</u>	<u>1,149,308</u>	<u>1,097,506</u>	<u>51,802</u>	<u>1,175,437</u>
Student Transportation					
Salaries	442,619	459,706	551,457	(91,751)	528,192
Employee Benefits	197,895	213,722	180,768	32,954	170,505
Purchased Services	45,705	46,651	43,657	2,994	33,855
Supplies and Materials	165,500	165,500	118,943	46,557	133,968
Property	1,000	1,000	1,690	(690)	2,320
Other Objects and Uses	(43,675)	(43,675)	(45,308)	1,633	(44,799)
Total Student Transportation	<u>809,044</u>	<u>842,904</u>	<u>851,207</u>	<u>(8,303)</u>	<u>824,041</u>
Central Support					
Salaries	41,408	41,408	38,531	2,877	54,868
Employee Benefits	13,029	13,029	12,301	728	12,956
Purchased Services	131,102	131,870	143,800	(11,930)	179,582
Supplies and Materials	4,000	4,000	6,449	(2,449)	7,355
Property	500	500	1,784	(1,284)	3,291
Other Objects and Uses	2,625	2,690	1,982	708	2,548
Total Central Support	<u>192,664</u>	<u>193,497</u>	<u>204,847</u>	<u>(11,350)</u>	<u>260,600</u>
Food Service					
Supplies and Materials	3,000	3,000	667	2,333	2,342
Total Food Service	<u>3,000</u>	<u>3,000</u>	<u>667</u>	<u>2,333</u>	<u>2,342</u>
Total Supporting Services	<u>4,618,331</u>	<u>4,715,261</u>	<u>4,506,290</u>	<u>208,971</u>	<u>4,623,689</u>
RESERVES	<u>6,220,320</u>	<u>6,432,817</u>	<u>-</u>	<u>6,432,817</u>	<u>-</u>
TOTAL EXPENDITURES	<u>15,485,289</u>	<u>15,774,966</u>	<u>8,913,457</u>	<u>6,861,509</u>	<u>8,841,458</u>

(Continued)

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE	2015
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,257,900)	(6,447,317)	558,528	7,005,845	284,876
OTHER FINANCING (USES)					
Forgiveness of Advance to Other Fund	-	-	(417,022)	(417,022)	-
Transfers Out	(344,000)	(508,500)	(490,000)	18,500	(530,000)
TOTAL OTHER FINANCING (USES)	(344,000)	(508,500)	(907,022)	(398,522)	(530,000)
CHANGE IN FUND BALANCE	(6,601,900)	(6,955,817)	(348,494)	6,607,323	(245,124)
FUND BALANCES, Beginning	6,945,900	6,955,817	6,955,817	-	7,200,941
FUND BALANCES, Ending	\$ 344,000	\$ -	\$ 6,607,323	\$ 6,607,323	\$ 6,955,817

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GRANTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
State Sources	\$ 40,706	\$ 66,440	\$ 9,046	\$ (57,394)	\$ 5,479
Federal Sources	334,136	318,852	288,802	(30,050)	320,519
Local Sources	4,375	4,375	4,272	(103)	7,343
TOTAL REVENUES	379,217	389,667	302,120	(87,547)	333,341
EXPENDITURES					
Salaries	180,094	175,695	208,747	(33,052)	235,162
Benefits	65,029	65,401	66,947	(1,546)	76,521
Purchased Services	82,174	77,220	12,590	64,630	10,625
Supplies and Materials	20,751	46,483	8,382	38,101	6,612
Other	31,172	24,871	5,454	19,417	4,421
TOTAL EXPENDITURES	379,220	389,670	302,120	87,550	333,341
CHANGE IN FUND BALANCE	(3)	(3)	-	3	-
FUND BALANCE, Beginning	3	3	-	(3)	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
District's proportionate share of the Net Pension Liability	0.1301%	0.1216%	0.1202%
District's proportionate share of the Net Pension Liability	\$ 16,592,399	\$ 16,483,928	\$ 18,383,305
District's covered-employee payroll	\$ 5,206,851	\$ 5,225,935	\$ 5,238,164
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	318.7%	315.4%	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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Statutorily required contributions	\$ 888,053	\$ 942,152	\$ 996,366
Contributions in relation to the Statutorily required contributions	<u>888,053</u>	<u>942,152</u>	<u>996,366</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,220,582	\$ 5,259,614	\$ 5,309,044
Contributions as a percentage of covered-employee payroll	17.01%	17.91%	18.77%

