

cPa DIXON, WALLER & CO., INC.

CREEDE SCHOOL DISTRICT

CREEDE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2016



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DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS

JUNE 30, 2016

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CREEDE SCHOOL DISTRICT  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2016

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BOARD OF EDUCATION

John Howard	President
Damon Gibbons	Vice-President
Mark Tiley	Secretary
Melanie Freedle	Treasurer
Eryn Wintz	Title IX Officer

SCHOOL OFFICIALS

Buck Stroh	Superintendent
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FINANCIAL SECTION

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TRINIDAD, COLORADO 81082  
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INDEPENDENT AUDITOR'S REPORT

Board of Education  
Creede School District  
Creede, Colorado 81130

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Creede School 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.

**Auditor's Responsibility**

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

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

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

## Opinions

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, and pension trend data on pages i through x and 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Creede School District's basic financial statements. The other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules and state required schedules 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 other schedules, and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

*Dixon, Walker & Co., Inc.*

Trinidad, Colorado  
October 24, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Creede School District**  
**Management Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2016**

The Creede School District utilizes a financial reporting model as required by the provisions of Governmental Accounting Standards Board (GASB).

**Financial Highlights**

<b>Fiscal Year Ended June 30, 2015</b>	<b>Fiscal Year Ended June 30, 2016</b>
<ul style="list-style-type: none"> <li>The District's assets totaled over \$17.5 million. Capital assets totaled \$13.3 million following adjustment for accumulated depreciation.</li> </ul>	<ul style="list-style-type: none"> <li>The District's assets totaled over \$17.1 million. Capital assets totaled \$14.4 million following adjustment for accumulated depreciation.</li> </ul>
<ul style="list-style-type: none"> <li>Long-term debt is made up of \$11.5 thousand on compensated absences; \$7.4 million on participation bonds; and \$26.0 thousand on accrued interest.</li> </ul>	<ul style="list-style-type: none"> <li>Long-term debt is made up of \$11.7 thousand on compensated absences; \$7.1 million on participation bonds; and \$25.1 thousand on accrued interest.</li> </ul>
<ul style="list-style-type: none"> <li>Local Sources of Revenue, including property taxes received, account for approximately \$1.8 million or approximately 90 percent of all general fund revenues. State Equalization Entitlement made up approximately 13 percent of general fund revenues. The remaining general fund revenues consisted of earnings on investments, transfers, and other revenues.</li> </ul>	<ul style="list-style-type: none"> <li>Local Sources of Revenue, including property taxes received, account for approximately \$1.6 million or approximately 80 percent of all general fund revenues. State Equalization Entitlement made up approximately 15 percent of general fund revenues. The remaining general fund revenues consisted of earnings on investments, transfers, and other revenues.</li> </ul>
<ul style="list-style-type: none"> <li>The District had \$3.58 million in revenue related to governmental activities. Total revenues were not adequate to provide for these activities. Reserve monies were required to meet expenses.</li> </ul>	<ul style="list-style-type: none"> <li>The District had \$240.9 thousand in expenses related to governmental activities. Total revenues were not adequate to provide for these activities. Reserve monies were required to meet expenses.</li> </ul>
<ul style="list-style-type: none"> <li>State aid totaled \$5.17 million and federal aid totaled \$47.9 thousand for a total of \$5.22 million.</li> </ul>	<ul style="list-style-type: none"> <li>State aid totaled \$2.48 million and federal aid totaled \$50.2 thousand for a total of \$2.53 million.</li> </ul>
<ul style="list-style-type: none"> <li>Food services are now accounted for as a special revenue fund. Loss realized from charges, operating grants, contributions, and transfers approximated \$48.5 thousand. Revenue in the food service fund from charges for services and operating grants and contributions was insufficient to cover expenses in the 2015 fiscal year. The District continues to subsidize this service.</li> </ul>	<ul style="list-style-type: none"> <li>Food services are now accounted for as a special revenue fund. Loss realized from charges, operating grants, contributions, and transfers approximated \$69.6 thousand. Revenue in the food service fund from charges for services and operating grants and contributions was insufficient to cover expenses in the 2016 fiscal year. The District continues to subsidize this service.</li> </ul>

**Overview of the Financial Statements**

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

- The first two statements are 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.
- Proprietary funds statements offer short-and long-term financial information about the activities the District operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

### **District-Wide Financial Statements**

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

The statement of net assets presents information on all of the Creede School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Creede School District is improving or deteriorating. To assess the District's overall health, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued salaries).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, and administration. The only services accounted for as business-type activities are the District's food services.

## **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 track specific sources of funding and spending on particular programs. The Creede School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, additional information following governmental funds statements explains the relationship (or differences) between them.

Creede School District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the (1) general fund and (2) the capital reserve fund.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as scholarship funds and student activity funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs.

## **Notes to the Financial Statements**

The notes provide additional information meaningful to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found in Figure A of this report.

**Figure A Major Features of the District-Wide and Fund Financial Statements**

	<i>District-Wide Statements</i>	<i>Fund Financial Statements</i>		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of revenues, expenses, and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> </ul>
<i>Accounting Basis and Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-Wide Financial Analysis

Table 1 provides a comparison summary of the District's net assets at June 30, 2016.

	SY 2015	SY 2016
Cash and Investments	4,110.4	2,496.5
Capital Assets, Net	13,458.3	14,633.1
<b>Assets</b>	<b>17,568.7</b>	<b>17,129.6</b>
Long-Term Debt Outstanding	7,198.1	6,922.2
Other Liabilities	5,110.1	3,110.7
<b>Liabilities</b>	<b>12,308.2</b>	<b>10,032.9</b>
<b>Net Position</b>		
Invested in Cap Assets, Net	5,895.1	7,237.2
Emergencies	210.4	121.0
Preschool	37.8	22.6
Debt Service	426.6	416.0
Food Service	7.5	5.3
Unrestricted	(1,215.9)	(784.1)
<b>Net Position as of June 30</b>	<b>5,382.9</b>	<b>7,018.0</b>

Table 2 provides a summary of the changes in net assets. Following Table 2 is a specific discussion related to overall revenues and expenses.

