

**CONEJOS SCHOOL DISTRICT NO. 6J
SANFORD, COLORADO**

FINANCIAL STATEMENTS

June 30, 2016

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**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

CONEJOS SCHOOL DISTRICT NO. 6J
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
Conejos School District No. 6J
Sanford, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information on pages 3-9 and 34-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 1, 2017

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in FY 2016 are as follows:

- Net position for governmental activities decreased by \$758,069
- Revenue for all governmental activities was \$3,982,012
- The District incurred \$4,740,081 in expenses related to governmental activities.

Key financial highlights for the District in FY 2015 were as follows:

- For all funds, net position decreased by \$896,435.
- The net position at the beginning of the year according to the other guidelines was \$24,071,416. The change in accounting principle was a decrease of \$5,060,424. The Beginning Net position with the change is \$19,010,992. At year end the net position was \$18,114,557.
- Revenue for all governmental activities was \$3,886,057.
- The District incurred \$4,782,492 in expenses related to governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

District-wide Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial position.

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

Fund Financial Statements

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

- Total assets for the District were \$25,249,406 in 2015, and \$24,802,442 in 2016. Cash and investments were \$3,236,752 in 2015 and \$3,530,822 in 2016. Property tax receivable was \$13,562 in 2015 and \$11,850 in 2016. Receivables from other governmental entities were \$12,544 in 2015 and \$14,690 in 2016. Capital assets were in the amount of \$21,869,406 in 2015 and \$21,235,416 in 2016. Current liabilities were \$454,310 in 2015 and \$451,876 in 2016.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Table 1 provides a summary of the District's net position for fiscal year 2015 & 2016:

Table 1

Condensed Statement of Net Position

	Governmental Activities	Governmental Activities	Total Percent Change
	2015	2016	2015-2016
Assets			
Current Assets	\$ 3,380,000	\$ 3,567,026	5.53%
Capital Assets	\$ 21,869,406	\$ 21,235,416	-2.90%
Total Assets	\$ 25,249,406	\$ 24,802,442	-1.77%
Deferred Outflows of Resources	\$ 530,680	\$ 959,983.00	80.90%
Liabilities			
Current liabilities	\$ 454,310	\$ 451,876.00	-0.54%
Long-term liabilities	\$ 7,197,214	\$ 7,729,335.00	7.39%
Total Liabilities	\$ 7,651,524	\$ 8,181,211	6.92%
Deferred Inflow of Resources			
Deferred Revenue			
Pension	\$ 443	\$ 212,877	47953.50%
Property Taxes	\$ 13,562	\$ 11,849	-12.63%
Net Position			
Net Investment in Capital Assets	\$ 20,797,021	\$ 20,207,825	-2.83%
Restricted for:			
Tabor	\$ 102,830	\$ 102,830	0.00%
Preschool	\$ 8,007		-100.00%
Debt Service	\$ 94,425	\$ 109,009	15.45%
BEST Capital			
Renewal Reserve	\$ 38,000	\$ 75,200	97.89%
Unrestricted	\$ (2,925,726)	\$ (3,138,376)	7.27%
Total Net Position	\$ 18,114,557	\$ 17,356,488	-4.18%

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Table 2 shows the changes in net position for fiscal year 2015 & 2016:

Table 2

Changes in Net Position

	Governmental Activities	Governmental Activities	Total Percentage Change
	2015	2016	2015-2016
Revenues			
Program Revenues			
Charges for Services	\$ 32,259	\$ 36,986	14.65%
Operating Grants & Contributions	\$ 521,506	\$ 558,126	7.02%
Capital Grants & Contributions	\$ -	\$ 23,268	100.00%
General Revenues			
Property Taxes	\$ 298,162	\$ 308,422	3.44%
State Equalization	\$ 2,885,554	\$ 2,963,446	2.70%
Other	\$ 148,576	\$ 91,764	-38.24%
Total Revenues	\$ 3,886,057	\$ 3,982,012	2.47%
Expenses			
Instruction	\$ 3,215,085	\$ 3,163,343	-1.61%
Pupil & Instructional Services	\$ 110,853	\$ 113,849	2.70%
Admin & Business	\$ 482,240	\$ 486,344	0.85%
Maintenance & Operations	\$ 415,765	\$ 394,882	-5.02%
Transportation	\$ 179,573	\$ 187,352	4.33%
Other	\$ 378,976	\$ 394,311	4.05%
Total Expenses	\$ 4,782,492	\$ 4,740,081	-0.89%
Loss on disposal of fixed assets	\$ -	\$ -	0.00%
Increase(Decrease) in Net Position	\$ (896,435)	\$ (758,069)	-15.44%
Net Position- Beginning of the year as Previously stated	<u>\$ 24,071,416.00</u>	<u>\$ 18,114,557.00</u>	<u>-24.75%</u>
Change in Accounting Principle	<u>\$ (5,060,424.00)</u>		<u>-100.00%</u>
Beginning of year- Restated	<u>\$ 19,010,992.00</u>		<u>-100.00%</u>
Net Position- End of year	<u>\$ 18,114,557.00</u>	<u>\$ 17,356,488.00</u>	<u>-4.18%</u>