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Property Taxes	\$ 2,038,626	\$ 2,048,477	\$ 2,063,733	\$ 15,256	\$ 2,030,098
Delinquent Taxes	4,000	2,200	2,457	257	2,137
Earnings on Investments	1,886	3,162	5,076	1,914	2,020
TOTAL REVENUES	2,044,512	2,053,839	2,071,266	17,427	2,034,255
EXPENDITURES					
Debt Service					
Principal	1,835,000	1,835,000	1,835,000	-	1,815,000
Interest and Fiscal Charges	200,985	200,985	200,985	-	225,184
Reserves	2,444,874	2,443,944	-	2,443,944	-
TOTAL EXPENDITURES	4,480,859	4,479,929	2,035,985	2,443,944	2,040,184
NET CHANGE IN FUND BALANCE	(2,436,347)	(2,426,090)	35,281	2,461,371	(5,929)
FUND BALANCE, Beginning	2,436,347	2,426,090	2,426,091	1	2,432,020
FUND BALANCE, Ending	\$ -	\$ -	\$ 2,461,372	\$ 2,461,372	\$ 2,426,091

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2016

	SPECIAL REVENUE		Totals	
	FOOD SERVICE	CAPITAL RESERVE	2016	2015
ASSETS				
Current Assets				
Cash and Investments	\$ 1,022	\$ 391,319	\$ 392,341	\$ 390,938
Inventories	4,904	-	4,904	5,616
Due from Other Funds	34,215	143,430	177,645	221,170
TOTAL ASSETS	\$ 40,141	\$ 534,749	\$ 574,890	\$ 617,724
LIABILITIES				
Accounts Payable	317	22,964	23,281	1,960
Accrued Salaries and Benefits	30,885	-	30,885	22,820
Unearned Revenues	-	11,000	11,000	-
TOTAL LIABILITIES	31,202	33,964	65,166	24,780
FUND BALANCE				
Nonspendable	4,904	-	4,904	5,616
Restricted for Emergencies	2,993	30	3,023	3,239
Restricted for Food Service	1,042	-	1,042	(1,571)
Assigned for Capital Expenses	-	500,755	500,755	585,660
TOTAL FUND BALANCES	8,939	500,785	509,724	592,944
TOTAL LIABILITIES AND FUND BALANCE	\$ 40,141	\$ 534,749	\$ 574,890	\$ 617,724

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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

	SPECIAL REVENUE		Totals	
	FOOD SERVICE	CAPITAL RESERVE	2016	2015
REVENUES				
Local Sources				
Food Sales	\$ 95,514	\$ -	\$ 95,514	\$ 97,361
Other	350	5,728	6,078	17,001
Earnings on Investments	-	1,385	1,385	595
State Sources	3,018	-	3,018	3,307
Federal Sources	125,448	-	125,448	110,980
TOTAL REVENUES	224,330	7,113	231,443	229,244
EXPENDITURES				
Salaries	107,030	-	107,030	113,566
Benefits	33,961	-	33,961	34,240
Purchased Services	2,948	-	2,948	2,884
Commodities	23,710	-	23,710	6,843
Food	65,121	-	65,121	73,619
Supplies and Materials	4,882	-	4,882	7,677
Property	-	567,011	567,011	505,506
TOTAL EXPENDITURES	237,652	567,011	804,663	744,335
EXCESS OF REVENUES OVER EXPENDITURES	(13,322)	(559,898)	(573,220)	(515,091)
OTHER FINANCING SOURCES (USES)				
Transfers In	15,000	475,000	490,000	530,000
NET CHANGE IN FUND BALANCE	1,678	(84,898)	(83,220)	14,909
FUND BALANCE, Beginning	7,261	585,683	592,944	578,035
FUND BALANCE, Ending	\$ 8,939	\$ 500,785	\$ 509,724	\$ 592,944