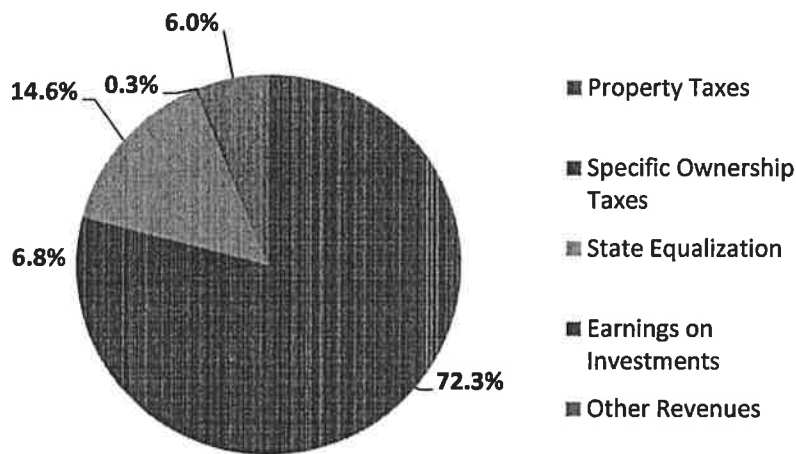
	<b>Governmental Activities</b>	
	SY 2015	SY 2016
<b>Net Revenues</b>		
<b>Taxes</b>		
Property Taxes Levied for General Purposes	1,443.5	1,499.6
Specific Ownership Taxes	132.9	141.5
State Equalization	271.7	303.0
Earnings on Investments	2.4	5.3
Other Revenues	199.6	124.8
<b>Transfers</b>	-	-
<b>Total General Revenues and Transfers</b>	<u>2,050.3</u>	<u>2,074.3</u>
<b>Net Expenses</b>		
Instructional Program	667.7	704.1
<b>Support Services:</b>		
Student	26.6	30.0
Instructional Staff	35.2	22.4
District Administration	121.1	129.6
School Administration	51.6	60.6
Business Support	33.8	46.4
Operations and Maintenance of Plant	134.9	161.8
Student Transportation	24.2	36.3
Central	103.5	112.8
Facility	17.5	24.4
Food Service	48.5	69.6
Capital Outlay	(5,179.9)	276.4
Interest and Fees	313.2	306.8
Pension Amortization	15.5	(32.7)
<b>Total Governmental Activities</b>	<u>3,585.9</u>	<u>240.9</u>
<b>Change in Net Position</b>	5,636.3	1,833.3
<b>Net Position – Beginning</b>	<u>(253.3)</u>	<u>5,384.3</u>
<b>Net Position – Ending</b>	<u>5,382.9</u>	<u>7,217.7</u>

Property taxes and per pupil state formula revenue (state equalization) account for most of the District's revenue, contributing about 72 cents and 15 cents respectively for every dollar raised (see Table 3). Another 6 cents came from Other Revenues that included grants and contributions. The remaining revenues are from fees charged for services and miscellaneous sources.

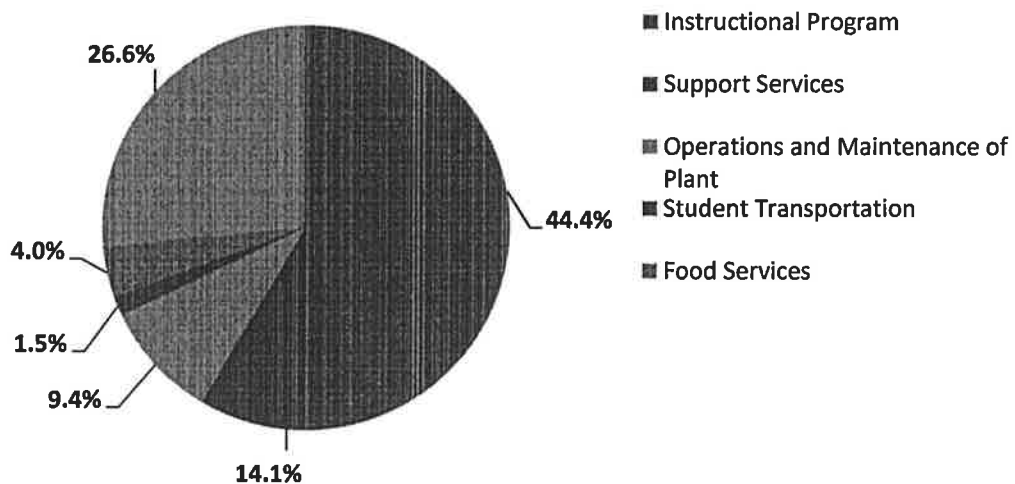
The District expenses predominantly relate to instruction and support services, which includes support for students and instructional staff, administration, operations, and maintenance. Given that Creede School District is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

Detailed below in Tables 3 and 4 are charts displaying revenues by source and expenses by program for the total school district.

**Table 3  
Sources of Revenue  
Fiscal Year 2016**



**Table 4  
Expenses  
Fiscal Year 2016**



## Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$14,623.57 per funded student for fiscal year 2015-16. The averaged funded pupil count was 79.5 – based on a five-year average. The averaged funded pupil count was up one from the previous year. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table 5 reflects each program’s net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these programs.

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	SY 2015	SY 2016	SY 2015	SY 2016
Instructional Program	714.3	765.3	667.7	704.1
Students	26.6	30.0	26.6	30.0
Instructional Supporting Services	35.2	22.4	35.2	22.4
General Administration	121.1	129.6	121.1	129.6
School Administration	51.6	60.6	51.6	60.6
Business Supporting Services	33.8	46.4	33.8	46.4
Operations and Maintenance	134.9	161.8	134.9	161.8
Student Transportation	48.3	50.6	24.2	26.3
Central Support Services	103.5	112.8	103.5	112.8
Facility	17.5	24.4	17.5	24.4
Food Service	91.7	113.8	48.5	69.6
Interest and Fees	313.2	306.8	313.2	306.8
Pension Amortization	15.5	-32.7	15.5	-32.7
<b>Total</b>	<b>1,707.9</b>	<b>1,791.8</b>	<b>1,594.0</b>	<b>1,662.1</b>

*Note: totals may not add due to rounding and adherence to auditor's financial statements*

- The net cost of all governmental activities for fiscal year 2015-16 totaled \$1,662,698.
- Federal and State governments subsidized certain programs with grants and contributions amounting to \$107,372 for Year Ended June 30, 2016, compared to \$89,341 for Year Ended June 30, 2015.
- District and State taxpayers financed most of the District’s costs (\$1,944,165).
- This portion of governmental activities was financed with \$1,499,605 in property taxes, \$141,500 in specific ownership taxes, \$303,060 in state aid (equalization) based on the statewide formula for per pupil funding, and \$5,316 in investment earnings and other miscellaneous revenues not pertaining specifically to a program. By comparison, for Year Ended June 30, 2015, governmental activities were financed with \$1,443,597 in property taxes, \$132,902 in specific ownership taxes, \$271,731 in state aid and \$2,473 in investment earnings.

## Financial Analysis of the District's Funds

District's funds are accounted for using the modified accrual basis of accounting. All governmental funds, for the Year Ended June 30, 2016, had total revenues and transfers of \$2,074,330. By comparison, for the Year Ended June 30, 2015, governmental funds had total revenues and transfers of \$2,050.3 thousand. The change in the District's Net Position was an increase of \$1,833.3 thousand.

### General Fund Budgetary Highlights

The District preapproves a budget in June based on enrollment projections for the upcoming school year.