State equalization accounted for a good portion of the District's total revenue, contributing 74.4 percent of total revenue. Another 14.6 percent came from state and federal grants, 7.7 percent came from property taxes, and the remainder from charges for services and miscellaneous sources.

The District's expenses are predominately related to instruction, (66.7 percent). The District's administrative and business activities accounted for 10.3 percent of total costs.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$7,875.42 for 2015 and \$8741.76 in 2016 per funded student. In fiscal year 2015 the funded pupil count was 369.3 and in fiscal year 2016 the pupil count was 359. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. The District receives approximately 94 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 3 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

Table 3

Government Activities

	Total Cost of Services	Total Cost of Services	Percentage Change	Net Cost of Services	Net Cost of Services	Percentage Change
	2015	2016	2015-2016	2015	2016	2015-2016
Instruction	\$ 3,215,085	\$ 3,163,343	-2%	\$ 2,947,333	\$ 2,845,413	-3.46%
Pupil & instructional services	\$ 110,853	\$ 113,849	3%	\$ (8,438)	\$ (40,466)	379.57%
Administration and business	\$ 482,240	\$ 486,344	1%	\$ 482,240	\$ 486,344	0.85%
Maintenance and operations	\$ 415,765	\$ 394,882	-5%	\$ 415,765	\$ 394,882	-5.02%
Transportation	\$ 179,573	\$ 187,352	4%	\$ 141,248	\$ 174,760	23.73%
Food Services	\$ 245,624	\$ 258,065	5%	\$ 118,227	\$ 124,522	5.32%
Other	\$ 133,352	\$ 136,246	2%	\$ 133,352	\$ 136,246	2.17%
Total	\$ 4,782,492	\$ 4,740,081	-1%	\$ 4,229,727	\$ 4,121,701	-2.55%

- The cost of all governmental activities during the year 2015 was \$4,782,492. During the year 2016 it was \$4,740,081.
- Federal and state government subsidized certain programs with grants and contributions in the amount of \$521,506 in 2015 and \$558,126 in 2016.
- Most of the District's costs were financed by State and District taxpayers. This portion of governmental activities was financed with \$2,885,554 for 2015 and \$2,963,446 in 2016 in state equalization from the School Finance Act of 1994 (SFA) and \$361,082 in property and specific ownership taxes for 2015 and \$372,874 in 2016.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

General Fund Budgetary Highlights

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

CAPITAL ASSET ADMINISTRATION

By the end of 2016, the District has invested \$21,235,416 in land, buildings, and equipment (including vehicles). By the end of 2015, the District has invested \$21,869,406 in land, buildings, and equipment (including vehicles).

Table 4 shows capital assets for FY 2015-2016:

Table 4

Capital Assets at June 30

	Governmental Activities	Governmental Activities	Total Percentage Change
	2015	2016	2015-2016
Land	\$ 43,969	\$ 43,969	0.00%
Land Improvements	\$ 45,633	\$ 52,238	14.47%
Buildings	\$ 20,322,735	\$ 20,334,922	0.06%
Equipment	\$ 2,082,355	\$ 2,105,623	1.12%
Buses & Vehicles	\$ 691,461	\$ 724,326	4.75%
Total	\$ 23,186,153	\$ 23,261,078	0.32%
Accumulated Depreciation			
Buildings	\$ 669,385.00	\$ 1,178,672.00	76.08%
Land Improvements	\$ 1,141.00	\$ 2,942	157.84%
Equipment	\$ 222,752.00	\$ 380,717	70.92%
Vehicles	\$ 423,469.00	\$ 463,331	9.41%
Total	\$ 1,316,747.00	\$ 2,025,662.00	53.84%
Gov Activities Cap Assets, Net	\$ 21,869,406.00	\$ 21,235,416.00	-2.90%

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin C. Edgar, Superintendent of Sanford School District 6-J, at 755 Second Street, Sanford, CO 81151.