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services					
Lunches & Breakfast	\$ 103,330	\$ 103,330	\$ 95,514	\$ (7,816)	\$ 97,361
Other	500	500	350	(150)	615
Earnings on Investments	-	-	-	-	2
Federal Aid					
School Lunches	81,190	81,190	84,835	3,645	80,097
School Breakfast	24,393	24,393	25,691	1,298	24,040
Donated Commodities	11,000	8,000	14,922	6,922	6,843
State Match	3,385	3,385	3,018	(367)	3,307
TOTAL REVENUES	223,798	220,798	224,330	3,532	212,265
EXPENDITURES					
Salaries	127,758	124,936	107,030	17,906	113,566
Benefits	47,115	46,542	33,961	12,581	34,240
Purchased Services	3,200	3,200	2,948	252	2,884
Commodities	11,000	8,000	23,710	(15,710)	6,843
Food	73,295	73,762	65,121	8,641	73,619
Other Supplies	4,500	4,500	4,882	(382)	7,677
Reserves	987	619	-	619	-
TOTAL EXPENDITURES	267,855	261,559	237,652	23,907	238,829
EXCESS OF REVENUES OVER EXPENDITURES					
	(44,057)	(40,761)	(13,322)	27,439	(26,564)
OTHER FINANCING SOURCES (USES)					
Transfers In	44,000	33,500	15,000	(18,500)	30,000
NET CHANGE IN FUND BALANCE	(57)	(7,261)	1,678	8,939	3,436
FUND BALANCE, Beginning	57	7,261	7,261	-	3,825
FUND BALANCE, Ending	\$ -	\$ -	\$ 8,939	\$ 8,939	\$ 7,261

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Earnings on Investments	\$ 750	\$ 750	\$ 1,385	\$ 635	\$ 593
Other	-	-	5,728	5,728	16,386
TOTAL REVENUES	750	750	7,113	6,363	16,979
EXPENDITURES					
Capital Outlay					
Transportation Equipment	-	24,749	24,749	-	29,045
Other	397,671	659,671	542,262	117,409	476,461
Reserves	398,972	377,013	-	377,013	-
TOTAL EXPENDITURES	796,643	1,061,433	567,011	494,422	505,506
EXCESS OF REVENUES UNDER EXPENDITURES	(795,893)	(1,060,683)	(559,898)	500,785	(488,527)
OTHER FINANCING SOURCES					
Transfers In	300,000	475,000	475,000	-	500,000
CHANGE IN FUND BALANCE	(495,893)	(585,683)	(84,898)	500,785	11,473
FUND BALANCE, Beginning	495,893	585,683	585,683	-	574,210
FUND BALANCE, Ending	\$ -	\$ -	\$ 500,785	\$ 500,785	\$ 585,683

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

SEWER TREATMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
OPERATING REVENUES					
Charges for Services	\$ 52,500	\$ 52,500	\$ 56,728	\$ 4,228	\$ 63,695
TOTAL REVENUES	52,500	52,500	56,728	4,228	63,695
OPERATING EXPENSES					
Purchased Services	37,000	37,000	40,960	(3,960)	38,244
Supplies and Materials	15,500	15,500	15,768	(268)	17,483
TOTAL OPERATING EXPENSES	52,500	52,500	56,728	(4,228)	55,727
OPERATING INCOME (LOSS), BUDGETARY BASIS	\$ -	\$ -	-	\$ -	7,968
ADJUSTMENTS TO GAAP BASIS					
Depreciation			(48,694)		(48,694)
NET LOSS, GAAP BASIS			(48,694)		(40,726)
NET POSITION, Beginning			446,417		487,143
NET POSITION, Ending			\$ 397,723		\$ 446,417

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

TUITION PRESCHOOL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Tuition	\$ 106,666	\$ 103,244	\$ 114,765	\$ 11,521	\$ 101,772
Earnings on Investments	-	-	-	-	14
TOTAL REVENUES	106,666	103,244	114,765	11,521	101,786
EXPENDITURES					
Salaries	68,043	66,204	64,361	1,843	69,535
Benefits	24,040	23,359	20,669	2,690	22,683
Purchased Services	255	255	-	255	239
Supplies and Materials	1,850	1,900	92	1,808	720
Other	-	-	140	(140)	89
Reserves	57,026	47,681	-	47,681	-
TOTAL EXPENDITURES	151,214	139,399	85,262	54,137	93,266
CHANGE IN NET POSITION	(44,548)	(36,155)	29,503	65,658	8,520
NET POSITION, Beginning	44,548	36,155	36,155	-	27,635
NET POSITION, Ending	\$ -	\$ -	\$ 65,658	\$ 65,658	\$ 36,155

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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	<u>\$ 181,120</u>	<u>\$ 319,187</u>	<u>\$ 318,882</u>	<u>\$ 181,425</u>
LIABILITIES				
Accounts Payable - Due to Student Groups	<u>\$ 181,120</u>	<u>\$ 319,187</u>	<u>\$ 318,882</u>	<u>\$ 181,425</u>

See the accompanying independent auditors' report.