The fund balance as of June 30, 2016 was \$2,503.8 thousand, compared to \$2,077.1 thousand as of June 30, 2015.

The budgetary basis differs from Generally Accepted Accounting Principles (GAAP) in the treatment of accrued salaries, benefits, and related liabilities. According to state statutes, the accrued salaries and related benefits do not need to be "funded" and, therefore, are not subtracted from budgetary basis fund balance.

### Capital Assets

At the end of fiscal year 2016, the District had \$15,164.6 thousand in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment.

<u>Capital Assets ( Net of Depreciation )</u>	<u>Governmental</u> <u>2015-2016</u>	<u>Governmental</u> <u>2014-2015</u>
Land & Sites	319,291	686,129
Buildings & Improvements	13,419,112	12,589,177
Equipment & Vehicles	696,983	84,118
Total Capital Assets (Net)	14,435,386	13,359,424

### Long-Term Debt

At fiscal year-end, the District had \$7,198.1 thousand in long-term debt. The previous year's long-term debt totaled \$7,500.5 thousand.

<u>CHANGES IN LONG TERM DEBT</u>	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
2013 General Obligation Matching Bonds	7,462,907	-	264,785	7,198,122
Totals	7,462,907	-	264,785	7,198,122

## **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could affect its financial health in the future.

- Information from the Colorado Department of Education Fiscal Year 2015-16 Funding Summary shows that the Creede School District had a 1.4 increase in pupil count FTE's (Full-Time Equivalent) than the prior year. The Funded Pupil Count for 2015-16 was 83.2, up from 81.8 in 2014-15. The five-year averaged funded pupil count resulted in an increase of 1.0 FTE's from the previous year. With Per Pupil Funding at \$14,631, the total program funding had an estimated \$60,037 increase to revenues. The 2016-17 Projected Funding Summary shows the District with a 0.3 decrease in funded pupil count compared to 2015-16.
- State Rescission: The state again rescinded revenue to all school districts as a 'State Budget Stabilization Factor.' The Creede School District experienced a negative factor exceeding \$163,320 in revenues because of state budget cuts for the year. Creede, along with other districts in the state, has been forced to cut programs, staff, wages, benefits, and closed buildings to adjust for the state's rescissions.
- As of October 15, 2016, students attending Creede Schools from outside the District accounted for 35% of the total enrollment. The elementary school had 29% of its enrollment from outside the District and Creede Middle/Senior High Schools had an out-of-district enrollment of 39%. For comparison, on October 15, 2015, students attending Creede Schools from outside the District accounted for 36% of the total enrollment. The elementary school had 38% of its enrollment from outside the District and Creede Middle/Senior High Schools had an out-of-district enrollment of 34%.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent, Creede School District, PO Box 429, Creede, Colorado 81130.

BASIC FINANCIAL STATEMENTS

CREEDE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2016

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Investments	2,496,534	2,496,534
Accounts Receivable	-	-
Accrued Revenue	-	-
Property Taxes Receivable	196,000	196,000
Inventories	1,723	1,723
Capital Assets	15,164,614	15,164,614
Accumulated Depreciation	<u>(729,228)</u>	<u>(729,228)</u>
<u>Total Assets</u>	<u>17,129,643</u>	<u>17,129,643</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
District Contributions Subsequent to Pension Measurement Date	67,834	67,834
Pension Outflows – Plan Level	264,250	264,250
Pension Outflows – Employer Level	-	-
<u>Total Deferred Outflow of Resources</u>	<u>332,084</u>	<u>332,084</u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>Liabilities</u>		
Accounts Payable	11,357	11,357
Accrued Salaries	96,614	96,614
Accrued Interest	25,120	25,120
Compensated Absences	11,747	11,747
Net Pension Obligation	2,690,030	2,690,030
Debt – Current	275,874	275,874
Debt – Long Term	<u>6,922,248</u>	<u>6,922,248</u>
<u>Total Liabilities</u>	<u>10,032,990</u>	<u>10,032,990</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension Inflows – Plan Level	38,127	38,127
Pension Inflows – Employer Level	<u>372,531</u>	<u>372,531</u>
<u>Total Deferred Inflow of Resources</u>	<u>410,658</u>	<u>410,658</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	7,237,264	7,237,264
Restricted for:		
Emergencies	121,000	121,000
Preschool	22,624	22,624
Capital Outlay	-	-
Debt Service	416,019	416,019
Food Service	5,366	5,366
Unrestricted	<u>(784,194)</u>	<u>(784,194)</u>
<u>TOTAL NET POSITION</u>	<u>7,018,079</u>	<u>7,018,079</u>

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

**CREEDE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2016**

	Net (Expenses) Revenue and Changes in Net Position			
	Primary Government			Total
	Charges for Services	Program Revenues Operating Grants & Contributions	Capital Grants and Contributions	
Expenses		Governmental Activities		
<b><u>FUNCTIONS/PROGRAMS</u></b>				
Instructional Services	1,192,612	61,204	(1,131,408)	(1,131,408)
Supporting Services:				
Students	30,012	-	(30,012)	(30,012)
Instructional Staff	22,459	-	(22,459)	(22,459)
District Administration	129,619	-	(129,619)	(129,619)
School Administration	60,631	-	(60,631)	(60,631)
Business	46,456	-	(46,456)	(46,456)
Operation & Maintenance of Facilities	161,886	-	1,963,573	1,963,573
Transportation	50,692	24,300	(26,392)	(26,392)
Central Facility	112,860	-	(112,860)	(112,860)
Food Service	24,489	-	(24,489)	(24,489)
Capital Outlay	113,834	21,868	(69,627)	(69,627)
Loss on Disposition of Assets	-	-	-	-
Interest and Fees	276,485	-	(276,485)	(276,485)
Net Pension Costs	306,815	-	(306,815)	(306,815)
<b>Total Governmental Activities</b>	<u>2,496,122</u>	<u>107,372</u>	<u>(240,952)</u>	<u>32,728</u>
		<u>2,125,459</u>	<u>(240,952)</u>	<u>(240,952)</u>
<b>General Revenues</b>				
Property Taxes Levied for General Purposes			1,499,605	1,499,605
Specific Ownership Taxes			141,500	141,500
Equalization			303,060	303,060
Earnings on Investments			5,316	5,316
Other Revenues			124,849	124,849
<b>Total General Revenues &amp; Transfers</b>			<u>2,074,330</u>	<u>2,074,330</u>
<b>Change in Net Position</b>			1,833,378	1,833,378
<b>Net Position, Beginning</b>			5,384,324	5,384,324
<b>Prior Period Correction</b>			(199,623)	(199,623)
<b>Net Position, Ending</b>			<u>7,018,079</u>	<u>7,018,079</u>

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

CREEDE SCHOOL DISTRICT  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 June 30, 2016