CONEJOS SCHOOL DISTRICT NO. 6J
BASIC FINANCIAL STATEMENTS

CONEJOS SCHOOL DISTRICT NO. 6J
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 3,530,822
Accounts Receivable	6,417
Property Tax Receivable	11,850
Due from Other Governments	14,690
Inventories	3,247
Capital Assets	
Land	43,969
Land Improvements	52,238
Buildings	20,334,922
Equipment	2,105,623
Vehicles	724,326
Less: Accumulated Depreciation	(2,025,662)
TOTAL ASSETS	24,802,442
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	959,983
TOTAL DEFERRED OUTFLOWS OF RESOURCES	959,983
LIABILITIES	
Current Liabilities	
Accounts Payable	23,255
Accrued Salaries and Benefits	329,610
Unearned Revenue	13,022
Accrued Interest Payable	24,687
General Obligation Bonds	46,639
Compensated Absences	1,463
Early Retirement Bonus	13,200
Long-term Liabilities	
General Obligation Bonds	980,952
Compensated Absences	53,426
Early Retirement Bonus	176,700
Pension Liability	6,518,257
TOTAL LIABILITIES	8,181,211
DEFERRED INFLOWS OF RESOURCES	
Pension	212,877
Unavailable Revenue - Property Tax	11,849
TOTAL DEFERRED INFLOWS OF RESOURCES	224,726
NET POSITION	
Net Investment in Capital Assets	20,207,825
Restricted for	
TABOR	102,830
Debt Service	109,009
BEST Capital Reserve	75,200
Unrestricted	(3,138,376)
TOTAL NET POSITION	\$ 17,356,488

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 3,163,343	\$ -	\$ 294,662	\$ 23,268	\$ (2,845,413)
Student Supporting Services	69,884	-	130,832	-	60,948
Instructional Staff Supporting Services	43,965	-	23,483	-	(20,482)
General Administration Supporting Services	242,934	-	-	-	(242,934)
School Administration Supporting Services	200,511	-	-	-	(200,511)
Business Supporting Services	42,899	-	-	-	(42,899)
Operations & Maintenance of Plant Services	394,882	-	-	-	(394,882)
Student Transportation Services	187,352	-	12,592	-	(174,760)
Central Supporting Services	67,956	-	-	-	(67,956)
Food Services	258,065	36,986	96,557	-	(124,522)
Interest on Long-term Debt	42,166	-	-	-	(42,166)
Facilities Acquisition and Construction Services	26,124	-	-	-	(26,124)
Total Governmental Activities	<u>4,740,081</u>	<u>36,986</u>	<u>558,126</u>	<u>23,268</u>	<u>(4,121,701)</u>
Total Primary Government	<u>\$ 4,740,081</u>	<u>\$ 36,986</u>	<u>\$ 558,126</u>	<u>\$ 23,268</u>	<u>(4,121,701)</u>

General Revenues:

Taxes:

General Property Taxes - Net	308,422
Specific Ownership Taxes	63,139
Other Taxes	1,313
State Equalization	2,963,446
Interest on Investments	6,485
Miscellaneous	20,827

Total General Revenues:

3,363,632

Change in Net Position

(758,069)

Net Position - Beginning of Year

18,114,557

Net Position - End of Year

\$ 17,356,488

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016

	GENERAL FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 2,746,620	\$ 484,805	\$ 299,397	\$ 3,530,822
Accounts Receivable	6,417	-	-	6,417
Property Tax Receivable	7,943	-	3,907	11,850
Due from Other Governments	10,831	-	3,859	14,690
Inventory	-	-	3,247	3,247
TOTAL ASSETS	\$ 2,771,811	\$ 484,805	\$ 310,410	\$ 3,567,026
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 23,255	\$ -	\$ -	\$ 23,255
Accrued Salaries and Benefits	293,053	-	36,557	329,610
Unearned Revenue	-	-	13,022	13,022
TOTAL LIABILITIES	316,308	-	49,579	365,887
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	7,942	-	3,907	11,849
FUND BALANCE				
Nonspendable:				
Inventory	-	-	3,247	3,247
Restricted:				
TABOR	102,830	-	-	102,830
Debt Service	-	-	109,009	109,009
BEST Capital Reserve	-	75,200	-	75,200
Committed:				
Early Retirement of Bonds	900,000	-	-	900,000
Emergency Reserves	500,000	-	-	500,000
Assigned:				
Food Services	-	-	85,077	85,077
Student Activities	-	-	59,591	59,591
Capital Projects	-	409,605	-	409,605
Designated for Subsequent Years	541,450	-	-	541,450
Unassigned:	403,281	-	-	403,281
TOTAL FUND BALANCE	2,447,561	484,805	256,924	3,189,290
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,771,811	\$ 484,805	\$ 310,410	\$ 3,567,026