STATISTICAL SECTION

CLEAR CREEK SCHOOL DISTRICT RE-1

HISTORY OF ASSESSED VALUATION
AND MILL LEVIES IN THE DISTRICT
 2006 through 2016

Levy/ Collection Year	Mill Levy				
	Assessed Valuation	Percent Change	General Fund	Bond Redemption	Total
2006/2007	249,734,680	22.40	19.163	8.925	28.088
2007/2008	355,936,130	42.53	17.859	5.818	23.677
2008/2009	435,303,310	22.30	17.308	4.894	22.202
2009/2010	525,220,630	20.66	15.481	4.072	19.553
2010/2011	525,806,730	0.11	16.510	3.938	20.448
2011/2012	561,745,350	6.83	16.075	3.686	19.761
2012/2013	590,522,210	5.12	15.634	3.461	19.095
2013/2014	597,218,340	1.13	15.588	3.430	19.018
2014/2015	589,696,850	(1.26)	15.625	3.471	19.096
2015/2016	587,798,220	(0.32)	15.623	3.485	19.108

Source: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2005-2015 State of Colorado Property Tax Annual Reports; Clear Creek County Assessor's Office, and the District.

CLEAR CREEK SCHOOL DISTRICT RE-1

PROPERTY TAX COLLECTIONS

2006 through 2016

(Unaudited)

<u>Levy/ Collection Year</u>	<u>Tax Levied</u>	<u>Current Tax Collections</u> ¹	<u>Current Collections as a percentage of Tax Levied</u>	<u>Delinquent Tax Collections</u> ^{1,2}	<u>Total Tax Collections</u> ^{1,2}	<u>Total Tax Collections as a percentage of Tax Levied</u>
2006/2007	7,014,548	6,542,957	93.3	15,739	6,558,696	93.5
2007/2008	8,427,500	8,059,931	95.6	(2,205)	8,057,726	95.6
2008/2009	9,664,604	9,410,861	97.4	12,603	9,423,464	97.5
2009/2010	10,269,639	10,242,348	99.7	10,110	10,252,458	99.8
2010/2011	11,013,584	10,696,008	97.1	5,914	10,701,922	97.2
2011/2012	11,100,650	10,792,477	97.2	(6,216)	10,786,261	97.2
2012/2013	11,276,022	10,916,558	96.8	18,924	10,935,482	97.0
2013/2014	11,357,898	10,979,534	96.7	13,125	10,992,659	96.8
2014/2015	11,260,851	11,170,086	99.2	14,004	11,184,090 ³	99.3
2015/2016	11,231,648	11,316,133	100.8	14,059	11,330,192	100.9

¹ The County treasurer's statutory collection fee has not been deducted.

² Amount collected includes delinquent taxes, current and delinquent interest, less abatement refunds thereon.

³ Collections through August 31, 2016.

Source: Clear Creek School District.

CLEAR CREEK SCHOOL DISTRICT RE-1

TEN LARGEST TAX PAYERS

June 30, 2016

<u>Name</u>	<u>Type of Business</u>	<u>2015 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Climax Molybdenum (personal)	Mining - Real Property	\$ 336,099,480	56.92%
Public Service Company of Colorado	Electric Utility	16,198,030	2.74%
Albert Frei and Sons, Inc.	Mining, Gravel Pit	5,712,320	0.97%
Clear Creek Skiing Corporation (real)	Ski and Destination Resort - Real Property	5,476,580	0.93%
Qwest Corporation	Communications	1,955,100	0.33%
Cellco Partnership	Communications	1,786,900	0.30%
Frei AR and MJ Limited Partnership	Mining, Gravel Pit	1,242,170	0.21%
System Capital Real Property Corp	Real Property	789,790	0.13%
Huntley Bill and Bonnie Invest	Real Property	722,080	0.12%
Frei Alber and Mary Jane Trust	Mining, Gravel Pit	<u>721,430</u>	<u>0.12%</u>
TOTAL		<u>\$ 370,703,880</u>	<u>62.78%</u>

Source: Clear Creek County Assessor's Office and Abstract of Assessments and Levies 2015.