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and Investments	2,105,872	-	387,019	3,643	2,496,534
Accounts Receivable	-	-	-	-	-
Accrued Revenue	-	-	-	-	-
Due From Other Funds	-	2,900	-	-	2,900
Property Taxes Receivable	129,800	-	66,200	-	196,000
Inventories	-	-	-	1,723	1,723
<u>Total Assets</u>	<u>2,235,672</u>	<u>2,900</u>	<u>453,219</u>	<u>5,366</u>	<u>2,697,157</u>
<b><u>LIABILITIES</u></b>					
Accounts Payable	8,457	2,900	-	-	11,357
Accrued Salaries	96,614	-	-	-	96,614
Due To Other Funds	2,900	-	-	-	2,900
Other Payables	-	-	-	-	-
<u>Total Liabilities</u>	<u>107,971</u>	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>110,871</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>					
Unavailable Property Tax	45,200	-	37,200	-	82,400
<b><u>FUND BALANCES</u></b>					
Nonspendable					
Inventories	-	-	-	1,723	1,723
Restricted					
Emergencies	121,000	-	-	-	121,000
Preschool	22,624	-	-	-	22,624
Capital Outlay	-	-	-	-	-
Debt Service	-	-	416,019	-	416,019
Food Service	-	-	-	3,643	3,643
Unassigned	1,938,877	-	-	-	1,938,877
<u>Total Fund Balances</u>	<u>2,082,501</u>	<u>-</u>	<u>416,019</u>	<u>5,366</u>	<u>2,503,886</u>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>					
	<u>2,235,672</u>	<u>2,900</u>	<u>453,219</u>	<u>5,366</u>	<u>2,697,157</u>

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

CREEDE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION  
June 30, 2016

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

<u>Total Fund Balance – Governmental Funds</u>	2,503,886
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$15,164,614 and the accumulated depreciation is \$729,228.	14,435,386
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is shown as not available in the fund financial statements.	82,400
Compensated absences are not reported as a liability in the funds.	(11,747)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(7,198,122)
Accrued interest on long term debt is not reported in the funds.	(25,120)
The District’s portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(2,690,030)
Deferred flows for contributions made toward the net pension obligation from December 31, 2015 until June 30, 2016 is not reported in the funds.	67,834
Net deferred pension flows – plan level	226,123
Net deferred pension flows – employer level	<u>(372,531)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>7,018,079</u>

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

CREEDE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2016

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	906,567	-	560,638	-	1,467,205
Specific Ownership Taxes	141,500	-	-	-	141,500
Earnings on Investments	5,291	-	25	-	5,316
Other Local Sources	118,462	5,107	1,280	22,339	147,188
State Aid	359,392	2,125,459	-	834	2,485,685
Federal Aid	29,172	-	-	21,034	50,206
<u>Total Revenues</u>	<u>1,560,384</u>	<u>2,130,566</u>	<u>561,943</u>	<u>44,207</u>	<u>4,297,100</u>
<b>EXPENDITURES</b>					
Current:					
Instructional Services	765,385	-	-	-	765,385
Supporting Services:					
Students	30,012	-	-	-	30,012
Instructional Staff	22,459	-	-	-	22,459
District Administration	127,619	-	-	-	127,619
School Administration	60,631	-	-	-	60,631
Business	46,456	-	-	-	46,456
Operation & Maintenance of Facilities	161,886	-	-	-	161,886
Transportation	39,198	-	-	-	39,198
Central Facilities	112,860	-	-	-	112,860
	41,633	-	-	-	41,633
Food Service	-	-	-	86,376	86,376
Debt Service:					
Principal Retirement	-	-	264,785	-	264,785
Interest and Fiscal Charges	-	-	307,739	-	307,739
Capital Outlay	-	2,168,388	-	-	2,168,388
<u>Total Expenditures</u>	<u>1,408,139</u>	<u>2,168,388</u>	<u>572,524</u>	<u>86,376</u>	<u>4,235,427</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>152,245</u>	<u>(37,822)</u>	<u>(10,581)</u>	<u>(42,169)</u>	<u>61,673</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(40,000)	-	-	40,000	-
Sale of Assets	365,070	-	-	-	365,070
<u>Total Other Financing Sources (Uses)</u>	<u>325,070</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>365,070</u>
<b>NET CHANGE IN FUND BALANCES</b>					
	477,315	(37,822)	(10,581)	(2,169)	426,743
FUND BALANCES – Beginning	<u>1,605,186</u>	<u>37,822</u>	<u>426,600</u>	<u>7,535</u>	<u>2,077,143</u>
FUND BALANCES – Ending	<u>2,082,501</u>	<u>-</u>	<u>416,019</u>	<u>5,366</u>	<u>2,503,886</u>

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

CREEDE SCHOOL DISTRICT  
 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

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

Net Change in Fund Balances – Total Governmental Funds 426,743

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays more than \$5,000	2,185,532	
Sale of Asset	(365,070)	
Loss on disposition of assets	(276,485)	
Depreciation Expense	<u>(468,015)</u>	1,075,962

Property tax revenues received prior to the year for which the are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenue in the statement of activities. Deferred inflows of property tax increased this year. 32,400

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount. (164)

The statement of activities reports activity in the net pension obligation and related deferred flows which is not reported in the fund financial statements.

Change in net pension obligation		34,139
Deferred flows from net pension obligations		<u>(1,411)</u>

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Interest Expense		924
Debt Payment		<u>264,785</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 1,833,378

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

CREEDE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
PUPIL ACTIVITY AGENCY FUND  
June 30, 2016

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	<u>Pupil Activity Fund</u>
<u>ASSETS</u>	
Cash and Investments	50,005
Due From Other Funds	<u>-</u>
<u>Total Assets</u>	<u>50,005</u>
 <u>LIABILITIES</u>	
Accounts Payable	-
Deposits Held for Others	<u>50,005</u>
<u>Total Liabilities</u>	<u>50,005</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Creede School District (District) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Creede School District. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A.    Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basis financial statements present the District (the primary government) and its component units.

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B.    Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C.    Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available to collect within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D.      Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds
  1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
  2. Building Fund – used to account for the activities associated with major construction projects.
  3. Bond Fund – used to account for the collection of taxes and payment of bond obligations.

Additionally, the District reports the following fund type:

The Pupil Activity Agency Fund – this fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District.