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total governmental fund balances	\$	3,189,290
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.		21,235,416
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		959,983
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Refunding Bonds	\$ (1,027,591)	
Accrued Interest Payable	(24,687)	
Early Retirement Bonus Payable	(189,900)	
Compensated Absences	<u>(54,889)</u>	
		(1,297,067)
Net pension liabilities are not due and payable in the current period and are not reported in the funds.		(6,518,257)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		<u>(212,877)</u>
Net position of governmental activities	\$	<u><u>17,356,488</u></u>

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	GENERAL FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 297,565	\$ -	\$ 266,939	\$ 564,504
State Sources	3,113,701	-	8,085	3,121,786
Federal Sources	85,475	-	186,979	272,454
TOTAL REVENUES	3,496,741	-	462,003	3,958,744
EXPENDITURES				
Instructional Program	2,020,120	-	250,412	2,270,532
Student Supporting Services	61,466	-	-	61,466
Instructional Staff Supporting Services	40,047	-	-	40,047
General Administration Supporting Services	217,101	-	-	217,101
School Administration Supporting Services	177,218	-	-	177,218
Business Supporting Services	38,110	-	-	38,110
Operations and Maintenance of Plant Services	373,874	-	-	373,874
Student Transportation Services	134,573	-	-	134,573
Central Supporting Services	67,956	-	-	67,956
Food Services	-	-	219,680	219,680
Facilities Acquisition and Construction Services	-	71,176	-	71,176
Debt Service	-	-	88,037	88,037
TOTAL EXPENDITURES	3,130,465	71,176	558,129	3,759,770
Excess (Deficiency) of Revenues Over Expenditures	366,276	(71,176)	(96,126)	198,974
OTHER FINANCING SOURCES (USES)				
Transfers (to)/from Other Funds	(220,000)	100,000	120,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(220,000)	100,000	120,000	-
Net Change in Fund Balance	146,276	28,824	23,874	198,974
Fund Balance at Beginning of Year	2,301,285	455,981	233,050	2,990,316
Fund Balance at End of Year	\$ 2,447,561	\$ 484,805	\$ 256,924	\$ 3,189,290

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ 198,974

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.

Fixed asset additions	\$ 74,925	
Depreciation expense	(708,915)	
Excess of capital outlay over depreciation	(633,990)	(633,990)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Payments on General Obligation Bonds	44,794	
Change in Accrued Interest	1,077	
	45,871	45,871

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(2,100)	
Early Retirement Bonus	(4,000)	
	(6,100)	(6,100)

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense. (362,824)

Change in net position of governmental activities **\$ (758,069)**

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

Conejos School District No. 6J is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- § The organization is legally separate (can sue and be sued in their own name)
- § The District holds the corporate powers of the organization
- § The District appoints a voting majority of the organization's board
- § The District is able to impose its will on the organization
- § The organization has the potential to impose a financial benefit/burden on the District
- § There is fiscal dependency by the organization on the District
- § The organization is financially accountable to the District
- § The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the Conejos School District No. 6J has no component units.

GOVERNMENT -WIDE AND FUND FINANCIAL STATEMENTS

The government -wide financial statements include the Statement of Net Position and the Statement of Activities. Government -wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government -wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- § Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- § 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each reported as a separate column.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The District reports the following major governmental funds:

- § The *General Fund* is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- § The *Capital Reserve Capital Projects Fund* is used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

Certain eliminations have been made as prescribed in GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with initial maturity of three months or less.

Investments

All investments, if any, are recorded at fair market value.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2016 have been recorded in the financial statements as an asset and a corresponding deferred inflow of resources .

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and construction in progress are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital 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.

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

Assets	Years
Buildings	20-50
Equipment	4-20
Vehicles	7-20

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Compensated Absences

Employees of the District receive from 4.5 to 6 days each term for sick leave. At the end of each term, an employee has the option to either accumulate unused sick leave or be paid for the unused sick leave of that term provided they have 20 days or more of accumulated sick leave. Employees of the District shall receive reimbursement at the rate of \$75 per day for certified employees and \$65 per day for non-certified employees for unused sick leave, up to a

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

maximum of 30 days, upon separation from the District. A liability for accrued personal leave is accrued in the government-wide financial statements.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Certain amounts related to pensions must be deferred.