CLEAR CREEK SCHOOL DISTRICT RE-1

ASSESSED VALUATION OF CLASSES OF PROPERTY

(Unaudited)

Class	2015 Assessed Valuation	Percentage of District's 2015 Assessed Valuation
Residential	\$ 124,170,140	21.12%
Natural Resources	414,262,230	70.48%
Commercial	27,135,890	4.62%
Utilities	21,844,900	3.72%
Industrial	252,250	0.04%
Agricultural	132,810	0.02%
Total	\$ 587,798,220	100.00%

Source: Clear Creek County Assessor's Office

CLEAR CREEK SCHOOL DISTRICT RE-1

FACILITIES AND CURRICULUM

June 30, 2016

	<u>Enrollment</u>	<u>Capacity</u>	<u>% Utilization</u>	<u>Year Constructed</u>
<u>Elementary Schools</u>				
Carlson	232	450	51.6%	1800's, 1992
Georgetown (note)	123	225	54.7%	1940's, 1992, 1998
King Murphy	<u>207</u>	<u>375</u>	55.2%	1981,1992
Total Elementary	<u>562</u>	<u>1,050</u>	53.5%	
Clear Creek Middle/High School	<u>332</u>	<u>500</u>	66.4%	2004
Total	<u><u>894</u></u>	<u><u>1,550</u></u>	57.7%	

Note 1: The Georgetown facility is being used by the Georgetown Community School, a Charter School, since August, 2006.

Source: Clear Creek School District

CLEAR CREEK SCHOOL DISTRICT RE-1

DISTRICT ENROLLMENT

2006-2016

(Unaudited)

<u>School Year</u>	<u>Enrollment</u>	<u>Percent Increase (Decrease)</u>
2006/2007	1,066	(1.9)
2007/2008	1,049	(1.6)
2008/2009	991	(5.5)
2009/2010	973	(1.8)
2010/2011	990	1.7
2011/2012	994	0.4
2012/2013	960	(3.4)
2013/2014	930	(3.1)
2014/2015	890	(4.3)
2015/2016	894	0.4

Source: Clear Creek School District

CLEAR CREEK SCHOOL DISTRICT RE-1

HISTORICAL DEBT RATIOS

2006-2016

(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Obligation Debt Outstanding	\$ 21,515,000	\$ 20,470,000	\$ 19,380,000	\$ 18,145,000
Estimated Population (Clear Creek County)	9,322	9,322	9,322	9,322
General Obligation Debt per Capita	2,308	2,196	2,079	1,946
Certified Assessed Valuation	204,028,290	249,734,680	355,936,130	435,303,310
General Obligation Debt as a percentage of Assessed Valuation	10.55%	8.20%	5.44%	4.17%

Source: The District's audited financial statements for fiscal years 2006 through 2016; Clear Creek Assessor's Office; State of Colorado, Division of Property Taxation, Annual Reports 2006-2016; Regional Economics Information System Bureau of Economic Analysis; Census Bureau - internet; and the District.

2010	2011	2012	2013	2014	2015	2016
\$ 16,865,000	\$ 15,530,000	\$ 14,885,000	\$ 13,140,000	\$ 11,340,000	\$ 9,525,000	\$ 7,690,000
9,322	9,322	9,322	9,322	9,322	9,322	9,322
1,809	1,666	1,597	1,410	1,216	1,022	825
525,220,630	525,806,730	561,745,350	590,522,210	597,218,340	589,696,850	587,798,220
3.21%	2.95%	2.65%	2.23%	1.90%	1.62%	1.31%

STATE COMPLIANCE



**JOHN CUTLER
& ASSOCIATES**

Board of Education
Clear Creek School District No. RE-1
Idaho Springs, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clear Creek School District No. RE-1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 Clear Creek School District No. RE-1's basic financial statements. The accompanying electronic financial 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 accompanying electronic financial data integrity check figures is fairly stated in all material respects in relation to the financial statements as a whole.

John Luttler & Associates, LLC

December 13, 2016



Colorado Department of Education

Auditors Integrity Report

District: 0540 - CLEAR CREEK RE-1

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	6,820,907	8,809,101	9,104,765	6,525,244
18 Risk Mgmt Sub-Fund of General Fund	44,820	100,145	107,965	36,999
19 Colorado Preschool Program Fund	90,089	72,719	117,728	45,080
Sub- Total	6,955,816	8,981,965	9,330,458	6,607,323
11 Charter School Fund	407,245	1,158,685	1,052,236	513,695
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	7,261	239,330	237,652	8,938
22 Govt Designated-Purpose Grants Fund	3	302,120	302,120	3
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	2,426,090	2,071,268	2,035,985	2,461,373
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	585,683	482,113	567,011	500,785
Totals	10,382,098	13,235,482	13,525,462	10,092,118
Proprietary				
50 Other Enterprise Funds	482,572	114,765	133,956	463,381
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	482,572	114,765	133,956	463,381
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	181,120	319,188	318,882	181,425
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	181,120	319,188	318,882	181,425

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.