E.      Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E.      Cash and Investments (Continued)

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F.      Receivables

Property taxes levied in 2015 but uncollected in 2016 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2016 are recorded as deferred revenue, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G.      Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H.      Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I.      Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. General Obligation Bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

J.      Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 6, 2001 voters approved a ballot question which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 2000-01 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.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2016, the District reserved \$121,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

CREEDE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K.    Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2015 property tax calendar for Mineral County was as follows:

Levy Date	December 15, 2015
Lien Date	January 1, 2016
Tax Bills Mailed	January 1, 2016
First Installment Due	February 28, 2016
Second Installment Due	June 15, 2016
If Paid in Full, Due	April 30, 2016
Tax Sale – 2014 Delinquent Property Taxes	December 1, 2015

L.    Accumulated Sick Leave

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2016, the District has recorded an estimated liability of \$11,747 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Accumulated Sick Leave	<u>11,583</u>	<u>164</u>	<u>—</u>	<u>11,747</u>

M.    Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N.    GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

CREEDE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N.    GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

Order of Fund Balance Spending Policy (Continued)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Bond Fund</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Inventories	-	-	-	1,723	1,723
<u>Restricted:</u>					
Emergencies	121,000	-	-	-	121,000
Preschool	22,624	-	-	-	22,624
Debt Service	-	-	416,019	-	416,019
Capital Reserve	-	-	-	-	-
Food Service	-	-	-	3,643	3,643
<u>Unassigned</u>	<u>1,938,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,938,877</u>
<u>Total Fund Balances</u>	<u>2,082,501</u>	<u>-</u>	<u>416,019</u>	<u>5,366</u>	<u>2,503,886</u>

O.    Deferred Outflows / Inflows of Resources

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

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

NOTE 2    RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

CREEDE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 2      RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
 (Continued)

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	Items Eliminated	
	Due To	Due From
General Fund	2,900	-
Building Fund	-	2,900

	Items Eliminated	
	Transfers To Other Funds	Transfers From Other Funds
General Fund	40,000	-
Food Service	-	40,000

NOTE 3      BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Food Service Fund, Bond Fund and Building Fund.
6. Budgets for the General Fund, Food Service Fund, Bond Fund and Building Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds although measurement of operations is not required in the financial statements.

CREEDE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 3      BUDGETARY INFORMATION (continued)

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4      CASH AND INVESTMENTS

Deposits

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

At June 30, 2016, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)(SIPC)	750,000	750,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	723,531	772,810
Cash Equivalents	957,557	-
Cash with County Treasurer	<u>81,445</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>2,512,533</u>	<u>1,522,810</u>

As presented above, deposits with a bank balance of \$772,810 and a carrying balance of \$723,531 as of June 30, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 4      CASH AND INVESTMENTS (Continued)

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State law limits the type of investments allowable.

Concentration of Credit Risk – The District has no policy restricting the amount that can be invested in any issuer.

Investments

The types of investment which are authorized to be made with District funds are controlled by state statute and the investment policies of the District. Colorado statutes and the District’s investment policies specify investment instruments meeting defined rating and risk criteria in which the District may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

<u>Investment Type</u>	<u>Percent of Total</u>	<u>Fair Value</u>	<u>Up to 120 Days</u>	<u>121 Days To 5 Years</u>	<u>More Than 5 Years</u>
FNMA NTS	99.9	34,006	-	34,006	-
Accrued Interest					
On Above Securities	<u>.1</u>	<u>39</u>	<u>-</u>	<u>39</u>	<u>-</u>
<u>Total Investments</u>	<u>100%</u>	<u>34,045</u>	<u>-</u>	<u>34,045</u>	<u>-</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016:

- FNMA NTS securities of \$34,006 are valued using quoted market prices (Level 1 inputs)

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Capital Assets Not Being Depreciated</u>					
Land	686,129	-	366,838	-	319,291
Construction in Progress	12,304,878	-	-	(12,304,878)	-
<u>Total Capital Assets Not Being Depreciated</u>	<u>12,991,007</u>	<u>-</u>	<u>366,838</u>	<u>(12,304,878)</u>	<u>319,291</u>
<u>Capital Assets Being Depreciated:</u>					
Building & Site Improvements	2,375,176	1,434,102	2,263,092	12,304,878	13,851,064
Equipment	50,376	616,438	41,827	-	624,987
Vehicles	217,673	-	-	-	217,673
Food Service	30,915	134,992	14,308	-	151,599
<u>Total Capital Assets Being Depreciated</u>	<u>2,674,140</u>	<u>2,185,532</u>	<u>2,319,227</u>	<u>12,304,878</u>	<u>14,845,323</u>
<u>Less Accumulated Depreciation for:</u>					
Building & Site Improvements	2,090,877	345,568	2,004,493	-	431,952
Equipment	30,839	83,495	25,709	-	88,625
Vehicles	154,471	11,494	-	-	165,965
Food Service	29,536	27,458	14,308	-	42,686
<u>Total Accumulated Depreciation</u>	<u>2,305,723</u>	<u>468,015</u>	<u>2,044,510</u>	<u>-</u>	<u>729,228</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>368,417</u>	<u>1,717,517</u>	<u>274,717</u>	<u>-</u>	<u>14,116,095</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>13,359,424</u>	<u>1,717,517</u>	<u>641,555</u>	<u>-</u>	<u>14,435,386</u>

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

<u>Governmental Activities:</u>	
Instructional Programs	427,063
Instructional Support	-
General Administration Support	2,000
Operations and Maintenance	-
Student Transportation Services	11,494
Central Support	-
Food Service	27,458
<u>Total Depreciation Expense – Governmental Activities</u>	<u>468,015</u>

NOTE 6      PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. Eligible employees of the Creede School 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/investment/pera-financial-reports](http://www.copera.org/investment/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. 24-51-601, 604, 1713, and 1714.

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

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

NOTE 6      PENSION PLAN (Continued)

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

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

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

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

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

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

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

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 6**      PENSION PLAN (Continued)

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Creede School District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Creede School District were \$135,860 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 Creede School District reported a liability of \$2,690,030 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 Creede School District proportion of the net pension liability was based on Creede School District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the Creede School District proportion was 0.0176 percent, which was an increase of 0.0025 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Creede School District recognized net pension costs of \$(32,728). At June 30, 2016, the Creede School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 6      PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	35,522	(112)
Changes of assumptions or other inputs	0	(38,015)
Net difference between projected and actual earnings on pension plan investments	228,728	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(372,531)
Contributions subsequent to the measurement date	67,834	N/A
Total	332,084	(410,658)

\$67,834 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, 2016. 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, 2016	
2017	(107,839)
2018	(85,638)
2019	165
2020	46,904
2021	-
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

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 6      PENSION PLAN (Continued)

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

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuations 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 most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 6**

**PENSION PLAN (Continued)**

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

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

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

- 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 increase annually at a rate of 3.9%.
- 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.

CREEDE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 6      PENSION PLAN (Continued)

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	3,487,065	2,690,030	2,027,045

*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 6      PENSION PLAN (Continued)

**Defined Contribution Pension Plan**

Voluntary Investment Program

*Plan Description* – Employees of the Creede School 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 and investment earnings. For the year ended June 30, 2016, program members contributed \$ 14,956.