Pensions

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- § *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- § *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- § *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- § *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures .
- § *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- § *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- § *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent is expressed by the Board of Education.
- § *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain amounts in fiscal year 2015 have been reclassified to conform to the fiscal year 2016 financial statement presentation.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Conejos School District No. 6J follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. Supplemental appropriations were adopted during the fiscal year ended June 30, 2016.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks and on Hand	\$ 3,096,939
COLOTRUST Investments	<u>433,883</u>
Total cash, deposits, and investments on the Statement of Net Position	<u><u>\$ 3,530,822</u></u>

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 102% of the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a deposit policy for custodial credit risk. As of year-end, \$2,133,099 of the District's bank balance of \$2,926,702 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. They include the following:

- § Obligations of the United States and certain U.S. governments agency securities
- § Certain international agency securities
- § General obligation and revenue bonds of U.S. local government entities
- § Banker's acceptance of certain banks
- § Commercial paper holding the highest credit rating category and with a maturity within 180 days
- § Local government investment pools
- § Written repurchase agreements collateralized by certain authorized securities
- § Certain money market funds
- § Guaranteed investment contracts
- § Corporate or bank debt issued by eligible corporations or banks

The District invested \$432,279 in the Colorado Government Liquid Asset Trust (COLOTRUST), a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities. 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. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotruster.com.

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 – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2016, the District's General Fund and Bond Redemption Fund had an estimated property tax receivable of \$7,943 and \$3,907, respectively .

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2016, the District had \$14,690 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, were as follows:

Transfers In	Transfer Out	Total
Student Activity Fund	General Fund	\$ 40,000
Capital Reserve Capital Projects Fund	General Fund	100,000
Food Service Fund	General Fund	80,000
	Total	\$ 220,000

These transfers were made to subsidize the Student Activity, Capital Reserve Capital Projects, and Food Service Funds.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 43,969	\$ -	\$ -	\$ 43,969
Total capital assets not being depreciated	43,969	-	-	43,969
Capital assets being depreciated				
Buildings	20,322,735	12,187	-	20,334,922
Land Improvements	45,633	6,605	-	52,238
Equipment	2,082,355	23,268	-	2,105,623
Vehicles	691,461	32,865	-	724,326
Total capital assets being depreciated	23,142,184	74,925	-	23,217,109
Less accumulated depreciation for:				
Buildings	669,385	509,287	-	1,178,672
Land Improvements	1,141	1,801	-	2,942
Equipment	222,752	157,965	-	380,717
Vehicles	423,469	39,862	-	463,331
Total accumulated depreciation	1,316,747	708,915	-	2,025,662
Total Capital Assets being depreciated, net	21,825,437	(633,990)	-	21,191,447
Governmental Activities Capital Assets, net	<u>\$ 21,869,406</u>	<u>\$ (633,990)</u>	<u>\$ -</u>	<u>\$ 21,235,416</u>

Depreciation expense was charged to functions/programs of the primary government as follows

Governmental activities:	
Instructional Program	\$ 646,958
Food Services	22,095
Student Transportation Services	39,862
Total depreciation expense – governmental activities	<u>\$ 708,915</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis and, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$329,610.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 LONG-TERM DEBT

Changes in Long-Term Debt

Long-term liability balances for the year ended June 30, 2016, were as follows:

	Beginning Balance 6/30/2015	Additions	Deletions	Ending Balance 6/30/2016	Due Within One Year
<i>Governmental Activities:</i>					
G.O. Bonds Payable - Series 2011	\$ 1,072,385	\$ -	\$ 44,794	\$ 1,027,591	\$ 46,639
Retirement Benefit	185,900	4,000	-	189,900	13,200
Compensated Absences	52,789	2,100	-	54,889	1,463
Total	\$ 1,311,074	\$ 6,100	\$ 44,794	\$ 1,272,380	\$ 61,302

General Obligation Bonds Payable

On December 8, 2011, the District issued general obligation bonds series 2011 in the amount of \$1,197,335 with an interest rate of 4.12% to be paid in full on December 1, 2031. The District issued the bonds to fulfill the required match of the Building Excellent Schools Today Act (BEST). The bond proceeds were used for the construction and renovation of schools within the District. The bonds are subject to redemption prior to maturity at the option of the District, in whole, but not in part on December 31, 2021, and any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount redeemed, plus accrued interest to the redemption date.

The annual debt service for the General Obligation Bonds payable is as follows:

	Principal	Interest	Totals
FY 2017	46,639	42,321	88,960
FY 2018	48,560	40,400	88,960
FY 2019	50,560	38,400	88,960
FY 2020	52,642	36,318	88,960
FY 2021	54,810	34,150	88,960
FY 2022 - FY 2026	309,830	134,972	444,802
FY 2027 - FY 2032	464,550	69,214	533,764
	\$ 1,027,591	\$ 395,775	\$ 1,423,366

Retirement Benefit

The District offers a retirement benefit for eligible staff. The amount of the benefit is based on the length of employment by the District. Part time employees will be eligible for one-half of this benefit if the length of their employment meets the requirements noted in the policy. The retirement benefit will be paid to the employee, or the designated beneficiary after retirement in five equal yearly payments.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

	For the Year Ended December 31,	
	2016	2015
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	17.33%

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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$328,964, 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 District reported a liability of \$6,518,257 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, District's proportion was 0.0426 percent, which was a decrease of 0.001% from its proportion measured as of December 31, 2014.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$362,824. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 86,074	\$ 279
Net difference between projected and actual earnings on pension plan investments	557,034	-
Changes of assumptions or other inputs	-	92,114
Changes in proportion	143,628	120,484
Differences between contributions recognized and proportionate share of contributions	611	-
Contributions subsequent to the measurement date	172,636	-
Total	\$ 959,983	\$ 212,877

\$172,636 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	\$184,611
2018	159,262
2019	116,944
2020	113,652
Thereafter	-

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

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
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.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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

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

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

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

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 District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 8,449,567	\$ 6,518,257	\$ 4,911,768

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](http://www.copera.org/investments/pera-financial-reports).

NOTE 11 OTHER POSTEMPLOYMENT 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](http://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, 2016, 2015, and 2014, the District contributions to the HCTF were \$18,914, \$18,986 and \$18,083, respectively, equal to their required contributions for each year.

NOTE 12 DEFINED CONTRIBUTION PENSION PLAN

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$4,323 for the Voluntary Investment Program.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 13 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entity. This joint venture and related party does not meet the criteria for inclusion within the reporting entity because the following entity:

- § is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- § has a separate governing board from that of the District,
- § has a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- § has governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- § has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2016. Complete separate financial statements may be obtained from BOCES.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 15 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

Self Insurance Program

Health Insurance

Effective July 1, 2014, the District began a level-funding self-insurance program, accounted for in the General Fund, to internally provide services previously purchased through a third party contract. The purpose of the program is to pay medical and prescription claims of the District employees and minimize annual medical insurance costs to the District. Medical claims exceeding \$20,000 per covered individual claim liability is covered by a private insurance carrier. The District does not report a liability based on the requirements of Governmental Accounting Standards Board No. 10, as the plan is a level-funding health plan in which monthly payments to the Third Party Administrator are fixed.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 16 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

In November 1996, voters approved a ballot which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1996-97 budget year and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is accounted for as a restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

CONEJOS SCHOOL DISTRICT NO. 6J

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and each of the District's major special revenue funds. In addition, pension plan contributions and the District's proportionate share of the net pension liability is required to supplement the basic financial statements.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 290,000	\$ 290,000	\$ 297,565	\$ 7,565
State Sources	2,988,000	3,024,000	3,113,701	89,701
Federal Sources	3,000	3,000	85,475	82,475
TOTAL REVENUES	3,281,000	3,317,000	3,496,741	179,741
EXPENDITURES				
Instructional Program	2,240,300	2,276,300	2,020,120	256,180
Student Supporting Services	69,500	69,500	61,466	8,034
Instructional Staff Supporting Services	61,500	61,500	40,047	21,453
General Administration Supporting Services	258,000	258,000	217,101	40,899
School Administration Supporting Services	186,250	186,250	177,218	9,032
Business Supporting Services	47,500	47,500	38,110	9,390
Operations and Maintenance of Plant Services	472,700	472,700	373,874	98,826
Student Transportation Services	173,500	173,500	134,573	38,927
Central Supporting Services	95,000	95,000	67,956	27,044
Reserves	144,750	144,750	-	144,750
TOTAL EXPENDITURES	3,749,000	3,785,000	3,130,465	654,535
Excess (Deficiency) of Revenues Over Expenditures	(468,000)	(468,000)	366,276	834,276
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(220,000)	(220,000)	(220,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(220,000)	(220,000)	(220,000)	-
Net Change in Fund Balance	(688,000)	(688,000)	146,276	834,276
Fund Balance at Beginning of Year	688,000	688,000	2,301,285	1,613,285
Fund Balance at End of Year	\$ -	\$ -	\$ 2,447,561	\$ 2,447,561