**Other Post-Employment Benefits**

Health Care Trust Fund

*Plan Description* – The Creede School 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 Creede School 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 Creede School 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 Creede School District contributions to the HCTF were \$7,644, \$8,054 and \$9,020, respectively equal to their required contributions for each year.

NOTE 7      RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CREEDE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 8      COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the General Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2016.

An audited summary of the Colorado School District's Pool financial information at December 31, 2015 (latest information available) follows:

Total Assets	<u>46,958,320</u>
Total Liabilities	<u>22,633,311</u>
Total Equity	<u>24,325,009</u>
Revenue	13,432,892
Underwriting Expenses	<u>16,484,758</u>
Underwriting Gain (Loss)	(3,051,866)
Net Investment Income	663,509
Other Income	<u>-</u>
Net Income (Loss) Before Dividend	(2,388,357)
Dividend	<u>-</u>
Net Income	(2,388,357)
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>95,339</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>24,325,009</u>

NOTE 9      FOOD INVENTORIES

Food Service Fund inventories at June 30, 2016, consisted of purchased, non-food and donated commodities amounting to \$571, \$115 and \$1,037, respectively. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

CREEDE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 10    ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2016 are estimated to be \$96,614. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 11    LITIGATION

None.

NOTE 12    SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

NOTE 13    JOINT VENTURES AND RELATED PARTIES

Not reflected in the accompanying financial statements is the District's participation in the 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 District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2016. The joint venture summary audited financial information as of June 30, 2015 is as follows:

Assets	2,062,696
Deferred Outflow of Resources	372,842
Liabilities	9,301,171
Deferred Inflow of Resources	<u>481</u>
Net Position	<u>(6,866,114)</u>
Revenues	5,389,369
Expenditures	<u>5,093,715</u>
Change In Net Position	<u>295,654</u>
Net Position, Beginning as Restated	<u>(7,161,768)</u>
Net Position Ending	<u>(6,866,114)</u>

CREEDE SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 13    JOINT VENTURES AND RELATED PARTIES (Continued)

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor's Office.

Creede Schools Endowment Foundation

The Creede Schools Endowment Foundation was established to supplement or fund any program or educational activity of Creede School District. This is done primarily through scholarships to the students of the school. The District has two members on the Board. The Board has final authority for all budgeting and financing of the Endowment Foundation, which is a related party and not a joint venture. Complete separate financial statements may be obtained from the Foundation. As of 6-30-2016 the Foundation had cash and investment assets of \$295,048.

Whitney Newton Trust

The Whitney Newton Trust was established in 1969 to supplement or fund any program or educational activity of Creede School District. The custodian of the trust is Mineral County. As of January 1, 2016, no Mineral County Commissioners were also Creede School District Board Members. As Commissioners, they have authority over the Whitney Newton Trust Funds. Complete separate financial statements may be obtained from Mineral County. As of 6-30-2016 the Trust had cash and investment assets of \$792,576.

NOTE 14    INTERFUND BALANCES AND TRANSFERS

<u>INTERFUND BALANCES</u>	<u>Due To</u>	<u>Due From</u>
General Fund	2,900	-
Building Fund	-	2,900
	<u>2,900</u>	<u>2,900</u>

These interfund balances occurred due to expenditures paid on behalf of another fund.

Interfund balances are expected to be paid within one year from the date of the financial statements.

<u>TRANSFERS</u>	<u>Trans In</u>	<u>Trans Out</u>
General Fund	-	40,000
Food Service Fund	40,000	-
	<u>40,000</u>	<u>40,000</u>

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting operations.

CREEDE SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 15      LONG-TERM DEBT – GENERAL OBLIGATION BONDS

	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2016</u>	<u>Current</u> <u>Portion</u>
G.O. Matching Money Bonds 2013	7,462,907	-	264,785	7,198,122	275,874

Series 2013 General Obligation Matching Money Bonds

These general obligation bonds were issued December 9, 2013 for the purpose of constructing District facilities. The Series 2013 matching money bonds of \$7,462,907 were used to match \$8,683,253 in State of Colorado -- BEST Program Series 2013 Project funds. These bonds were issued at an interest rate of 4.187817%.

Below is a schedule of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	275,874	295,668	571,542
2018	287,427	283,873	571,300
2019	299,463	271,584	571,047
2020	312,004	258,780	570,784
2021	325,071	245,440	570,511
2022	338,684	231,542	570,226
2023	352,867	217,061	569,928
2024	367,645	201,975	569,620
2025	383,041	186,256	569,297
2026	399,082	169,879	568,961
2027	415,795	152,816	568,611
2028	433,208	135,039	568,247
2029	451,350	116,517	567,867
2030	470,251	97,220	567,471
2031	489,945	77,114	567,059
2032	510,463	56,166	566,629
2033	531,840	34,341	566,181
2034	554,112	11,602	565,714
	<u>7,198,122</u>	<u>3,042,873</u>	<u>10,240,995</u>

NOTE 16      COMPLIANCE WITH COLORADO LAWS

The actual expenditures of the following funds exceeded their budgeted amounts and may be in violation of Colorado Budget Law:

<u>Fund</u>	<u>Amount</u>
Pupil Activity Fund	27,589

NOTE 17      PRIOR PERIOD CORRECTION

A prior period correction to net position of \$199,623 was recorded to reflect an employer level pension flow for the change in the employer's allocation percentage on collective net pension liability that was not recorded at June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

## MAJOR GOVERNMENTAL FUNDS

### General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

CREEDE SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<u>Local Sources</u>				
Property Taxes	822,190	822,190	906,567	84,377
Specific Ownership Taxes	91,550	91,550	141,500	49,950
Earnings on Investments	4,500	4,500	5,291	791
Delinquent Taxes and Interest	2,500	2,500	1,795	(705)
Other	114,600	27,100	481,737	454,637
<u>State Sources</u>				
Equalization	302,940	302,940	303,060	120
Transportation	23,500	23,500	24,300	800
Vocational Education	-	-	-	-
Special Education	-	-	-	-
Other	30,153	30,153	32,032	1,879
<u>Federal Sources</u>				
Other	29,226	116,726	29,172	(87,554)
<u>Allocation</u>	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,421,159</u>	<u>1,421,159</u>	<u>1,925,454</u>	<u>504,295</u>
<b>EXPENDITURES</b>				
<u>Instruction</u>				
<u>Regular Programs</u>				
Salaries	488,495	488,495	469,468	19,027
Employees Benefits	162,172	162,172	156,235	5,937
Purchased Services-Professional	48,471	48,471	46,810	1,661
Purchased Services-Property	11,500	11,500	9,907	1,593
Purchased Services-Other	27,350	33,923	27,082	6,841
Supplies and Materials	18,773	18,450	30,711	(12,261)
Property	18,275	18,275	13,585	4,690
Other Objects	14,400	15,150	11,587	3,563
<u>Total Instruction</u>	<u>789,436</u>	<u>796,436</u>	<u>765,385</u>	<u>31,051</u>