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0426188835%	0.0438161782%	0.0413653489%
District's proportionate share of the net pension liability (asset)	\$ 6,518,257	\$ 5,938,564	\$ 5,276,139
District's covered-employee payroll	\$ 1,854,277	\$ 1,861,402	\$ 1,772,892
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	352%	319%	298%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%	64.1%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 10 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CONEJES SCHOOL DISTRICT NO. 6J
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 328,964	\$ 314,426	\$ 283,681	\$ 243,211	\$ 211,910	\$ 198,561
Contributions in relation to the contractually required contribution	<u>(328,964)</u>	<u>(314,426)</u>	<u>(283,681)</u>	<u>(243,211)</u>	<u>(211,910)</u>	<u>(198,561)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	1,854,277	1,861,402	1,772,892	1,611,807	1,593,183	1,494,115
Contributions as a percentage of covered-employee payroll	17.74%	16.89%	16.00%	15.09%	13.30%	13.29%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 10 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CONEJOS SCHOOL DISTRICT NO. 6J

SUPPLEMENTARY INFORMATION

These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Food Service Fund - This fund is used to account for the operations of the school breakfast and lunch programs.

Governmental Designated Purpose Grants Fund - This fund is used to account for restricted state and federal grants that are obtained primarily to provide for specific instructional programs.

Student Activity Fund – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

DEBT SERVICE FUND

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Bond Redemption Fund- This fund is used to account for the accumulation of resources and for the payment of principal, interest, and related expenses on the long-term general obligation debt.

CONEJOS SCHOOL DISTRICT NO. 6J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2016

SPECIAL REVENUE FUNDS

	FOOD SERVICE FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	STUDENT ACTIVITY FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 102,103	\$ 32,553	\$ 59,591	\$ 105,150	\$ 299,397
Property Tax Receivable	-	-	-	3,907	3,907
Due from Other Governments	-	-	-	3,859	3,859
Inventory	3,247	-	-	-	3,247
TOTAL ASSETS	\$ 105,350	\$ 32,553	\$ 59,591	\$ 112,916	\$ 310,410
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accrued Salaries and Benefits	\$ 17,026	\$ 19,531	\$ -	\$ -	\$ 36,557
Unearned Revenue	-	13,022	-	-	13,022
TOTAL LIABILITIES	17,026	32,553	-	-	49,579
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Tax	-	-	-	3,907	3,907
FUND BALANCE					
Nonspendable:					
Inventory	3,247	-	-	-	3,247
Restricted:					
Debt Service	-	-	-	109,009	109,009
Assigned:					
Food Services	85,077	-	-	-	85,077
Student Activities	-	-	59,591	-	59,591
TOTAL FUND BALANCE	88,324	-	59,591	109,009	256,924
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 105,350	\$ 32,553	\$ 59,591	\$ 112,916	\$ 310,410

CONEJOS SCHOOL DISTRICT NO. 6J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

SPECIAL REVENUE FUNDS

	FOOD SERVICE FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	STUDENT ACTIVITY FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 36,986	\$ -	\$ 127,332	\$ 102,621	\$ 266,939
State Sources	2,570	5,515	-	-	8,085
Federal Sources	93,987	92,992	-	-	186,979
TOTAL REVENUES	133,543	98,507	127,332	102,621	462,003
EXPENDITURES					
Instructional Program	-	98,507	151,905	-	250,412
Food Services	219,680	-	-	-	219,680
Debt Service	-	-	-	88,037	88,037
TOTAL EXPENDITURES	219,680	98,507	151,905	88,037	558,129
Excess (Deficiency) of Revenues Over Expenditures	(86,137)	-	(24,573)	14,584	(96,126)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	80,000	-	40,000	-	120,000
TOTAL OTHER FINANCING SOURCES (USES)	80,000	-	40,000	-	120,000
Net Change in Fund Balance	(6,137)	-	15,427	14,584	23,874
Fund Balance at Beginning of Year	94,461	-	44,164	94,425	233,050
Fund Balance at End of Year	\$ 88,324	\$ -	\$ 59,591	\$ 109,009	\$ 256,924

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 23,500	\$ 23,500	\$ 36,986	\$ 13,486
State Sources	1,500	1,500	2,570	1,070
Federal Sources	70,000	70,000	93,987	23,987
TOTAL REVENUES	95,000	95,000	133,543	38,543
EXPENDITURES				
Food Services				
Salaries	96,500	96,500	91,881	4,619
Fringe Benefits	38,000	38,000	35,412	2,588
Supplies and Materials	90,000	90,000	90,338	(338)
Purchased Services	3,500	3,500	1,559	1,941
Other Operating	-	-	490	(490)
TOTAL EXPENDITURES	228,000	228,000	219,680	8,320
Excess (Deficiency) of Revenues Over Expenditures	(133,000)	(133,000)	(86,137)	46,863
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	80,000	80,000	80,000	-
TOTAL OTHER FINANCING SOURCES (USES)	80,000	80,000	80,000	-
NET CHANGE IN FUND BALANCE	(53,000)	(53,000)	(6,137)	46,863
Fund Balance at Beginning of Year	53,000	53,000	94,461	41,461
Fund Balance at End of Year	\$ -	\$ -	\$ 88,324	\$ 88,324

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
State Sources	\$ 15,000	\$ 15,000	\$ 5,515	\$ (9,485)
Federal Sources	94,000	94,000	92,992	(1,008)
TOTAL REVENUES	<u>109,000</u>	<u>109,000</u>	<u>98,507</u>	<u>(10,493)</u>
EXPENDITURES				
Instructional Program	<u>109,000</u>	<u>109,000</u>	<u>98,507</u>	<u>10,493</u>
TOTAL EXPENDITURES	<u>109,000</u>	<u>109,000</u>	<u>98,507</u>	<u>10,493</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 180,000	\$ 180,000	\$ 127,332	\$ (52,668)
TOTAL REVENUES	<u>180,000</u>	<u>180,000</u>	<u>127,332</u>	<u>(52,668)</u>
EXPENDITURES				
Instructional Program	295,000	295,000	151,905	143,095
TOTAL EXPENDITURES	<u>295,000</u>	<u>295,000</u>	<u>151,905</u>	<u>143,095</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(115,000)</u>	<u>(115,000)</u>	<u>(24,573)</u>	<u>90,427</u>
OTHER FINANCING SOURCES (USES)				
Transfer to/from Other Funds	40,000	40,000	40,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net Change in Fund Balance	(75,000)	(75,000)	15,427	90,427
Fund Balance at Beginning of Year	<u>75,000</u>	<u>75,000</u>	<u>44,164</u>	<u>(30,836)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,591</u>	<u>\$ 59,591</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 89,000	\$ 89,000	\$ 102,621	\$ 13,621
TOTAL REVENUES	<u>89,000</u>	<u>89,000</u>	<u>102,621</u>	<u>13,621</u>
EXPENDITURES				
Debt Service	<u>89,000</u>	<u>89,000</u>	<u>88,037</u>	<u>963</u>
TOTAL EXPENDITURES	<u>89,000</u>	<u>89,000</u>	<u>88,037</u>	<u>963</u>
Net Change in Fund Balance	-	-	14,584	14,584
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>94,425</u>	<u>94,425</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,009</u>	<u>\$ 109,009</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Facilities Acquisition and Construction Services	500,000	500,000	71,176	428,824
TOTAL EXPENDITURES	<u>500,000</u>	<u>500,000</u>	<u>71,176</u>	<u>428,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(500,000)</u>	<u>(500,000)</u>	<u>(71,176)</u>	<u>428,824</u>
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	100,000	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	(400,000)	(400,000)	28,824	428,824
Fund Balance at Beginning of Year	<u>400,000</u>	<u>400,000</u>	<u>455,981</u>	<u>55,981</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,805</u>	<u>\$ 484,805</u>

CONEJOS SCHOOL DISTRICT NO. 6J

CDE COMPLIANCE SECTION



Wall,
Smith,
Bateman Inc.

REPORT ON COMPLIANCE WITH CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL

To the Board of Education
Conejos School District No. 6J
Sanford, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (the District), as of and for the year ended June 30, 2016 which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 1, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 1, 2017

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com



Colorado Department of Education
Auditors Integrity Report
 District: 0560 - SANFORD 6J
 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	2,277,821	3,117,740	2,920,610	2,474,951
18 Risk Mgmt Sub-Fund of General Fund	15,457	70,000	73,445	12,012
19 Colorado Preschool Program Fund	8,007	89,000	136,409	-39,402
Sub-Total	2,301,285	3,276,740	3,130,464	2,447,561
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	94,461	213,542	219,679	88,324
22 Govt Designated-Purpose Grants Fund	0	98,506	98,506	0
23 Pupil Activity Special Revenue Fund	44,164	167,332	151,905	59,591
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	94,425	102,621	88,038	109,008
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	455,981	100,000	71,176	484,805
Totals	2,990,316	3,958,741	3,759,768	3,189,289
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

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.