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

CREEDE SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

<u>SUPPORTING SERVICES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Student Supporting Services</u>				
Salaries	20,985	20,985	20,985	-
Employee Benefits	4,566	4,566	4,443	123
Purchased Services – Professional	5,400	5,400	4,211	1,189
Purchased Services – Other	500	350	175	175
Supplies and Materials	350	350	198	152
Property	150	150	-	150
Other Objects	150	300	-	300
<u>Total Student Services</u>	<u>32,101</u>	<u>32,101</u>	<u>30,012</u>	<u>2,089</u>
<u>Instructional Staff</u>				
Salaries	-	-	10,306	(10,306)
Employee Benefits	-	-	4,287	(4,287)
Purchased Services – Other	7,000	-	3,650	(3,650)
Supplies and Materials	4,450	950	3,787	(2,837)
Property	-	3,500	429	3,071
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>11,450</u>	<u>4,450</u>	<u>22,459</u>	<u>(18,009)</u>
<u>General Administration</u>				
Salaries	72,255	71,655	72,255	(600)
Employee Benefits	20,681	20,555	19,008	1,547
Purchased Services-Professional	20,000	20,000	21,355	(1,355)
Purchased Services-Other	7,500	7,500	4,800	2,700
Supplies and Materials	600	600	366	234
Property	1,500	1,500	106	1,394
Other Objects	10,500	10,500	9,729	771
<u>Total General Administration</u>	<u>133,036</u>	<u>132,310</u>	<u>127,619</u>	<u>4,691</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	45,478	45,478	45,478	-
Employee Benefits	15,084	15,084	13,216	1,868
Purchased Services – Professional	250	250	1,679	(1,429)
Purchased Services – Other	250	250	150	100
Supplies and Materials	400	400	57	343
Property	75	75	-	75
Other Objects	100	100	51	49
<u>Total School Administration</u>	<u>61,637</u>	<u>61,637</u>	<u>60,631</u>	<u>1,006</u>

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

CREEDE SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

<u>Supporting Services (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Business Services</u>				
Salaries	25,823	25,823	29,354	(3,531)
Employees Benefits	10,976	10,976	10,748	228
Purchased Services-Professional	2,400	2,400	2,647	(247)
Purchased Services – Property	-	-	10	(10)
Purchased Services-Other	250	250	-	250
Supplies and Materials	1,000	1,000	1,281	(281)
Property	300	300	222	78
Other Objects	-	-	2,194	(2,194)
<u>Total Business Services</u>	<u>40,749</u>	<u>40,749</u>	<u>46,456</u>	<u>(5,707)</u>
<u>Operations and Maintenance</u>				
Salaries	51,409	51,409	54,844	(3,435)
Employees Benefits	23,369	23,369	23,503	(134)
Purchased Services-Professional	3,500	3,500	2,563	937
Purchased Services-Property	7,500	7,500	9,267	(1,767)
Purchased Services-Other	2,500	2,500	3,031	(531)
Supplies and Materials	87,500	87,500	61,074	26,426
Property	12,000	12,000	7,604	4,396
Other Objects	2,200	2,200	-	2,200
<u>Total Operations and Maintenance</u>	<u>189,978</u>	<u>189,978</u>	<u>161,886</u>	<u>28,092</u>
<u>Student Transportation</u>				
Salaries	5,300	5,300	6,368	(1,068)
Employee Benefits	1,108	1,108	1,307	(199)
Purchased Services-Professional	-	-	103	(103)
Purchased Services-Other	30,000	30,000	31,420	(1,420)
<u>Total Student Transportation</u>	<u>36,408</u>	<u>36,408</u>	<u>39,198</u>	<u>(2,790)</u>
<u>Central Support</u>				
Salaries	33,862	34,462	29,664	4,798
Employee Benefits	12,829	12,955	10,474	2,481
Purchased Services – Other	84,458	41,650	69,140	(27,490)
Supplies and Materials	4,500	4,500	3,582	918
Property	500	500	-	500
<u>Total Central Support</u>	<u>136,149</u>	<u>94,067</u>	<u>112,860</u>	<u>(18,793)</u>
<u>Facilities</u>				
Property	65,000	65,000	41,633	23,367
<u>Total Facilities</u>	<u>65,000</u>	<u>65,000</u>	<u>41,633</u>	<u>23,367</u>
 <u>TOTAL SUPPORTING SERVICES</u>	 <u>706,508</u>	 <u>656,700</u>	 <u>642,754</u>	 <u>13,946</u>

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

CREEDE SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>APPROPRIATED RESERVES</u>	<u>1,265,140</u>	<u>1,325,140</u>	<u>-</u>	<u>1,325,140</u>
<u>TOTAL EXPENDITURES</u>	<u>2,761,084</u>	<u>2,778,276</u>	<u>1,408,139</u>	<u>1,370,137</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(1,339,925)	(1,357,117)	517,315	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>(135,112)</u>	<u>(117,920)</u>	<u>(40,000)</u>	<u>77,920</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	(1,475,037)	(1,475,037)	477,315	
<u>FUND BALANCE, July 1</u>	<u>1,475,037</u>	<u>1,475,037</u>	<u>1,605,186</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>2,082,501</u>	

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

CREEDE SCHOOL DISTRICT  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 For The Last 10 Fiscal Years (As Available)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.0176%	0.0201%	0.0222%	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	2,690,030	\$2,724,169	\$2,837,254	-	-	-	-	-	-	-
District's covered-employee payroll	749,366	\$789,631	\$884,326	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	359%	345%	321%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.80%	64.06%	-	-	-	-	-	-	-

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

CREEDE SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 For The Last 10 Fiscal Years (As Available)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contributions	\$ 132,862	\$ 133,259	\$ 141,329	\$ 134,478	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (132,862)</u>	<u>\$ (133,259)</u>	<u>\$ (141,329)</u>	<u>\$ (134,478)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-	-
District's covered-employee payroll	\$ 749,366	\$ 789,631	\$ 884,326	\$ 891,141	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	17.73%	16.88%	15.98%	15.09%	-	-	-	-	-	-

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

## OTHER SCHEDULES

Building Fund – Used to account for the activities associated with major construction projects.

Bond Redemption Fund – Used to account for the collections of taxes and payment of bonds.

Food Service Special Revenue Fund – This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Fiduciary Fund Types

Pupil Activity Agency Fund – This fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District

CREEDE SCHOOL DISTRICT  
 BUILDING FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	-	-	-
Other Local	-	5,107	5,107
Grant Revenue	4,100,000	2,125,459	(1,974,541)
<u>Total Revenues</u>	<u>4,100,000</u>	<u>2,130,566</u>	<u>(1,969,434)</u>
<u>EXPENDITURES</u>			
Land and Land Sites	4,157,822	2,168,388	1,989,434
Building & Improvements	-	-	-
Equipment	-	-	-
Vehicles	-	-	-
Other	-	-	-
Contingency Reserves	-	-	-
<u>Total Expenditures</u>	<u>4,157,822</u>	<u>2,168,388</u>	<u>1,989,434</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(57,822)	(37,822)	
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfers	20,000	-	(20,000)
Proceeds from Debt	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>	(37,822)	(37,822)	
<u>FUND BALANCE, July 1</u>	<u>37,822</u>	<u>37,822</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	

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

CREEDE SCHOOL DISTRICT  
 BOND REDEMPTION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
Property Taxes	580,000	560,638	(19,362)
Specific Ownership Taxes	-	-	-
Earnings on Investments	-	25	25
Other Local Sources	-	1,280	1,280
<u>Total Revenues</u>	<u>580,000</u>	<u>561,943</u>	<u>(18,057)</u>
<u>EXPENDITURES</u>			
Debt Service:			
Principal Retirement	264,785	264,785	-
Interest and Fiscal Charges	307,000	307,739	(739)
Other	-	-	-
Contingency	434,815	-	434,815
<u>Total Expenditures</u>	<u>1,006,600</u>	<u>572,524</u>	<u>434,076</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(426,600)	(10,581)	
<u>FUND BALANCE, July 1</u>	<u>426,000</u>	<u>426,600</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>416,019</u>	

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

CREEDE SCHOOL DISTRICT  
 FOOD SERVICES – SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	19,500	22,339	2,839
Earnings on Investments	-	-	-
Other	-	-	-
<u>State Sources</u>			
School Lunches	500	321	(179)
<u>Federal Sources</u>			
School Lunches	17,121	19,043	1,922
Commodities	-	2,504	2,504
<u>Total Revenues</u>	<u>37,121</u>	<u>44,207</u>	<u>7,086</u>
 <u>EXPENDITURES</u>			
Salaries	46,705	43,850	2,855
Employee Benefits	20,028	19,640	388
Purchased Services – Professional	-	434	(434)
Purchased Services – Property	-	-	-
Purchased Services - Other	2,500	-	2,500
Supplies and Materials	21,000	20,271	729
Capital Outlay	2,000	-	2,000
Other	-	98	(98)
Commodities	-	2,083	(2,083)
<u>Total Expenditures</u>	<u>92,233</u>	<u>86,376</u>	<u>5,857</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(55,112)	(42,169)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>55,112</u>	<u>40,000</u>	<u>(15,112)</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	-	(2,169)	
<u>FUND BALANCE, Beginning</u>	-	<u>7,535</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>5,366</u>	

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

CREEDE SCHOOL DISTRICT  
 PUPIL ACTIVITY AGENCY FUND  
 SCHEDULE OF ACTIVITIES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

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	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>ADDITIONS</u>			
Local Sources	-	42,060	42,060
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Additions</u>	<u>-</u>	<u>42,060</u>	<u>42,060</u>
<u>DEDUCTIONS</u>			
Student Activities	-	27,589	(27,589)
<u>Total Deductions</u>	<u>-</u>	<u>27,589</u>	<u>(27,589)</u>
<u>Net Increase (Decrease) in Deposits Held for Others</u>	-	14,471	
<u>Deposits Held for Others – Beginning of Year</u>	-	35,534	
<u>Deposits Held for Others – End of Year</u>	<u>-</u>	<u>50,005</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

**Bolded Balance Sheet**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2010 - CREEDE SCHOOL DISTRICT  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (68807)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (68807) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	1,605,186	1,885,654	1,408,140	2,082,501
18 Risk Mgmt-Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub-Total</b>	<b>1,605,186</b>	<b>1,885,654</b>	<b>1,408,140</b>	<b>2,082,501</b>
11 Charter School Fund	0	0	0	0
20-26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	7,535	84,193	86,361	5,366
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	426,600	561,943	572,524	416,020
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	37,822	2,130,567	2,168,388	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
<b>Total</b>	<b>2,077,143</b>	<b>4,602,156</b>	<b>4,235,412</b>	<b>2,503,888</b>
<b>Proprietary</b>				
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
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	35,534	42,860	27,589	50,005
79 GASB 34-Permanant Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Total</b>	<b>35,534</b>	<b>42,860</b>	<b>27,589</b>	<b>50,005</b>

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.



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
**District 2010 - CREEDE SCHOOL DISTRICT**  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Cash and Investments (8100-8104,8111)	2,097,259	0	0	3,643	0	0	0	0	0	0	0	50,005	0	2,150,907	
Cash with Fiscal Agent (8105)	8,614	0	0	0	0	387,020	0	0	0	0	0	0	0	395,633	
Taxes Receivable (8121,8122)	129,800	0	0	0	0	66,200	0	0	0	0	0	0	0	196,000	
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	2,900	0	0	0	0	0	0	2,900	
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Inventories (8171,8172,8173)	0	0	0	1,723	0	0	0	0	0	0	0	0	0	1,723	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Assets</b>	<b>2,235,672</b>	<b>0</b>	<b>0</b>	<b>5,366</b>	<b>0</b>	<b>453,220</b>	<b>2,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,005</b>	<b>0</b>	<b>2,747,163</b>	

	Governmental							Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>LIABILITIES &amp; FUND EQUITY</b>													
LIABILITIES													
Interfund Payables (7401,7402)	2,900	0	0	0	0	0	0	0	0	0	0	2,900	
Other Payables (7421-7423)	8,457	0	0	0	0	0	2,900	0	0	0	0	11,357	
Accrued Expenses (7461)	96,614	0	0	0	0	0	0	0	0	0	0	96,614	
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred Inflow (7800)	45,200	0	0	0	0	37,200	0	0	0	0	0	82,400	
<b>Total Liabilities</b>	<b>153,171</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,200</b>	<b>2,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>193,271</b>	

**Governmental**

**Proprietary**

**Fiduciary**

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
	Non-spendable Fund Balance 6710	0	0	0	1,723	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	3,643	0	416,020	0	0	0	0	0	0	419,662
TABOR 3% Emergency Reserve 6721	121,000	0	0	0	0	0	0	0	0	0	0	0	121,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	22,624	0	0	0	0	0	0	0	0	0	0	0	22,624
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	1,938,877	0	0	0	0	0	0	0	0	0	50,005	0	1,988,882
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>2,082,501</b>	<b>0</b>	<b>0</b>	<b>5,366</b>	<b>0</b>	<b>416,020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,005</b>	<b>0</b>	<b>2,553,892</b>

General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
2,235,672	0	0	5,366	0	453,220	2,900	0	0	0	50,005	0	2,747,163

General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
2,235,672	0	0	5,366	0	453,220	2,900	0	0	0	50,005	0	2,747,163

For Each Fund Type:												
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes