

**SCHOOL DISTRICT FREMONT RE-1**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

Year Ended June 30, 2016



**RECEIVED**

*By Justin L. Smith at 10:29 am, Nov 15, 2016*

**SCHOOL DISTRICT FREMONT RE-1**  
**TABLE OF CONTENTS**  
**JUNE 30, 2016**

	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	i
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet—Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position—Fiduciary Funds	7
Statement of Changes in Net Position—Fiduciary Funds	8
Statement of Financial Position—Facilities Corp.	9
Statement of Activities—Facilities Corp.	10
Statement of Cash Flows—Facilities Corp.	11
Notes to Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer's Share of Net Pension Liability and Covered Payroll	43
Schedule of Employer's Statutory Payroll Contributions and Covered Payroll	44
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—General Fund	45
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Governmental Designated-Purpose Grants Fund	46

**SCHOOL DISTRICT FREMONT RE-1**  
**TABLE OF CONTENTS**  
**JUNE 30, 2016**

	<b>PAGE</b>
<b>INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
<i>General Fund:</i>	
Schedule of Revenue Compared to Budget	47
Schedule of Expenditures and Other Financing Uses Compared to Budget	48
<i>Governmental Designated-Purpose Grants Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual	51
<i>Bond Redemption Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual	52
<i>Capital Projects Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual	53
<i>Non-major Governmental Funds:</i>	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	55
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	
Food Service Fund	56
Pupil Activity Fund	57
<i>Fiduciary Funds:</i>	
<i>Private-Purpose Trust Fund:</i>	
Schedule of Changes in Fiduciary Net Position	58
<i>Agency Fund:</i>	
Statement of Changes in Fiduciary Assets and Liabilities	59
<i>Capital Assets Used in the Operation of Governmental Funds:</i>	
Schedule by Source	60
Schedule by Function and Activity	61
Schedule of Changes by Function and Activity	62

**SCHOOL DISTRICT FREMONT RE-1**  
**TABLE OF CONTENTS**  
**JUNE 30, 2016**

	<b>PAGE</b>
EXPENDITURES OF FEDERAL AWARDS	
Schedule of Expenditures of Federal Awards	63
Notes to the Schedule of Expenditures of Federal Awards	64
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	67
Schedule of Findings and Questioned Costs	69
Summary Schedule of Prior Audit Findings	71
 COLORADO SCHOOL DISTRICT/BOCES AUDITORS' DATA INTEGRITY REPORT	
Independent Auditors' Report on Colorado School District/BOCES Auditor's Integrity Report	72
Colorado School District/BOCES Auditors' Integrity Report	73



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
School District Fremont RE-1

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of School District Fremont RE-1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District Fremont RE-1'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component

units, each major fund, and the aggregate remaining fund information of the School District Fremont RE-1, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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 School District Fremont RE-1's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, on our consideration of the School District Fremont RE-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* in considering School District Fremont RE-1's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado  
October 25, 2016

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

As management of the School District Fremont RE-1 (District), doing business as Cañon City Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in the independent auditors report and financial statements, which immediately follow this section.

**Financial Highlights**

Key financial highlights for fiscal year 2016 are as follows:

- The District's government-wide net position decreased by \$32.7 million to \$-31.3 million for the year ended June 30, 2016, primarily as a result of the adoption of GASB Statement 68 and a prior period adjustment to the PERA liability amount.
- Governmental activities have unrestricted net position of \$ -52.4 million. Again, primarily as a result of the adoption and implementation of GASB Statement 68.
- The District's primary government long-term liabilities increased by \$37.8 million with the adoption and implementation of GASB Statement 68.
- Fund balance of the District's general fund increased by \$183 thousand to \$1.9 million.

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

- 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.
- 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, such as scholarship funds and student clubs and organizations funds.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

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

***District-wide Statements***

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

The two district-wide statements report the District's net position – *Statement of Net Position* - and how they have changed – the *Statement of Activities*. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

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

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). The District has two kinds of 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) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds*: The District is the agent, or *fiduciary*, for assets that belong to others, such as the scholarship and student clubs/organizations 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. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

**Financial Analysis of the District as a Whole**

Colorado school districts are primarily funded from the School Finance Act of 1994 (SFA) as amended. An individual district's funding is primarily driven by its enrollment. The District's enrollment peaked in fiscal year 2002 (October 2001 count) with a declining trend up until the past few years wherein enrollment has been relatively flat.

The District's declining enrollment negatively affected its funding over the past few years. This coupled with material reductions in funding due to economic recession under the SFA has had a severe negative impact on the District's resources. The District's total program funding from the SFA increased \$1.1 million in fiscal year 2016.

In fiscal year 2016 the District's General Fund fund balance was 6.9% of fiscal year 2016 General Fund expenditures. Industry standards call for a fund balance in the range of 8% to 15% in order to meet operating obligations, cash flow requirements and unforeseen events.

Prior to fiscal year 2012 the District's fund balance was approaching the desired minimum fund balance level of 8%. However, it decreased as projected in fiscal year 2012, 2013 and 2014 as it was used to cover ongoing projected budget shortfalls. General Fund fund balance increased by \$183 thousand in fiscal year 2016.

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of current assets are the result of the property tax collection process. Capital assets are used in the operations of the District. These assets include land, buildings, equipment and vehicles.

Current and long-term liabilities are classified based on anticipated liquidation either in the near term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, and deferred revenue. Long-term liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2016.

In total, District net position decreased by \$32.7 million to \$-31.3 million for the year ended June 30, 2016. This is primarily a result of a prior period adjustment and other pension expense recognized in accordance with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. See note one, to the financial statements, for additional information.

The District's General Fund fund balance increased by \$183 thousand resulting in an ending fund balance of \$1.9 million at fiscal year 2016 year-end. Fund balance increased as a result of actual expenditures being less than revenues.

The District's long-term liabilities increased by \$37.8 million to \$82.2 million. \$39.5 million of the increase was attributed to the adoption and full implementation of GASB Statement 68. The addition of capital leases partially offset the expected decrease from payments on the capital construction bonds and other capital borrowings. The long-term debt includes bond payments, compensated absences, energy projects and QZAB Bonds.

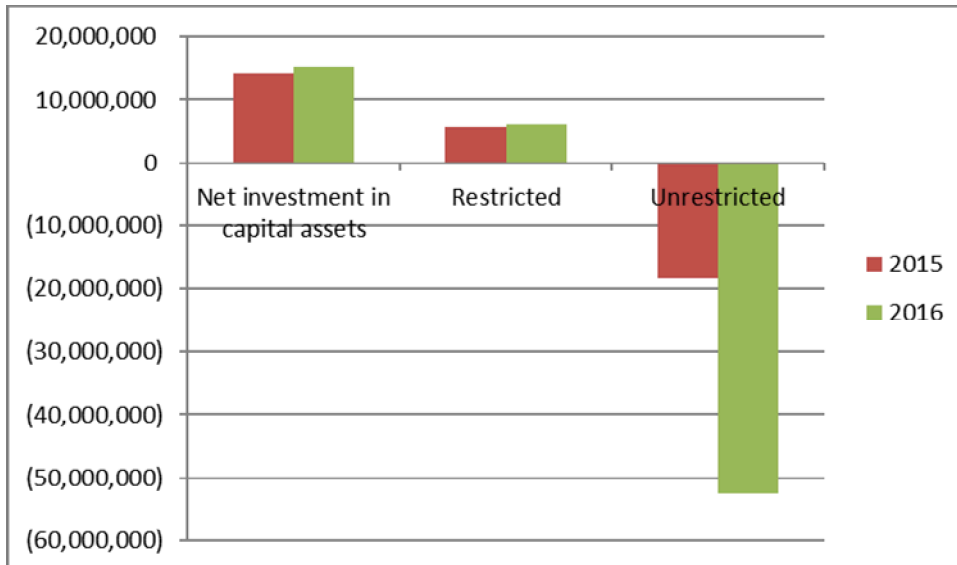
**Cañon City Schools**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2016**

**Table -1-** provides a summary of the District's net position and **Table -2-** provides a summary for the District's changes in net position for 2016:

**Table -1-**  
**Statement of Net Position**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2016</u>
<b>ASSETS</b>		
Current and other assets	\$11,642,895	\$12,153,080
Capital Assets	36,160,196	35,471,902
<b>Total Assets</b>	<b>\$47,803,091</b>	<b>\$47,624,982</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Total deferred outflows of resources</b>	<b>\$925,693</b>	<b>\$7,727,206</b>
<b>LIABILITIES</b>		
Long-term liabilities outstanding	\$44,436,198	\$82,241,320
Other liabilities	2,892,489	3,187,336
<b>Total Liabilities</b>	<b>\$47,328,687</b>	<b>\$85,428,656</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
<b>Total deferred inflows of resources</b>	<b>\$1,611</b>	<b>\$1,192,325</b>
<b>NET POSITION</b>		
Net investment in capital assets	\$14,176,805	\$15,207,473
Restricted	5,580,767	5,948,493
Unrestricted	(18,359,086)	(52,424,759)
<b>Total net position</b>	<b>\$1,398,486</b>	<b>(\$31,268,793)</b>

**Table -2-**  
**Net Position Graph**



**Cañon City Schools**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2016**

Table -3-

**Statement of Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2016</b>
<b>REVENUES:</b>		
Charges for services	\$880,600	\$896,026
Operating and capital grants and contributions	5,977,031	6,515,269
General revenues:		
Property & specific ownership taxes	8,714,887	9,246,537
State equalization	16,399,152	17,176,925
Other	1,130,023	998,465
<b>Total revenues</b>	<b>\$33,101,693</b>	<b>\$34,833,222</b>
<b>EXPENSES:</b>		
Instruction	\$17,639,752	\$20,632,561
Athletics	330,747	350,819
Supporting services		
Students	1,727,799	1,786,409
Instructional staff	1,544,598	1,477,950
General administration	639,703	771,855
School administration	1,919,790	2,086,280
Business	662,783	716,727
Operations & maintenance	3,416,277	3,516,415
Student transportation	660,120	681,725
Central	1,080,660	1,229,643
Other support services	10,925	7,819
Community services	122,636	236,420
Food services	1,825,377	1,855,879
Facilities acquisition & construction	2,389,776	1,047,001
Interest on long-term debt	483,823	398,500
Other debt service	101,446	0
<b>Total expenses</b>	<b>\$34,556,212</b>	<b>\$36,796,003</b>
<b>NET POSITION:</b>		
Increase (decrease) in net position	(\$1,454,519)	(\$1,962,781)
Net Position - beginning	21,015,524	1,398,486
Prior period adjustment	(18,162,519)	(30,704,498)
Net position, beginning, as restated (deficit)	2,853,005	(29,306,012)
<b>Net position, ending</b>	<b>\$1,398,486</b>	<b>(\$31,268,793)</b>

**Cañon City Schools**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2016**

Table-4-

**Sources of Revenues for Fiscal Year 2015-16**

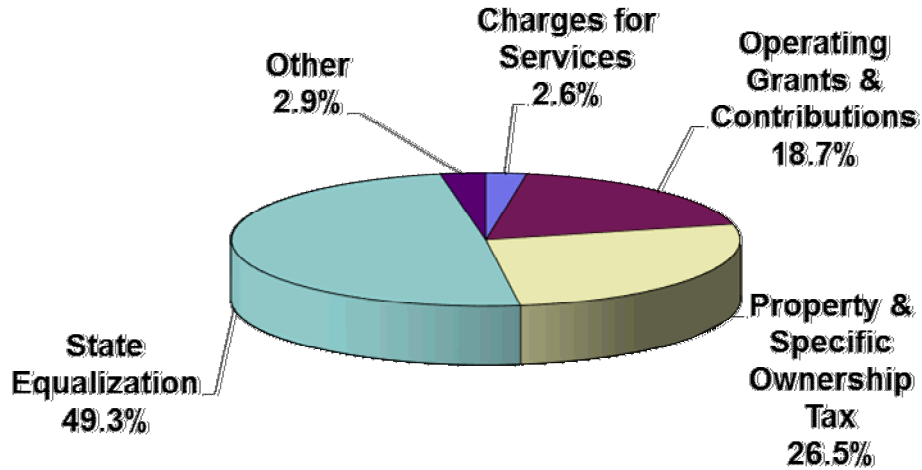
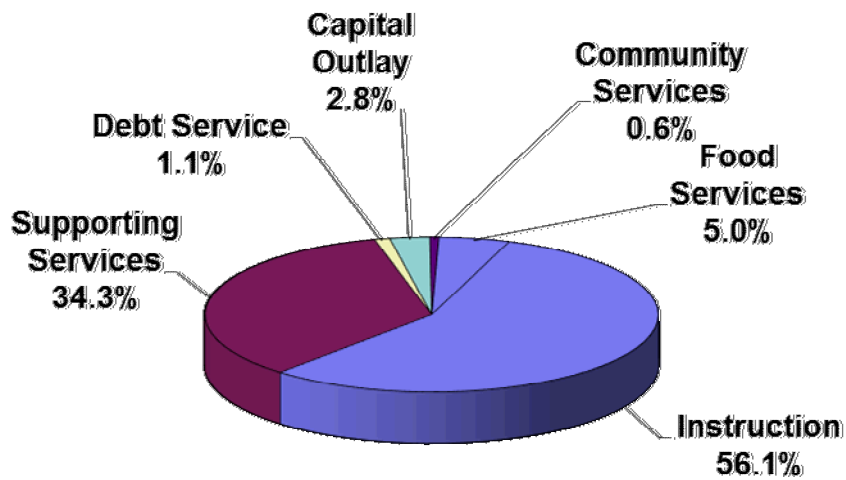


Table-5-

**Expenses for Fiscal Year 2015-16**



**Cañon City Schools**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2016**

State equalization accounted for 49 percent of the District's governmental activities total revenue. (See **Table -4-**.) Another 27 percent came from property and specific ownership taxes and the remainder from operating grants, contributions, fees charged for services, and miscellaneous sources.

The District's expenses are predominantly related to instructing, 56 percent. (See **Table -5-**.) Supporting Services, including the District's student support, administrative, business, transportation, maintenance and operations activities, accounted for 34 percent of total costs.

***Governmental Activities***

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA) as amended. Under the SFA the District received \$6,940 per funded student. In fiscal year 2016 the funded pupil count was 3728.3. For the 2016 fiscal year the District continued to be one of the lowest funded districts in the state on a per pupil basis.

Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The District receives approximately 70 percent of this funding from state equalization. State law allows school districts to obtain an additional 30 percent of SFA program funding from local property and specific ownership taxes (SOT). The District's assessed valuation generated \$9.2 million in property and SOT tax revenue under the SFA in fiscal year 2016.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. **Table -6-** shows, for governmental activities, the total cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

**Table -6-**

**Governmental Activities**

	<b>2015</b>	<b>2016</b>
<b>Instruction</b>	<b>\$17,639,752</b>	<b>\$20,632,561</b>
<b>Pupil &amp; Instructional Services</b>	<b>3,603,144</b>	<b>3,615,178</b>
<b>Administration &amp; Business</b>	<b>3,222,276</b>	<b>3,574,862</b>
<b>Maintenance &amp; Operations</b>	<b>3,416,277</b>	<b>3,516,415</b>
<b>Transportation</b>	<b>660,120</b>	<b>681,725</b>
<b>Other</b>	<b>6,014,643</b>	<b>4,775,262</b>
<b>Total</b>	<b>\$34,556,212</b>	<b>\$36,796,003</b>

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

The cost of all *governmental* activities this year was \$36.8 million.

- Some of the cost was financed by the users of the District's programs (\$896 thousand).
- The federal and state government subsidized certain programs with grants and contributions (\$6.5 million).
- A portion of governmental activities was financed with \$18.8 million in state equalization from the School Finance Act of 1994 (SFA) and \$9.2 million in property and specific ownership taxes.

***Business-Type Activities***

Prior to fiscal year 2015, the Food Services Fund was categorized as a Proprietary Business-Type Fund – Fund 51. Beginning in fiscal year 2015 the Food Services Fund was re-categorized as a Special Revenue Fund – Fund 21. Accordingly, the Food Services Fund is now reported as part of Governmental Activities.

**Financial Analysis of the District's Funds**

Information about the District's major funds starts on page 3. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$34.9 million and expenditures of \$36.8 million.

***Budgetary Highlights***

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. Individual Fund Statements and Schedules begin on page 52.

- Prior to the end of the fiscal year, additional budget appropriations were approved for the General Fund, the Charter School Fund, the Colorado Preschool Fund, the Food Services Fund, the Grants Fund, the Capital Reserve Fund, and the Middle School and High Schools Clubs Fund in order to cover anticipated expenditures in excess of original budgeted amounts.
- General Fund (Fund 10) actual revenues exceeded actual expenditures by \$158 thousand. This resulted in the General Fund fund balance increasing to \$1.7 million at fiscal year end – 6.9% of FY2016 expenditures. The minimum desired fund balance is \$2.0 million – 8.0% of expenditures.
- Risk Management Fund (Fund 18) revenues exceeded actual expenditures by \$19 thousand. The Risk Management Fund fund balance increased to \$87 thousand at year end.
- Colorado Preschool Program (CPP) Fund (Fund 19) actual expenditures exceeded revenues by \$6 thousand as part of the plan to spend down excess reserves. The CPP fund balance was \$139 thousand at year end.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

- Food Service Fund (Fund 21) actual revenues exceeded expenditures by \$38 thousand. The fund balance was \$722 thousand at year end.
- Grants Fund (Fund 22) expenditures were within the budgeted amount of \$3.4 million and were matched to revenues. Grant fund expenditures in excess of grant revenue for any particular grant were reclassified to the General Fund.
- Pupil Activity Fund (Fund 23) actual expenditures were within budget and matched to revenues with the General Fund allocation for amounts in excess of participation, gate and other revenues.
- Bond Fund (Fund 31) expenditures were within budget. Revenues exceeded expenditures by \$84 thousand with the Bond Fund fund balance increasing to \$2.6 million at year end.
- Capital Reserve / Capital Projects Fund (Fund 43) expenditures were less than the budgeted amount by \$60 thousand, as expenses for certain projects were less than projected or postponed and funds reserved for 'unknown/emergency' projects were not fully expended. The 'Assigned – Capital projects' fund balance decreased \$253 thousand to \$919 thousand.
- Scholarships Fund (Fund 72) expenditures exceeded revenues by \$2 thousand as scholarship awards exceeded contributions and interest earnings. Total fund balances for scholarship accounts at year end were \$455 thousand.
- Student Clubs and Organizations Fund (Fund 74) expenditures exceeded revenues by \$13 thousand during the year. Total fund balances for clubs and organizations decreased by \$13 thousand to \$198 thousand at year end.
- Component Unit Fund (Fund 75) – tracks activity of the Fremont Schools Facilities Corporation (FSFC). FSFC was created in conjunction with the Family Center Apartments and was also used to issue Certificates of Participation for the purchase and remodel of Garden Park High School and the remodel of a portion of the old Harrison Elementary School.
- District Debt Fund (Fund 90) is a contra account used to report long-term debt. Fund 90 is used to report the District's debt associated with the 2003/2004 Capital Construction General Obligations Bonds, including the 2006, 2011 and 2014 refundings of a portion of outstanding bonds.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

**Capital Assets and Debt Administration**

By the end of 2016 the District had invested \$35.5 million in land, buildings, equipment, and transportation vehicles. **Table -7-** shows fiscal 2015 and 2016:

**Table -7-**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2016</u>
<b>Land</b>	<b>\$2,220,137</b>	<b>\$2,220,137</b>
<b>Construction In Progress</b>	<b>\$219,407</b>	<b>\$49,429</b>
<b>Buildings &amp; Improvements</b>	<b>31,161,097</b>	<b>29,741,297</b>
<b>Vehicles</b>	<b>316,856</b>	<b>572,654</b>
<b>Equipment</b>	<b>2,242,699</b>	<b>2,888,385</b>
<b>Total Capital Assets, Net</b>	<b>\$36,160,196</b>	<b>\$35,471,902</b>

Additional information on the District's capital assets can be found in Note (9) of this report.

**Cañon City Schools**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2016**

***Long-Term Debt***

In December of 2003 and January 2004 the District issued general obligations bonds of \$26.3 million. In 2006 \$8,085,000 of the outstanding 2003 bonds were refunded at a lower interest rate. The cost savings to tax payers is projected to be \$391 thousand over the remaining term of the bonds. In 2011 \$7,135,000 of the outstanding 2003 and 2004 bonds were refunded at a lower interest rate. The cost savings to tax payers is projected to be \$365 thousand over the remaining term of the bonds. In 2014 \$7,500,000 of the outstanding 2006 series bonds were refunded at a lower interest rate. The outstanding principal balance on General Obligation Bonds at year end was \$14,642,740, including unamortized bond premium.

At year end the District had \$5.6 million in capital leases payable. Compensated absences increased by \$58 thousand to \$941 thousand due to a decrease in the accrual of vacation and sick leave benefits.

Total Long-Term Debt increased by \$37.8 million due primarily to the district's adoption and inclusion of its portion of the PERA Net Pension Liability under GASB Statement 68.

**Table -8-**  
**Outstanding Debt, at Year End**

	<b>June 30, 2015</b>	<b>June 30, 2016</b>
<b>General Obligation Bonds</b>	<b>\$16,076,378</b>	<b>\$14,642,740</b>
<b>Capital Leases Payable</b>	<b>5,649,315</b>	<b>5,621,689</b>
<b>Compensated Absences</b>	<b>883,020</b>	<b>941,049</b>
<b>Net Pension Liability</b>	<b>21,569,787</b>	<b>61,035,842</b>
<b>Total</b>	<b>\$44,178,500</b>	<b>\$82,241,320</b>

Additional information on the District's long-term debt can be found in Note (11) of this report.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

**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 significantly affect its financial standing in the future:

- The District's enrollment again appears to have stabilized as it has been relatively flat over the past three years. The District's enrollment peaked in October 2001 at 4,255, but has been in a downward trend since that time, except for a few years where it was relatively flat. The District's funded pupil count for 2015-16 was 3,728.3.
- Under a federal law "No Child Left Behind" waiver the state of Colorado is allowed to use district accreditation ratings toward meeting Adequate Yearly Progress (AYP) requirements. The District's rating was Improvement, above the threshold for intervention by the state, but effective 2016, the District is now rated as Accredited.
- In November 2000 the voters of the State of Colorado passed a statewide referendum, Amendment 23. This amendment established a school funding reserve from state surplus dollars. The reserve was intended to ensure increases in 'base' school funding by at least inflation plus 1% over a 10-year period. However, reductions in school funding using the 'negative factor' have resulted in significant cuts over the past few years.
- The District has traditionally been one of the lowest funded school districts on a per pupil funding basis in the state of Colorado. During the 2007 legislative session Senate Bill 199 was approved (SB07-199). SB07-199 called for increased funding for the lowest funded districts in the state. The goal of the 'floor funding' legislation was to bring the average per pupil funding amount of these districts up to 95% of the statewide average.
- In 1995 the District approved the Charter Application for the Mountain View Core Knowledge School (MVCKS). MVCKS continues to operate a K-8 Charter School under the sponsorship of the District. In fiscal year 2016 MVCKS's fund balance remained strong as a result of conservative budget practices.
- The Colorado Public Employees' Retirement Association (PERA) provides retirement and other benefits to public employees statewide, including public school employees. PERA has been and continues to be actuarially underfunded. In order to improve PERA's funding, employer contribution rates have been increasing each year.
- The Public School Financial Transparency Act was signed into law during the 2010 Legislative session. The act directs local education providers to post financial information on-line for free public access. In order to meet the requirements of the act, the District has posted the required information on its website under 'Financial Transparency'. Available information includes budget information, audit reports, quarterly financial report, salary schedules, check registers and credit card statements.
- In fiscal year 2013-14 the State's economy continued to improve. Based on this the state-wide average per pupil funding increased by \$173. The District's per pupil revenue increased by \$165. However, the District did not realize the full benefit of this increase due to a further decline in its funded pupil count.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

- In fiscal year 2014-15 budget forecasts showed that the State's economy was expected to continue its improvement. Based on this information, state-wide average per pupil funding increased by \$369. The District's per pupil revenue increased by \$350. However, even with the increases of the past two years, funding levels remained below 2009-10 levels.
- For fiscal year 2015-16 budget forecasts showed that the State's economy was expected to continue its improvement. Based on this information, state-wide average per pupil funding was projected to increase by \$269. The District's per pupil revenue were forecast to increase by \$253. Statewide the negative factor was \$831 million and the District's negative factor was \$3.5 million at fiscal year end.
- For fiscal year 2016-17 budget forecasts show that the State's economy is expected to continue its improvement. Based on this information, state-wide average per pupil funding is projected to increase by \$112. The District's per pupil revenue is forecast to increase by \$111. However, even with the increases of the past three years, funding levels remain below 2009-10 levels. Statewide the negative factor remains at \$831 million and the District's negative factor is projected to be \$3.4 million at fiscal year end.
- In November 2013 the District asked the voters of the school district to approve a mill levy override (MLO) and a Bond. The MLO was planned to fund a number of items, including additional vocational and advanced course offerings, textbooks and technology and to recruit and retain high quality staff. The Bond was planned to fund items, including roofs, parking lot surfacing and other deferred maintenance items as well as equipment for new vocational offerings and building security upgrades. Both of these measures failed.
- The District is one of only two 'floor-funded' school districts in the state that does not have a mill levy override. The other being Pueblo District 70, which did pass a large capital construction bond in 2012.
- With the failure of its mill levy override and bond questions, its use of fund balances in the General Fund, Risk Management Fund and the Capital Reserve Fund and known or expected increases in expenses, including an increase in the employer's PERA contribution rate and the goal to recruit and retain quality staff, the District will again be faced with implementing budget reduction/priority efforts.
- In the summer of 2014 the District commenced with a Light Emitting Diode (LED) lighting retrofit project at all schools and facilities. The LED conversion is projected to reduce electricity use for lighting by 50% - lighting accounts for approximately 40% of the District's electricity usage. The project is being funded by a combination of Qualified Zone Academy Bond proceeds, Black Hills Energy credits and ASG Energy discounts. The project was completed in late 2014.
- In September 2014 the District closed on an additional refunding of a portion of its outstanding 2003-2004 capital construction bonds. All savings were passed along to property owners within the District in the form of a reduced bond fund mill levy. The refunding is projected to reduce interest expense by \$900 thousand over the remaining life of the outstanding bonds.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

- In 2014 the District was awarded a Building Exceptional Schools Today (BEST) grant to replace the antiquated fire alarm at Cañon City Middle School. The total project cost was \$211 thousand. The BEST grant amount was \$154 thousand and the District's match amount was \$57 thousand. The project was completed in August 2015.
- In 2016 the District was awarded a Building Exceptional Schools Today (BEST) grant to complete replace partial roof replacement projects at Lincoln School of Science & Technology, McKinley Elementary School and Cañon City High School. The total project cost is \$1.01 million. The BEST grant amount is \$667 thousand and the District's match amount is \$344 thousand. The project will be completed in summer 2016 and summer 2017.
- As part of the District's efforts to improve its facility usage the District sold two owned properties in 2014. The Garden Park High School property was sold to Fremont County and the Madison School property was sold to another buyer. Net proceeds from the sales were deposited to the district's capital reserve fund and will be used for future capital related projects.
- For fiscal years beginning July 1, 2014, the District adopted GASB Statement 68. GASB 68 requires that State and local governments record their share of pension plan unfunded liabilities. The District's net pension liability at June 30, 2015 was reported at \$21.5 million. The reported liability should have been \$52.2 million. In 2016 a prior period adjustment was recorded to correct the reported liability under GASB 68.
- The net pension liability is reported in the District-wide financial statements. For fiscal year 2016 the district's GASB 68 liability increased \$8.9 million to \$61.1 million.
- In June 2015 Superintendent Dr. Robin Gooldy retired after eleven years as Superintendent of Cañon City Schools. Mr. George Welsh was hired as Superintendent to replace Dr. Gooldy. Mr. Welsh comes to Cañon City from Center, Colorado where he served as Superintendent for nearly twenty years.
- In order to address its ongoing facility needs, including possible replacement of buildings past their useful lives and improvements to other buildings, the District again finds itself moving towards asking the community to support a capital construction bond in 2017. The intent is to apply for a comprehensive BEST grant for the 2016-17 cycle and to pair it with a local bond in order to reduce the overall cost to local taxpayers. If approved BEST grant proceeds would cover approximately 66% of eligible costs with the District's match being 34% of eligible costs.
- During SY14-15 and SY15-17 our students completed PARCC assessments. Being that assessment growth can now be calculated, the state of Colorado released new School (SPF) and District (DPF) ratings. These ratings are the first of their kind since 2014. Previously, Canon City Schools held a 1-year rating of Improvement (2014), but at present has improved to an overall rating of Accredited (2016).
- The Every Students Succeeds Act (ESSA) was signed into law in December 2015 to rewrite the Elementary and Secondary Education Act and replace the No Child Left Behind Act (NCLB). ESSA provides new guidance and requirements for accountability, assessments, low performing schools and teacher and school leader responsibility for academic improvement. The State of Colorado is in the process of finalizing implementation guidance and requirements.

**Cañon City Schools**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2016**

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

By mail: Cañon City Schools  
Director of Business Services  
101 N. 14<sup>th</sup> St.  
Canon City, CO 81212

By e-mail: [lambreb@canoncityschools.org](mailto:lambreb@canoncityschools.org)

By phone: (719) 276-5700

Or visit our website: [www.canoncityschools.org](http://www.canoncityschools.org)

## **BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT FREMONT RE-1**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government	Component Units	
	Governmental Activities	Charter School	Facilities Corp.
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,768,396	\$ 422,526	\$ 909,942
Investments	59,657	-	-
Restricted assets:			
Cash and cash equivalents	2,535,129	6,224	-
Investments	2,354,123	-	-
Receivables	1,112,958	1,219	-
Receivable from primary government	-	115,515	-
Internal balances	135,427	-	-
Inventories	138,438	-	-
Prepaid expenses	48,952	-	-
Capital assets not being depreciated:			
Sites	2,220,137	474,460	5,967
Construction in progress	49,429	-	-
Capital assets, net of accumulated depreciation:			
Buildings and improvements	52,183,292	2,146,585	475,000
Vehicles	2,501,727	139,122	-
Equipment	5,145,951	-	-
Less: accumulated depreciation	<u>(26,628,634)</u>	<u>(909,925)</u>	<u>(172,721)</u>
Total capital assets	<u>35,471,902</u>	<u>1,850,242</u>	<u>308,246</u>
Total assets	<u>47,624,982</u>	<u>2,395,726</u>	<u>1,218,188</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	154,763	-	-
Deferred pension outflows	7,572,443	580,539	-
Total deferred outflows of resources	<u>7,727,206</u>	<u>580,539</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	269,748	-	-
Accrued salaries and benefits	2,506,374	163,543	-
Accrued interest payable	39,613	4,635	-
Payable to charter school	115,515	-	-
Payable to primary government	-	-	18,461
Unearned revenues	256,086	-	-
Long-term liabilities			
Due within one year			
Bonds, capital leases and notes	1,822,757	53,992	-
Due in more than one year			
Bonds, capital leases and notes	18,441,672	1,224,905	-
Compensated absences	941,049	-	-
Net pension liability	61,035,842	3,136,580	-
Total liabilities	<u>85,428,656</u>	<u>4,583,655</u>	<u>18,461</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	1,192,325	60,482	-
Total deferred inflows of resources	<u>1,192,325</u>	<u>60,482</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,207,473	571,345	-
Restricted for:			
Emergency reserve (TABOR)	857,000	57,000	-
Debt service	4,952,958	-	-
Preschool program	138,535	-	-
Unrestricted	<u>(52,424,759)</u>	<u>(2,296,217)</u>	<u>1,199,727</u>
Total Net Position	<u>\$ (31,268,793)</u>	<u>\$ (1,667,872)</u>	<u>\$ 1,199,727</u>

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

**SCHOOL DISTRICT FREMONT RE-1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Expenses</u>	<u>Program Revenue</u>			<u>Primary</u>	<u>Component Units</u>	
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Governmental</u>	<u>Charter School</u>	<u>Facilities Corp.</u>
		<u>Services</u>	<u>and Contributions</u>	<u>and Contributions</u>	<u>Activities</u>		
<b>Primary government</b>							
Governmental activities							
Instruction	\$ 20,632,561	\$ 10,078	\$ 4,842,473	\$ -	\$ (15,780,010)		
Athletics	350,819	81,547	-	-	(269,272)		
Supporting services							
Students	1,786,409	-	-	-	(1,786,409)		
Instructional staff	1,477,950	150	87,657	-	(1,390,143)		
General administration	771,855	220,374	-	-	(551,481)		
School administration	2,086,280	-	-	-	(2,086,280)		
Business	716,727	71,775	-	-	(644,952)		
Operations and maintenance	3,516,415	65,880	-	-	(3,450,535)		
Student transportation services	681,725	-	128,263	-	(553,462)		
Central	1,229,643	-	-	-	(1,229,643)		
Other support services	7,819	-	-	-	(7,819)		
Community services	236,420	-	-	-	(236,420)		
Food services	1,855,879	446,222	1,383,789	-	(25,868)		
Facilities acquisition and construction	1,047,001	-	-	73,087	(973,914)		
Interest on long-term debt	398,500	-	-	-	(398,500)		
Total governmental activities	<u>\$ 36,796,003</u>	<u>\$ 896,026</u>	<u>\$ 6,442,182</u>	<u>\$ 73,087</u>	<u>(29,384,708)</u>		
<b>Component units</b>							
Charter school	2,207,023	\$ 238,386	\$ -	\$ 58,988		\$ (1,909,649)	
Facilities Corp.	78,579	-	-	-			\$ (78,579)
Total component units	<u>\$ 2,285,602</u>	<u>\$ 238,386</u>	<u>\$ -</u>	<u>\$ 58,988</u>			
General revenues:							
Property taxes					8,056,363	-	-
Specific ownership taxes					1,190,174	-	-
State equalization					17,176,925	1,656,709	-
Investment earnings					75,824	1,571	1,466
Miscellaneous					922,641	53,490	260
Total general revenues					<u>27,421,927</u>	<u>1,711,770</u>	<u>1,726</u>
Change in net position					(1,962,781)	(197,879)	(76,853)
Net position - beginning					1,398,486	(1,645,576)	1,276,580
Prior period adjustment					(30,704,498)	175,583	-
Net position - beginning, as restated (deficit)					<u>(29,306,012)</u>	<u>(1,469,993)</u>	<u>1,276,580</u>
Net position - ending (deficit)					<u>\$ (31,268,793)</u>	<u>\$ (1,667,872)</u>	<u>\$ 1,199,727</u>

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

**SCHOOL DISTRICT FREMONT RE-1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Governmental Designated- Purpose Grants Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,300,082	\$ -	\$ -	\$ 652,202	\$ 816,112	\$ 5,768,396
Investments	-	-	-	-	59,657	59,657
Restricted assets:						
Cash and cash equivalents	-	-	2,535,129	-	-	2,535,129
Investments	-	-	-	2,354,123	-	2,354,123
Receivables	632,488	339,506	121,519	-	19,445	1,112,958
Due from other funds	229,907	195,959	51,270	266,878	-	744,014
Inventories	79,162	-	-	-	59,276	138,438
Prepaid expenses	48,952	-	-	-	-	48,952
	<u>\$ 5,290,591</u>	<u>\$ 535,465</u>	<u>\$ 2,707,918</u>	<u>\$ 3,273,203</u>	<u>\$ 954,490</u>	<u>\$ 12,761,667</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 252,028	\$ 15,729	\$ -	\$ -	\$ 1,991	\$ 269,748
Accrued salaries and benefits	2,146,861	285,669	-	-	73,844	2,506,374
Due to other funds	473,773	-	-	-	134,814	608,587
Payable to charter school	115,515	-	-	-	-	115,515
Unearned revenue	-	234,067	-	-	22,019	256,086
	<u>2,988,177</u>	<u>535,465</u>	<u>-</u>	<u>-</u>	<u>232,668</u>	<u>3,756,310</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	392,029	-	109,083	-	-	501,112
	<u>392,029</u>	<u>-</u>	<u>109,083</u>	<u>-</u>	<u>-</u>	<u>501,112</u>
<b>FUND BALANCES</b>						
Nonspendable for:						
Inventories	79,162	-	-	-	59,276	138,438
Prepaid amounts	48,952	-	-	-	-	48,952
Restricted for:						
Emergencies	857,000	-	-	-	-	857,000
Debt service	-	-	2,598,835	2,354,123	-	4,952,958
Preschool program	138,535	-	-	-	-	138,535
Assigned for:						
Subsequent years' insurance claims	86,778	-	-	-	-	86,778
Capital projects	-	-	-	919,080	-	919,080
Student activities	-	-	-	-	95	95
Food Services	-	-	-	-	662,451	662,451
Unassigned	699,958	-	-	-	-	699,958
	<u>1,910,385</u>	<u>-</u>	<u>2,598,835</u>	<u>3,273,203</u>	<u>721,822</u>	<u>8,504,245</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,290,591</u>	<u>\$ 535,465</u>	<u>\$ 2,707,918</u>	<u>\$ 3,273,203</u>	<u>\$ 954,490</u>	<u>\$ 12,761,667</u>

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

**SCHOOL DISTRICT FREMONT RE-1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

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

Total fund balance - governmental funds	\$	8,504,245
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.		35,471,902
Property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the fund financial statements.		501,112
Deferred charges on refunding are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		154,763
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.		7,572,443
Accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the funds.		(39,613)
Long-term liabilities are not due and payable in the current period and, therefore, are not included in the fund financial statements.		(82,241,320)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows or resources.		<u>(1,192,325)</u>
Net position of governmental activities in the statement of net position	<u>\$</u>	<u>(31,268,793)</u>

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

**SCHOOL DISTRICT FREMONT RE-1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Governmental Designated- Purpose Grants Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Local property taxes	\$ 6,277,164	\$ -	\$ 1,864,270	\$ -	\$ -	\$ 8,141,434
Specific ownership taxes	1,190,174	-	-	-	-	1,190,174
State sources	18,904,445	280,374	-	99,025	38,011	19,321,855
Interest income	8,094	-	6,646	60,872	212	75,824
Federal sources	153,041	2,611,113	-	-	1,342,941	4,107,095
Other local revenue	657,512	475,299	-	386,558	596,562	2,115,931
Total revenues	<u>27,190,430</u>	<u>3,366,786</u>	<u>1,870,916</u>	<u>546,455</u>	<u>1,977,726</u>	<u>34,952,313</u>
<b>EXPENDITURES</b>						
Instruction	15,850,788	2,061,907	-	-	27,142	17,939,837
Athletics	-	-	-	-	350,819	350,819
Supporting services						
Student support	1,045,617	584,904	-	-	7,292	1,637,813
Instructional staff	861,333	237,923	-	-	313,733	1,412,989
General administration	705,320	3,340	-	-	-	708,660
School administration	1,825,463	19,723	-	-	-	1,845,186
Business services	598,728	53,643	-	-	-	652,371
Operations and maintenance	3,270,860	-	-	62,111	-	3,332,971
Student transportation	536,887	-	-	343,850	-	880,737
Central support service	1,061,447	68	-	497,500	-	1,559,015
Other support services	-	169,202	-	-	-	169,202
Community services	-	236,076	-	-	-	236,076
Food services	-	-	-	-	1,792,366	1,792,366
Facilities acquisition	-	-	-	272,420	-	272,420
Debt service:						
Principal	-	-	1,385,000	385,350	-	1,770,350
Interest and other charges	-	-	401,691	34,208	-	435,899
Total expenditures	<u>25,756,443</u>	<u>3,366,786</u>	<u>1,786,691</u>	<u>1,595,439</u>	<u>2,491,352</u>	<u>34,996,711</u>
Excess (deficiency) of revenues over expenditures	<u>1,433,987</u>	<u>-</u>	<u>84,225</u>	<u>(1,048,984)</u>	<u>(513,626)</u>	<u>(44,398)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	-	-	-	338,850	-	338,850
Transfers in	-	-	-	700,008	551,483	1,251,491
Transfers out	<u>(1,251,491)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,251,491)</u>
Total other financing sources (uses)	<u>(1,251,491)</u>	<u>-</u>	<u>-</u>	<u>1,038,858</u>	<u>551,483</u>	<u>338,850</u>
Net change in fund balances	182,496	-	84,225	(10,126)	37,857	294,452
Fund balances - beginning	<u>1,727,889</u>	<u>-</u>	<u>2,514,610</u>	<u>3,283,329</u>	<u>683,965</u>	<u>8,209,793</u>
Fund balances - ending	<u>\$ 1,910,385</u>	<u>\$ -</u>	<u>\$ 2,598,835</u>	<u>\$ 3,273,203</u>	<u>\$ 721,822</u>	<u>\$ 8,504,245</u>

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

**SCHOOL DISTRICT FREMONT RE-1  
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**

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

Net change in fund balances - total governmental funds:	\$ 294,452
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(679,734)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(8,560)
Governmental funds do not present property tax revenues that are unavailable to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(85,070)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	1,412,626
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts earned during the year.	(58,029)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences.	37,398
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(2,875,864)</u>
Change in net position of governmental activities	<u><u>\$ (1,962,781)</u></u>

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

**SCHOOL DISTRICT FREMONT RE-1  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE, 30 2016**

	<b>Private-Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 75,337	\$ 335,555
Investments	1,556	-
Due from primary government	1,596	-
Restricted cash and cash equivalents	356,740	-
Restricted investments	20,000	-
	<u>455,229</u>	<u>335,555</u>
<b>LIABILITIES</b>		
Due to primary government	\$ -	\$ 137,023
Due to student organizations	-	198,532
	<u>-</u>	<u>335,555</u>
<b>NET POSITION</b>		
Held in trust for individuals		
Nonexpendable	376,740	
Expendable	78,489	
	<u>455,229</u>	
Total net position	<u>\$ 455,229</u>	

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

**SCHOOL DISTRICT FREMONT RE-1  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE, 30 2016**

	<b>Private-Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Investment income	\$ 1,365
Donations	6,565
Total additions	7,930
<b>DEDUCTIONS</b>	
Scholarship awards	9,519
Total deductions	9,519
Change in net position	(1,589)
Net position - beginning	456,818
Net position - ending	\$ 455,229

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

**SCHOOL DISTRICT FREMONT RE-1**  
**STATEMENT OF FINANCIAL POSITION**  
**FREMONT SCHOOLS FACILITIES CORPORATION**  
**DECEMBER 31, 2015**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 909,942
Total current assets	<u>909,942</u>
Non-current assets	
Capital assets, net of accumulated depreciation	<u>308,246</u>
Total non-current assets	<u>308,246</u>
Total assets	<u><u>\$ 1,218,188</u></u>

**LIABILITIES AND NET POSITION**

Current liabilities	
Payable to School District Fremont RE-1	<u>\$ 18,461</u>
Total liabilities	<u>18,461</u>
Net position	
Unrestricted	<u>1,199,727</u>
Total net position	<u>1,199,727</u>
Total liabilities and net position	<u><u>\$ 1,218,188</u></u>

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

**SCHOOL DISTRICT FREMONT RE-1  
STATEMENT OF ACTIVITIES  
FREMONT SCHOOLS FACILITIES CORPORATION  
YEAR ENDED DECEMBER 31, 2015**

**UNRESTRICTED NET POSITION**

Support and revenue	
Contributions	\$ 260
Investment earnings	1,466
Total support and revenue	<u>1,726</u>
Expenses	
Program expenses	78,579
Total expenses	<u>78,579</u>
Change in net position	(76,853)
Net position - beginning	<u>1,276,580</u>
Net position - ending	<u><u>\$ 1,199,727</u></u>

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

**SCHOOL DISTRICT FREMONT RE-1  
STATEMENT OF CASH FLOWS  
FREMONT SCHOOLS FACILITIES CORPORATION  
YEAR ENDED DECEMBER 31, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net position	\$ (76,853)
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:	
Depreciation	<u>32,065</u>
Net cash provided (used) by operating activities	<u>(44,788)</u>
Net increase (decrease) in cash and cash equivalents	(44,788)
Cash and cash equivalents - beginning	<u>954,730</u>
Cash and cash equivalents - ending	<u><u>\$ 909,942</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

School District Fremont RE-1 (the District) was organized in 1866. The District provides educational services to residents in the eastern section of Fremont County. The District is governed by a five-member Board of Education, which is the policy-making body of the District.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

*A. DESCRIPTION OF GOVERNMENT-WIDE 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

*B. REPORTING ENTITY*

The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

*Mountain View Core Knowledge School*

The District Board of Education approved a charter school for operation, which started during fiscal year 1996-97. Mountain View Core Knowledge School (the Charter School) was formed in accordance with state statutes for operation as a District charter school. The respective members of the charter school governing board are appointed separately from the District. The Charter School is deemed to be fiscally dependent upon the District since the District provides the majority of support to the Charter School in the form of Per-Pupil Operating Revenue. The Charter School is deemed to be a separate legal entity based on the formation of the school in accordance with state statutes. The Charter School is presented as a discrete component unit of the District as the potential exists that their exclusion from the District's financial reporting entity would result in misleading financial reporting. Financial statements for the Charter School may be obtained by writing the Charter School.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*B. REPORTING ENTITY (CONTINUED)*

*Fremont Schools Facilities Corporation*

The Fremont Schools Facilities Corporation (the Facilities Corp.) was created under provisions of Colorado State Statutes. The Facilities Corp. was formed to provide services to School District Fremont RE-1 and the City of Canon City. The Facilities Corp. was created by the District and its governing board is approved by the Board of Education. The Board of Education is able to impose its will on the Facilities Corp. The District is not responsible for any debt incurred by the Facilities Corp. The year-end of the Facilities Corp. is December 31. The Facilities Corp. is presented as a discrete component unit of the District as the potential exists that their exclusion from the District's financial reporting entity would result in misleading financial reporting. Separate financial statements have not been prepared for the Facilities Corp.

*C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

*D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)*

The District reports the following major governmental funds:

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

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Governmental Designated-Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

The *Bond Redemption Fund* accounts for the servicing of long-term debt not being financed by the capital reserve or other funds.

The *Capital Projects Fund* is used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles.

Additionally, the District reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Food Service Fund* accounts for the District's food service program. This fund is required to account for USDA school breakfast and lunch money received by the District.

The *Pupil Activity Fund* is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities. This fund may receive subsidies from the General Fund.

*Fiduciary Funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The *Private-Purpose Trust Fund* is used to report any trust arrangement under which the principal and/or income benefit individuals or organizations and the funds are not used as part of the operations of the District. The District uses this fund to report on its scholarship programs.

The *Agency Fund* is custodial in nature and does not present results of operations or a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)*

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

*E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)*

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The private-purpose trust fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

*Cash and Investments*

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

*Receivables*

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

*Inventory and prepaid items*

Inventory is valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Restricted Cash and Investments*

Certain cash and investments items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable trust and debt agreements.

*Capital Assets*

Capital assets, which include land, buildings and improvements, vehicles, and equipment, are reported in the governmental column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 in all funds. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

If proprietary fund assets are constructed, interest is capitalized on the assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

Buildings and improvements and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building and site improvements	20 years
Transportation	10 years
Equipment	5 to 15 years

*Pensions*

School District Fremont RE-1 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.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position 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 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.

*Long-term liabilities*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

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

*Net position flow assumption*

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

*Fund balance flow assumption*

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

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Fund balance classification*

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

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

**Unassigned** – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*G. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

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

*Compensated Absences*

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits, which will be paid to employees upon separation from District service.

The current portion of these liabilities represents the amount that would be liquidated with expendable available financial resources. This liability is recognized in the General Fund. The long-term portion of this liability is recorded in the government-wide financial statements.

*H. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principals in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes a reconciliation between *total fund balances—governmental funds* and *total net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements”. The details of this difference are as follows:

Capital assets	\$ 62,100,536
Accumulated depreciation	<u>(26,628,634)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u>\$ 35,471,902</u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not included in the fund financial statements.” The details of this difference are as follows:

Bonds payable	\$ (14,205,000)
Unamortized bond premium	(437,740)
Capital leases	(5,621,689)
Compensated absences	(941,049)
Net pension liability	<u>(61,035,842)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ (82,241,320)</u>

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances—governmental funds* and *change in net position—governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Depreciation	\$ (1,872,478)
Capital outlays	<u>1,192,744</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ (679,734)</u>

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

Another element of the reconciliation states that “governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this difference are as follows:

Accrued interest	\$	5,956
Amortization of deferred on refunding		(17,196)
Accretion of bond premium		48,638
Interest paid with refunding proceeds		<u>                  -</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	\$	<u>          37,398</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgetary internal control is established and maintained at the individual building level. Actual expenditures of each fund may not legally exceed budgeted expenditures on an individual fund level.
2. Prior to the June board meeting of the Board of Education, the Superintendent of Schools submits to the Board of Education, a proposed operating and capital budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted at Board of Education meetings to obtain taxpayer comment.
4. The District’s mill levy is formally certified to the Fremont County Board of County Commissioners prior to the 15th day of December, based on the budget.
5. Prior to June 30, the budget is legally enacted through passage of resolution.
6. Authorization to transfer budgeted amounts between funds and revisions that alter the total expenditures of any fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year in the General, Special Revenue, Debt Service, Proprietary and Fiduciary Funds.
8. Budgets for the General, Special Revenue, Debt Service, Proprietary and Fiduciary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
9. Budgeted amounts in this report are as originally adopted, or as amended by the District throughout the year.
10. All annual appropriations lapse at the end of the fiscal year.

*Excess of Expenditures over Appropriations*

For the year ended June 30, 2016, expenditures exceeded appropriations in the Food Service Fund by \$62,366. These over expenditures were funded by greater than anticipated revenues.

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The District's restricted and unrestricted cash and investments, exclusive of component units, consist of the following at June 30, 2016:

	Unrestricted Cash and Cash <u>Equivalents</u>	Restricted Cash and Cash <u>Equivalents</u>	Unrestricted <u>Investments</u>	Restricted <u>Investments</u>	Total
Deposits	\$ 1,142,851	\$ 356,740	\$ -	\$ -	\$ 1,499,591
ColoTrust	4,334,778	2,535,129	-	-	6,869,907
CSafe	352,807	-	-	-	352,807
Money Market	344,587	-	-	1,267	345,854
Commercial Paper	-	-	-	508,589	508,589
US Treasury Bonds	4,265	-	1,556	20,000	25,821
US Agency Bonds	-	-	-	1,844,267	1,844,267
Subtotal Investments	<u>5,036,437</u>	<u>2,535,129</u>	<u>1,556</u>	<u>2,374,123</u>	<u>9,947,245</u>
Total Cash and Investments	<u>\$ 6,179,288</u>	<u>\$ 2,891,869</u>	<u>\$ 1,556</u>	<u>\$ 2,374,123</u>	<u>\$ 11,446,836</u>

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2016:

	Unrestricted Cash and Cash <u>Equivalents</u>	Restricted Cash and Cash <u>Equivalents</u>	Unrestricted <u>Investments</u>	Restricted <u>Investments</u>
<u>Primary Government</u>				
Governmental activities	\$ 5,768,396	\$ 2,535,129	\$ -	\$ 2,354,123
Fiduciary	<u>410,892</u>	<u>356,740</u>	<u>1,556</u>	<u>20,000</u>
Total	<u>\$ 6,179,288</u>	<u>\$ 2,891,869</u>	<u>\$ 1,556</u>	<u>\$ 2,374,123</u>

*Deposits*

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)**

*Deposits (continued)*

The carrying amount of the School's deposits at June 30, 2016 was \$1,499,591 and the bank balances were \$1,921,491. Of the bank balances, \$303,397 was covered by federal deposit insurance and \$1,618,094 was uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group.

*Investments*

The District is authorized by Colorado statutes to invest in the following:

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

At June 30, 2016 the District's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
ColoTrust	\$ 6,869,907	0.00
CSafe	352,807	0.00
Money Market	345,847	0.00
Commercial Paper	508,589	0.39
US Treasury Bonds	25,821	0.38
US Agency Bonds	<u>1,844,267</u>	0.39
Total fair value	<u>\$ 9,947,245</u>	
Portfolio weighted average maturity		0.09

The District's investments are subject to interest rate risk and credit risk as described below:

Interest Rate Risk: State law limits maturities for US Treasuries and US Agencies to no more than five years from the date of purchase. The District does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates. The District does not hold any US Treasuries or US Agencies that exceed maturity limits.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)**

*Investments (continued)*

Credit Risk: State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of June 30, 2016, Standard & Poor's rated ColoTrust AAAM and all other investments held by the District AAA.

COLOTRUST and CSAFE are investment vehicles established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. These investment vehicles operate similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST and CSAFE in connection with the direct investment and withdrawal functions of COLOTRUST and CSAFE. Substantially all securities owned by COLOTRUST and CSAFE are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST and CSAFE. Investments of COLOTRUST and CSAFE consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST and CSAFE because they are not evidenced by securities that exist in physical or book entry form.

*Facilities Corp Deposits and Investments*

The deposits and investments of the Facilities Corp at December 31, 2015 consist of the following:

	Unrestricted Cash and Cash <u>Equivalents</u>
Deposits	\$ 60,348
ColoTrust	<u>849,594</u>
Total cash and investments	<u>\$ 909,942</u>

The carrying amount of the Facilities Corp.'s deposits at December 31, 2015 was \$60,348 and the bank balances were \$60,348. All of the bank balances were covered by federal deposit insurance.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 – RECEIVABLES**

Receivables as of June 30, 2016 for the government’s individual major and non-major funds in the aggregate, are as follows:

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Receivables:						
Property tax	\$ 515,227	\$ -	\$ 121,519	\$ -	\$ -	\$ 636,746
Grant proceeds	-	339,506	-	-	19,445	358,951
Other	<u>117,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,261</u>
Total	<u>\$ 632,488</u>	<u>\$ 339,506</u>	<u>\$ 121,519</u>	<u>\$ -</u>	<u>\$ 19,445</u>	<u>\$ 1,112,958</u>

The District expects uncollectible amounts to be insignificant; accordingly, no allowance for uncollectible accounts has been made.

**NOTE 6 - TAXES**

*Property Tax*

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 31, and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The Fremont County Treasurer bills and collects the District’s property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended December 31, 2016, is 27.130 mills for general operating expenses and 8.044 mills for the payment of long-term debt. The District’s assessed valuation for the collection year 2016 was \$229,321,679.

*Specific Ownership Tax*

Specific ownership taxes are collected by Fremont County for motor vehicles and other personal property registered in the District’s assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

*Receivables and Payables*

All interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2016 is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 229,907	\$ 473,773
Grants Fund	195,959	-
Bond Fund	51,270	-
Capital Projects Fund	266,878	-
Non-major Governmental Funds	-	134,814
Fiduciary Funds	<u>1,596</u>	<u>137,023</u>
Total	<u>\$ 745,610</u>	<u>\$ 746,610</u>

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Component unit—Charter School	Primary government	<u>\$ 115,515</u>

*Transfers*

Interfund transfer activity for the year ended June 30, 2016 is as follows:

<u>Transfer Out</u>	<u>Transfer In</u>		<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Pupil Activity Fund</u>	
General Fund	<u>\$ 700,008</u>	<u>\$ 551,483</u>	<u>\$ 1,251,491</u>

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

*Transfers (continued)*

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) to move capital assets from one fund to another fund when the fund using the capital assets changes.

**NOTE 8 - INVENTORIES**

Inventories for non-food service fund governmental fund types consist of instructional supplies, audio visual supplies and non-issued instructional equipment. Inventories are accounted for using the consumption method and are valued at lower of cost or market and amounted to \$79,162 at June 30, 2016.

Inventories for the Food Service Fund consist of purchases and donated commodities and non-food supplies. Purchased inventories are stated at cost. Donated inventories, received at no cost under programs supported by the U.S. government, are recorded at their estimated fair market value at date of receipt and amounted to \$59,276 at June 30, 2016.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>06/30/15</u>	<u>Additions</u>	<u>Sales and</u> <u>Retirements</u>	<u>Balance</u> <u>06/30/16</u>
<i>Governmental Activities</i>				
Non-depreciable assets:				
Land	\$ 2,220,137	\$ -	\$ -	\$ 2,220,137
Construction in progress	<u>219,407</u>	<u>49,429</u>	<u>219,407</u>	<u>49,429</u>
Total non-depreciable assets	<u>2,439,544</u>	<u>49,429</u>	<u>219,407</u>	<u>2,269,566</u>
Depreciable assets:				
Buildings and improvements	52,056,507	126,785	-	52,183,292
Vehicles	2,157,877	343,850	-	2,501,727
Equipment	<u>4,363,717</u>	<u>892,087</u>	<u>109,853</u>	<u>5,145,951</u>
Total depreciable assets	<u>58,578,101</u>	<u>1,362,722</u>	<u>109,853</u>	<u>59,830,970</u>
Less accumulated depreciation for:				
Buildings and improvements	20,895,410	1,546,585	-	22,441,995
Vehicles	1,841,021	88,052	-	1,929,073
Equipment	<u>2,121,018</u>	<u>237,841</u>	<u>101,293</u>	<u>2,257,565</u>
Total accumulated depreciation	<u>24,857,449</u>	<u>1,872,478</u>	<u>101,293</u>	<u>26,628,634</u>
Total depreciable assets, net	<u>33,720,652</u>	<u>(509,756)</u>	<u>(8,560)</u>	<u>33,202,336</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 36,160,196</u>	<u>\$ (460,327)</u>	<u>\$ (227,967)</u>	<u>\$ 35,471,902</u>

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

*Governmental Activities*

Instruction	\$ 844,410
School Administration	10,937
Operations & maintenance	19,885
Transportation	75,978
Central	75,574
Facilities acquisition	824,010
Food Service	<u>21,684</u>
	<u>\$ 1,872,478</u>

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 - ACCRUED COMPENSATION**

Salaries and retirement benefits of certain school-based personnel are paid over a twelve-month period beginning in September, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016 are \$2,506,374. Accordingly, the accrued compensation is reflected as a liability of the respective funds in the accompanying financial statements.

**NOTE 11 - LONG-TERM LIABILITIES**

*General Obligation Bonds*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All general obligation bonds have been issued for governmental activities.

General Obligation bonds payable at June 30, 2016 are as follows:

	<u>Principal Balance</u>
2011A refunding bonds in the original amount of \$7,135,000 due in varying annual installments through December 1, 2024 and interest rates from 2.00% to 3.5%.	\$ 6,800,000
2014 refunding bonds in the original amount of \$7,500,000 due in varying annual installments through December 1, 2024 and interest rates from 2.00% to 3.00%.	<u>7,405,000</u>
Total General Obligation Bonds	<u>\$ 14,205,000</u>

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (CONTINUED)**

*General Obligation Bonds (continued)*

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,450,000	\$ 361,744	\$ 1,811,744
2018	1,480,000	330,680	1,810,680
2019	1,485,000	297,288	1,782,288
2020	1,545,000	263,000	1,808,000
2021	1,565,000	225,294	1,790,294
2022 – 2025	<u>6,680,000</u>	<u>423,370</u>	<u>7,103,370</u>
Total	<u>\$ 14,205,000</u>	<u>\$ 1,901,376</u>	<u>\$ 16,106,376</u>

The bonds are payable from property tax levies collected in the Bond Redemption Fund. The bond resolutions require that tax levies be sufficient to generate enough revenue to pay the interest and the bond installments of principal as they become due. At June 30, 2016 there was \$2,598,835 available in the Bond Redemption Fund to service the general obligation bonds.

*Prior Year Defeasance of Debt*

In prior years, the District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's government-wide financial statements. As of June 30, 2016, the amount of defeased debt outstanding amounted to \$21,680,000.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (CONTINUED)**

*Capital Leases*

District-wide Energy Project. The District entered into a lease agreement as lessee on August 9, 2004 for financing district-wide replacement and installation of heating, ventilation and air conditioning improvements. This lease qualifies as a capital lease. The lease requires quarterly payments of \$22,679 beginning January 1, 2005 through October 1, 2019. Upon full satisfaction of the lease, the ownership of this equipment will transfer to the District.

Qualified Zone Academy Bonds. During the year-ended June 30, 2005 the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$778,324 and \$2,854,889. QZAB's, created under Section 226 of the Taxpayer Relief Act of 1997, are a unique financing instrument available to public schools meeting certain eligibility requirements as specified in Section 1397E of the Internal Revenue Code. The QZAB's bear a stated interest rate of 0%, however the holder of a QZAB is generally allowed annual federal income tax credits while the debt is outstanding. These credits are intended to compensate the holder of the QZAB's for lending money to the issuer and function as "interest" on the debt.

The QZAB's were issued to finance a portion of the cost of district-wide replacement and installation of heating, ventilation and air conditioning improvements. The financing agreements for the Series 2004-QZAB's and Series 2005-QZAB's include the sale and lease back of District property and qualify as capital leases. Under separate forward delivery agreements, the District is required to make annual sinking fund deposits. The forward delivery agreements provide guaranteed investment returns whereby the required deposits, along with accrued interest, will be sufficient to redeem the leases at maturity. The invested assets accumulated pursuant to the forward delivery agreements are held under trust agreements until the leases mature. The QZAB's are collateralized by the assets held under the trust agreements in the event of cancellation or default.

Series 2004-QZAB. The District issued the Series 2004-QZAB's on November 18, 2004 in the amount of \$778,324. The Series 2004-QZAB's will mature in full on November 20, 2020 for the original \$778,324 issue amount. The Series 2004-QZAB is collateralized by real estate at Lincoln Elementary School and improvements at Canon City High School, Canon City Middle School, Lincoln Elementary School and Skyline Elementary School. The forward delivery agreement issued concurrently with the QZAB's requires annual deposits of \$40,443 beginning May 18, 2006 through May 18, 2020.

Series 2005-QZAB. The District issued the Series 2005-QZAB's on May 18, 2005 in the amount of \$2,854,889. The Series 2005-QZAB's will mature in full on May 18, 2021 for the original \$2,854,889 issue amount. The Series 2005-QZAB's are collateralized by real estate and improvements at McKinley Elementary School. The forward delivery agreement issued concurrently with the Series 2005-QZAB's requires annual deposits of \$143,443 beginning November 18, 2006 through November 18, 2020.

2008 Qualified Zone Academy Bonds. The District issued Qualified Zone Academy Bonds on June 24, 2008 in the amount of \$1,000,000 for financing construction of school facilities. The 2008 QZAB's require annual payments ranging from \$71,929 to \$76,584 beginning June 24, 2009 through June 24, 2023. The 2008 QZAB's are treated as a capital lease, where the ownership of property will transfer to the District upon full satisfaction of the lease.

Lighting System. The District entered into a lease agreement as lessee in July of 2011 for financing the acquisition of a lighting system. The lease requires annual payments of \$19,047 beginning July 18, 2011 through July 18, 2020. Upon full satisfaction of the lease, the ownership of this equipment will transfer to the District.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (CONTINUED)**

*Capital Leases (continued)*

2014 QZAB Program. The District entered into a lease agreement on June 23, 2014 in the amount of \$1,000,000 to finance the acquisition of a lighting system. This lease qualifies as a capital lease. Rental payments of \$100,000 will be made annually beginning July 1, 2015 through July 1, 2024. Upon full satisfaction of the lease, the ownership of this equipment will transfer to the District.

US Bank – School Buses. The District entered in to a lease agreement on October 30, 2015 in the amount of \$338,850 for financing the acquisition of 3 new school buses. The lease requires annual payments of \$114,667 beginning October 30, 2015 through October 30, 2017. Upon full satisfaction of the lease, the ownership of the vehicles will transfer to the District.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Buildings and improvements	\$ 4,410,189
Equipment	526,321
Vehicles	431,202
Less: Accumulated depreciation	<u>(3,641,948)</u>
Total	<u>\$ 1,725,764</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows

<u>Year Ending June 30</u>	
2017	\$ 401,013
2018	400,082
2019	284,485
2020	238,196
2021	3,825,119
2022-2025	<u>547,926</u>
Total minimum lease payments	5,696,821
Less: amount representing interest	<u>(75,132)</u>
Present value of minimum lease payments	<u>\$ 5,621,689</u>

*Compensated Absences Payable*

Compensated absences consisted of the following as of June 30, 2016:

Vacation benefits	\$ 214,679
Sick leave benefits	<u>726,370</u>
Total	<u>\$ 941,049</u>

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 – LONG-TERM LIABILITIES (CONTINUED)**

*Changes in Long-term Liabilities*

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

	<u>Balance</u> <u>06/30/15</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/16</u>	<u>Due Within</u> <u>One year</u>
Bonds payable:					
General obligation bonds	\$ 15,590,000	\$ -	\$ 1,385,000	\$ 14,205,000	\$ 1,450,000
Unamortized bond premium	<u>486,378</u>	<u>-</u>	<u>48,638</u>	<u>437,740</u>	<u>-</u>
	16,076,378	-	1,433,638	14,642,740	1,450,000
Capital leases payable	<u>5,649,315</u>	<u>338,850</u>	<u>366,476</u>	<u>5,621,689</u>	<u>372,757</u>
Total bond and capital leases	21,725,693	338,850	1,800,114	20,264,429	1,822,757
Compensated absences	<u>883,020</u>	<u>58,029</u>	<u>-</u>	<u>941,049</u>	<u>-</u>
Total	<u>\$ 22,608,713</u>	<u>\$ 396,879</u>	<u>\$ 1,800,114</u>	<u>\$ 21,205,478</u>	<u>\$ 1,822,757</u>

**NOTE 12 – OPERATING LEASES**

The District leases office equipment under non-cancelable operating leases. Total costs for such leases were \$158,700 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	
2017	\$ 158,700
2018	158,700
2019	158,700
2020	158,700
2021	158,700
2022-2024	<u>317,400</u>
Total minimum lease payments	<u>\$ 1,110,900</u>

**NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; general liability; unemployment; and employee benefit expenses related to health programs. The District provides for these risks through the purchase of commercial insurance in the General Fund. Settled claims resulting from these risks have not exceeded the insurance coverage during any of the last three fiscal years.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

*Grants*

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

**NOTE 15 - DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

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

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

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

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

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

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

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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 (AIR) for the SCHDTF.

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

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

*Contributions.* Eligible employees and School District Fremont RE-1 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%
Total Employer Contribution Rate to the SCHDTF	17.33%	18.13%

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 School District Fremont RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from School District Fremont RE-1 were \$3,010,790 for the year ended June 30, 2016.

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

At June 30, 2016, the School District Fremont RE-1 reported a liability of \$61,035,842 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The School District Fremont RE-1 proportion of the net pension liability was based on School District Fremont RE-1 contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the School District Fremont RE-1's proportion was 0.3990759031 percent, which was a decrease of .0018654797 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the School District Fremont RE-1 recognized pension expense of \$5,929,096. At June 30, 2016, the School District Fremont RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 805,986	\$ 2,542
Changes of assumptions or other inputs	-	862,543
Net difference between projected and actual earnings on pension plan investments	5,189,759	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	30,849	327,240
Contributions subsequent to the measurement date	1,545,850	-
Total	\$ 7,572,443	\$ 1,192,325

\$1,545,850 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 1,214,789
2018	1,236,471
2019	1,318,784
2020	1,064,223

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; And DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation 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.

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

**SCHOOL DISTRICT FREMONT RE-1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 79,120,290	\$ 61,035,842	\$ 45,992,955

*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 16 – POST-EMPLOYMENT HEALTHCARE BENEFITS**

*Health Care Trust Fund*

*Plan description.* The School District Fremont RE-1 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 School District Fremont RE-1 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 School District Fremont RE-1 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 School District Fremont RE-1 contributions to the HCTF were \$173,193, \$168,585, and \$161,556, respectively, equal to their required contributions for each year.

**NOTE 17 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES**

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplemental schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 18 - TAX, SPENDING, AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The entity's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The Amendment excludes from its provisions certain government owned businesses defined as "Enterprises". Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

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

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The entity levied 35.174 and 35.424 mills for property taxes to be collected each year in 2016 and 2015, respectively.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires Emergency Reserves to be established. These reserves must be at least 3 percent of Fiscal Year Spending. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

An Emergency Reserve totaling \$857,000 has been presented as a reservation of fund balance in the General Fund.

The voters of the District approved on November 2, 1999 that the District be authorized to retain and expend all revenues and all other funds collected during the fiscal year ended June 30, 1999 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 shall be increased at any time nor shall any new tax be imposed without the prior approval of the voters of the District.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations to the amendment's language in order to determine its compliance.

**NOTE 19 – PRIOR PERIOD ADJUSTMENT**

During the year it was determined that certain pension inflows and outflows and pension liabilities totaling \$30,704,498 were not included in the statement of net position due to the use of an incorrect employer allocation percentage. To correct this error, the beginning net position for governmental activities of \$1,398,486, as originally reported, has been decreased to a deficit of \$29,306,012.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL**  
**JUNE 30, 2016**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.4029943282%	0.4009413828%	0.3990759031%
District's proportionate share of the net pension liability (asset)	\$ 51,401,818	\$ 54,341,025	\$ 61,035,842
District's covered-employee payroll	\$ 16,245,985	\$ 16,796,568	\$ 17,391,636
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	316.40%	323.52%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL**  
**JUNE 30, 2016**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 2,523,001	\$ 2,759,676	\$ 3,013,971
Contributions in relation to the contractually required contribution	<u>(2,523,001)</u>	<u>(2,759,676)</u>	<u>(3,013,971)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 16,245,985	\$ 16,796,568	\$ 17,391,636
Contributions as a percentage of covered-employee payroll	15.53%	16.43%	17.33%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local property taxes	\$ 6,502,392	\$ 6,278,685	\$ 6,277,164	\$ (1,521)
Specific ownership taxes	1,211,374	1,172,468	1,190,174	17,706
State sources	19,569,404	18,862,619	18,904,445	41,826
Federal sources	145,000	145,000	153,041	8,041
Investment earnings	3,600	3,600	8,094	4,494
Other local revenue	697,055	667,876	657,512	(10,364)
	<u>28,128,825</u>	<u>27,130,248</u>	<u>27,190,430</u>	<u>60,182</u>
<b>EXPENDITURES</b>				
Instruction	15,332,461	15,833,239	15,850,788	(17,549)
Supporting services				
Student support	1,087,386	1,059,325	1,045,617	13,708
Instructional staff	887,271	930,631	861,333	69,298
General administration	659,272	693,330	705,321	(11,991)
School administration	1,721,526	1,790,955	1,825,463	(34,508)
Business services	514,404	582,082	598,729	(16,647)
Operations and maintenance	3,275,640	3,329,609	3,270,859	58,750
Student transportation	459,123	538,290	536,888	1,402
Central support service	1,147,946	1,078,644	1,061,445	17,199
Other support services	2,000	2,000	-	2,000
Facilities acquisition	4,178	4,178	-	4,178
Contingency reserves	752,737	852,769	-	852,769
Other financing uses				
Transfers out	2,856,875	1,242,878	1,251,491	(8,613)
	<u>28,700,819</u>	<u>27,937,930</u>	<u>27,007,934</u>	<u>929,996</u>
Net change in fund balances	(571,994)	(807,682)	182,496	990,178
Fund balances - beginning	1,784,657	1,727,889	1,727,889	-
Fund balances - ending	<u>\$ 1,212,663</u>	<u>\$ 920,207</u>	<u>\$ 1,910,385</u>	<u>\$ 990,178</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State sources	\$ 400,000	\$ 500,000	\$ 280,374	\$ (219,626)
Federal sources	2,900,000	3,000,000	2,611,113	(388,887)
Other local revenue	100,000	100,000	475,299	375,299
	<u>3,400,000</u>	<u>3,600,000</u>	<u>3,366,786</u>	<u>(233,214)</u>
<b>EXPENDITURES</b>				
Instruction	1,995,000	2,095,000	2,061,907	33,093
Supporting services				
Student support	442,000	542,000	584,904	(42,904)
Instructional staff	295,000	295,000	237,923	57,077
General administration	44,000	44,000	3,340	40,660
School administration	-	-	19,723	(19,723)
Business services	80,000	80,000	53,643	26,357
Operations and maintenance	1,000	1,000	-	1,000
Student transportation	17,000	17,000	-	17,000
Central support service	3,000	3,000	68	2,932
Other support services	-	-	169,202	(169,202)
Community services	523,000	523,000	236,076	286,924
	<u>3,400,000</u>	<u>3,600,000</u>	<u>3,366,786</u>	<u>233,214</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

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

The General Fund is deemed to be a major fund for financial reporting purposes.

**SCHOOL DISTRICT FREMONT RE-1  
SCHEDULE OF REVENUE COMPARED TO BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local sources			
Local property taxes	\$ 6,278,685	\$ 6,277,164	\$ (1,521)
Specific ownership taxes	1,172,468	1,190,174	17,706
Earnings on investments	3,600	8,094	4,494
Other local sources	667,876	657,512	(10,364)
Total local sources	<u>8,122,629</u>	<u>8,132,944</u>	<u>10,315</u>
State sources			
State equalization	17,187,119	17,150,987	(36,132)
Vocational education	68,000	83,348	15,348
Transportation	125,000	128,263	3,263
Special education	1,008,000	1,023,920	15,920
Other state sources	474,500	517,927	43,427
Total state sources	<u>18,862,619</u>	<u>18,904,445</u>	<u>41,826</u>
Federal sources			
Other	145,000	153,041	8,041
Total federal sources	<u>145,000</u>	<u>153,041</u>	<u>8,041</u>
Total revenues	<u>\$ 27,130,248</u>	<u>\$ 27,190,430</u>	<u>\$ 60,182</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**COMPARED TO BUDGET**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>			
Instruction			
Salaries	\$ 10,948,711	\$ 10,999,177	\$ (50,466)
Employee benefits	2,933,998	2,914,174	19,824
Purchased services	1,471,866	1,454,185	17,681
Supplies	381,521	377,739	3,782
Capital outlay	70,530	81,501	(10,971)
Other expenses	26,613	24,012	2,601
Total instruction	<u>15,833,239</u>	<u>15,850,788</u>	<u>(17,549)</u>
Supporting services			
Student support:			
Salaries	821,716	823,495	(1,779)
Employee benefits	215,558	205,439	10,119
Purchased services	8,500	7,617	883
Supplies	12,373	9,066	3,307
Capital outlay	1,178	-	1,178
Total student support	<u>1,059,325</u>	<u>1,045,617</u>	<u>13,708</u>
Instructional staff			
Salaries	356,361	354,173	2,188
Employee benefits	99,853	98,218	1,635
Purchased services	91,700	121,771	(30,071)
Supplies	362,217	238,173	124,044
Capital outlay	6,000	27,127	(21,127)
Other expenses	500	799	(299)
Other	14,000	21,072	(7,072)
Total instructional staff	<u>930,631</u>	<u>861,333</u>	<u>69,298</u>
General administration			
Salaries	345,395	352,260	(6,865)
Employee benefits	70,824	77,701	(6,877)
Purchased services	213,250	206,539	6,711
Supplies	30,076	37,778	(7,702)
Capital outlay	6,085	5,921	164
Other expenses	27,700	25,122	2,578
Total general administration	<u>\$ 693,330</u>	<u>\$ 705,321</u>	<u>\$ (11,991)</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**COMPARED TO BUDGET**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
School administration			
Salaries	\$ 1,254,805	\$ 1,278,912	\$ (24,107)
Employee benefits	345,070	336,804	8,266
Purchased services	159,550	170,290	(10,740)
Supplies	30,330	33,852	(3,522)
Capital outlay	1,200	5,605	(4,405)
Total school administration	<u>1,790,955</u>	<u>1,825,463</u>	<u>(34,508)</u>
Business services			
Salaries	335,961	357,888	(21,927)
Employee benefits	89,627	91,504	(1,877)
Purchased services	46,300	31,714	14,586
Supplies	53,000	62,998	(9,998)
Capital outlay	4,500	2,726	1,774
Other expenses	52,694	51,899	795
Total business services	<u>582,082</u>	<u>598,729</u>	<u>(16,647)</u>
Operations and maintenance			
Salaries	1,214,399	1,253,656	(39,257)
Employee benefits	338,755	340,428	(1,673)
Purchased services	695,868	632,334	63,534
Supplies	1,056,300	1,027,864	28,436
Capital outlay	24,287	16,577	7,710
Total operations and maintenance	<u>3,329,609</u>	<u>3,270,859</u>	<u>58,750</u>
Student transportation			
Salaries	367,100	382,207	(15,107)
Employee benefits	82,090	108,713	(26,623)
Purchased services	40,600	32,266	8,334
Supplies	169,000	157,909	11,091
Capital outlay	7,000	1,728	5,272
Other expenses	(127,500)	(145,935)	18,435
Total student transportation	<u>\$ 538,290</u>	<u>\$ 536,888</u>	<u>\$ 1,402</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**COMPARED TO BUDGET**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Central support services			
Salaries	\$ 447,087	\$ 467,147	\$ (20,060)
Employee benefits	108,887	111,543	(2,656)
Purchased services	372,600	362,882	9,718
Supplies	128,000	95,619	32,381
Capital outlay	17,070	17,010	60
Other expenses	5,000	7,244	(2,244)
Total central support services	<u>1,078,644</u>	<u>1,061,445</u>	<u>17,199</u>
Other supporting services			
Employee benefits	<u>2,000</u>	-	<u>2,000</u>
Total other supporting services	2,000	-	2,000
Total supporting services	<u>10,004,866</u>	<u>9,905,655</u>	<u>99,211</u>
Facilities acquisition			
Purchased services	<u>4,178</u>	-	<u>4,178</u>
Total facilities acquisition	<u>4,178</u>	-	<u>4,178</u>
Contingency reserves	<u>852,769</u>	-	<u>852,769</u>
Other financing uses			
Transfers out	<u>1,242,878</u>	<u>1,251,491</u>	<u>(8,613)</u>
Total expenditures and other financing uses	<u>\$ 27,937,930</u>	<u>\$ 27,007,934</u>	<u>\$ 929,996</u>

See the accompanying independent auditors' report.

## **GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND**

This fund is authorized by Colorado state law for the purpose of accounting for financial assistance from certain state and federal grants.

For financial reporting purposes, the Governmental Designated-Purpose Grants Fund was determined to be a major fund of the District for the current fiscal year.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
State sources	\$ 500,000	\$ 280,374	\$ (219,626)
Federal sources	3,000,000	2,611,113	(388,887)
Other local revenue	100,000	475,299	375,299
	<u>3,600,000</u>	<u>3,366,786</u>	<u>(233,214)</u>
<b>EXPENDITURES</b>			
Instruction	2,095,000	2,061,907	33,093
Supporting services			
Student support	542,000	584,904	(42,904)
Instructional staff	295,000	237,923	57,077
General administration	44,000	3,340	40,660
School administration	-	19,723	(19,723)
Business services	80,000	53,643	26,357
Operations and maintenance	1,000	-	1,000
Student transportation	17,000	-	17,000
Central support service	3,000	68	2,932
Other support services	-	169,202	(169,202)
Community services	523,000	236,076	286,924
	<u>3,600,000</u>	<u>3,366,786</u>	<u>233,214</u>
Net change in fund balances	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

## **BOND REDEMPTION FUND**

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**BOND REDEMPTION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Local property taxes	\$ 1,830,442	\$ 1,864,270	\$ 33,828
Interest income	2,000	6,646	4,646
	<u>1,832,442</u>	<u>1,870,916</u>	<u>38,474</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	1,385,000	1,385,000	-
Interest and other charges	408,691	401,691	7,000
	<u>1,793,691</u>	<u>1,786,691</u>	<u>7,000</u>
Excess (deficiency) of revenues over expenditures	<u>38,751</u>	<u>84,225</u>	<u>45,474</u>
Net change in fund balances	38,751	84,225	45,474
Fund balances - beginning	<u>1,037,225</u>	<u>2,514,610</u>	<u>1,477,385</u>
Fund balances - ending	<u>\$ 1,075,976</u>	<u>\$ 2,598,835</u>	<u>\$ 1,522,859</u>

See the accompanying independent auditors' report.

## **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for significant capital expenditures of the District.

The Capital Projects Fund is deemed to be a major fund for financial reporting purposes.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
State sources	\$ 74,000	\$ 99,025	\$ 25,025
Investment earnings	43,200	60,872	17,672
Other local revenue	489,549	386,558	(102,991)
Total revenues	606,749	546,455	(60,294)
<b>EXPENDITURES</b>			
Supporting services			
Operations and maintenance	62,000	62,111	(111)
Student transportation	338,850	343,850	(5,000)
Central support service	539,548	497,500	42,048
Facilities acquisition and construction	384,000	272,420	111,580
Debt service:			
Principal	366,476	385,350	(18,874)
Interest and other charges	32,997	34,208	(1,211)
Contingency reserves	2,337,029	-	2,337,029
Total expenditures	4,060,900	1,595,439	2,465,461
Excess (deficiency) of revenues over expenditures	(3,454,151)	(1,048,984)	2,405,167
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	338,850	338,850	-
Transfers in	700,000	700,008	8
Total other financing sources (uses)	1,038,850	1,038,858	8
Net change in fund balances	(2,415,301)	(10,126)	2,405,175
Fund balances - beginning	3,283,329	3,283,329	-
Fund balances - ending	\$ 868,028	\$ 3,273,203	\$ 2,405,175

See the accompanying independent auditors' report.

## **NON-MAJOR GOVERNMENTAL FUNDS**

In addition to the funds identified as major governmental funds for financial reporting, the District reports the following non-major funds:

### **Special Revenue Fund**

#### *Food Service Fund*

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

#### *Pupil Activity Fund*

This fund is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities.

**SCHOOL DISTRICT FREMONT RE-1  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Food Service Fund	Pupil Activity Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 816,017	\$ 95	\$ 816,112
Investments	59,657	-	59,657
Receivables	19,445	-	19,445
Inventories	59,276	-	59,276
	<u>954,395</u>	<u>95</u>	<u>954,490</u>
Total assets	<u>\$ 954,395</u>	<u>\$ 95</u>	<u>\$ 954,490</u>
<b>LIABILITIES</b>			
Accounts payable	1,991	-	1,991
Accrued salaries and benefits	73,844	-	73,844
Due to other funds	134,814	-	134,814
Unearned revenue	22,019	-	22,019
	<u>232,668</u>	<u>-</u>	<u>232,668</u>
Total liabilities	<u>232,668</u>	<u>-</u>	<u>232,668</u>
<b>FUND BALANCES</b>			
Nonspendable for:			
Inventories	59,276	-	59,276
Assigned for:			
Student activities	-	95	95
Food services	662,451	-	662,451
	<u>721,727</u>	<u>95</u>	<u>721,822</u>
Total fund balances	<u>721,727</u>	<u>95</u>	<u>721,822</u>
Total liabilities and fund balances	<u>\$ 954,395</u>	<u>\$ 95</u>	<u>\$ 954,490</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Pupil Activity Fund	
<b>REVENUES</b>			
State sources	\$ 38,011	\$ -	\$ 38,011
Interest income	212	-	212
Federal sources	1,342,941	-	1,342,941
Other local revenue	449,059	147,503	596,562
	<u>1,830,223</u>	<u>147,503</u>	<u>1,977,726</u>
<b>EXPENDITURES</b>			
Instruction	-	27,142	27,142
Athletics	-	350,819	350,819
Supporting services			
Student support	-	7,292	7,292
Instructional staff	-	313,733	313,733
Food services	1,792,366	-	1,792,366
	<u>1,792,366</u>	<u>698,986</u>	<u>2,491,352</u>
Excess (deficiency) of revenues over expenditures	<u>37,857</u>	<u>(551,483)</u>	<u>(513,626)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	551,483	551,483
	<u>37,857</u>	<u>-</u>	<u>37,857</u>
Fund balances - beginning	<u>683,870</u>	<u>95</u>	<u>683,965</u>
Fund balances - ending	<u>\$ 721,727</u>	<u>\$ 95</u>	<u>\$ 721,822</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
State sources	34,700	38,011	3,311
Interest income	100	212	112
Federal sources	1,286,000	1,342,941	56,941
Other local revenue	442,191	449,059	6,868
Total revenues	<u>1,762,991</u>	<u>1,830,223</u>	<u>67,232</u>
<b>EXPENDITURES</b>			
Salaries	548,639	548,206	433
Employee benefits	189,187	186,751	2,436
Purchased services	31,550	25,814	5,736
Supplies	879,264	992,738	(113,474)
Equipment	42,850	17,656	25,194
Indirect costs	38,510	21,201	17,309
Total expenditures	<u>1,730,000</u>	<u>1,792,366</u>	<u>(62,366)</u>
Net change in fund balances	32,991	37,857	4,866
Fund balances - beginning	<u>683,870</u>	<u>683,870</u>	<u>-</u>
Fund balances - ending	<u>\$ 716,861</u>	<u>\$ 721,727</u>	<u>\$ 4,866</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PUPIL ACTIVITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local revenue	\$ 157,122	\$ 147,503	\$ (9,619)
Total revenues	157,122	147,503	(9,619)
<b>EXPENDITURES</b>			
Instruction	20,579	27,142	(6,563)
Athletics	361,741	350,819	10,922
Supporting services			
Student support	8,196	7,292	904
Instructional staff	309,484	313,733	(4,249)
Total expenditures	700,000	698,986	1,014
Excess (deficiency) of revenues over expenditures	(542,878)	(551,483)	(8,605)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	542,878	551,483	8,605
Total other financing sources and uses	542,878	551,483	8,605
Net change in fund balances	-	-	-
Fund balances - beginning	95	95	-
Fund balances - ending	\$ 95	\$ 95	\$ -

See the accompanying independent auditors' report.

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The District has the following fiduciary funds:

### *Private-Purpose Trust Fund*

This fund is used to record financial transactions where both the principal and revenues earned on that principal may be expended for purposes designated by the trust agreement.

### *Agency Fund*

This fund was created to act as custodian for various student groups and activity funds.

**SCHOOL DISTRICT FREMONT RE-1  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
BUDGET AND ACTUAL  
PRIVATE-PURPOSE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>ADDITIONS</b>			
Investment income	\$ 6,000	\$ 1,365	\$ (4,635)
Donations	-	6,565	6,565
Total additions	<u>6,000</u>	<u>7,930</u>	<u>1,930</u>
<b>DEDUCTIONS</b>			
Scholarship awards	<u>25,000</u>	<u>9,519</u>	<u>15,481</u>
Total deductions	<u>25,000</u>	<u>9,519</u>	<u>15,481</u>
Change in net position	(19,000)	(1,589)	17,411
Net position - beginning	<u>456,888</u>	<u>456,818</u>	<u>(70)</u>
Net position - ending	<u><u>\$ 437,888</u></u>	<u><u>\$ 455,229</u></u>	<u><u>\$ 17,341</u></u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>06/30/15</u>	<u>Additions/</u> <u>Revenues</u>	<u>Deletions/</u> <u>Expenditures</u>	<u>Balance</u> <u>06/30/16</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 256,509	\$ 613,708	\$ 534,662	\$ 335,555
Total assets	<u>\$ 256,509</u>	<u>\$ 613,708</u>	<u>\$ 534,662</u>	<u>\$ 335,555</u>
 <b>LIABILITIES</b>				
Due to primary government	\$ 45,082	\$ 91,941	\$ -	\$ 137,023
Due to student organizations	<u>211,427</u>	<u>521,767</u>	<u>534,662</u>	<u>198,532</u>
Total liabilities	<u>\$ 256,509</u>	<u>\$ 613,708</u>	<u>\$ 534,662</u>	<u>\$ 335,555</u>

See the accompanying independent auditors' report.

## **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Capital Assets reported in this section represent capitalized land, buildings and improvements, vehicles, and equipment owned by the District and used in the operation of Governmental Funds.

**SCHOOL DISTRICT FREMONT RE-1**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
**JUNE 30, 2016**

Governmental fund capital assets:	
Sites	\$ 2,220,137
Buildings and improvements	52,183,292
Vehicles	2,501,727
Equipment	5,145,951
Construction in progress	49,429
	<hr/>
Total governmental fund capital assets	\$ 62,100,536
	<hr/> <hr/>
Investments in governmental funds capital assets by source:	
General fund	\$ 563,488
Capital projects fund	11,994,233
Food Service	446,323
Designated-purpose grants fund	260,238
Activity fund	10,832
Bond fund	19,708,298
Building fund	29,117,124
	<hr/>
Total governmental funds capital assets	\$ 62,100,536
	<hr/> <hr/>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2016**

<u>Function and Activity</u>	<u>Sites</u>	<u>Buildings and Improvements</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 1,949,061	\$ 18,852,756	\$ -	\$ 2,953,740	\$ -	\$ 13,979,948	\$ 9,775,609
School administration	53,733	703,444	-	-	-	457,359	299,818
Operation and maintenance	-	-	216,611	78,112	-	181,084	113,639
Student transportation	76,297	-	2,285,116	-	-	1,761,401	600,012
Central support services	141,046	742,282	-	1,694,726	-	1,602,466	975,588
Facilities acquisition	-	31,884,810	-	-	49,429	8,470,162	23,464,077
Food Service	-	-	-	419,373	-	176,214	243,159
Total governmental funds capital assets	<u>\$ 2,220,137</u>	<u>\$ 52,183,292</u>	<u>\$ 2,501,727</u>	<u>\$ 5,145,951</u>	<u>\$ 49,429</u>	<u>\$ 26,628,634</u>	<u>\$ 35,471,902</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2016**

<u>Function and Activity</u>	<u>Balance 06/30/15</u>	<u>Additions</u>	<u>Depreciation and Retirements</u>	<u>Balance 06/30/16</u>
Instruction	\$ 10,282,391	\$ 337,626	\$ 844,408	\$ 9,775,609
School administration	310,755	-	10,937	299,818
Operation and maintenance	71,412	62,112	19,885	113,639
Student transportation	332,141	343,850	75,979	600,012
Central support services	551,582	499,580	75,574	975,588
Facilities acquisition & construction	24,458,065	49,429	1,043,417	23,464,077
Food Service	153,850	119,554	30,245	243,159
Total governmental funds capital assets	<u>\$ 36,160,196</u>	<u>\$ 1,412,151</u>	<u>\$ 2,100,445</u>	<u>\$ 35,471,902</u>

See the accompanying independent auditors' report.

## **EXPENDITURES OF FEDERAL AWARDS**

**SCHOOL DISTRICT FREMONT RE-1  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
<i>Child Nutrition Cluster:</i>				
Passed Through Colorado Department of Education				
School Breakfast Program	10.553	4553		\$ 354,922
National School Lunch Program	10.555	4555		806,394
Summer Food Service Program	10.559	4559		49,448
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		111,080
Summer Food Service Program	10.559	4559		1,545
<i>Total Child Nutrition Cluster</i>				<u>1,323,389</u>
Passed Through Colorado Department of Education				
Fresh Fruit and Vegetable Program	10.582	4582		19,552
Passed Through Fremont County, Colorado				
Schools and Roads - Grants to States	10.665	7665		80,966
Total U.S. Department of Agriculture				<u>1,423,907</u>
<b>U.S. Department of Defense Direct Program</b>				
Reserve Officer Training Corps	12.unknown	9001		<u>72,074</u>
<b>U.S. Department of Education</b>				
<i>Special Education Cluster (IDEA)</i>				
Passed Through Colorado Department of Education				
Special Education: Grants to States IDEA Part B	84.027	4027		733,663
Special Education: Preschool Grants	84.173	4173		43,692
<i>Total Special Education Cluster</i>				<u>777,355</u>
No Child Left Behind, Title I, Part A	84.010	4010, 5010, 7010		1,219,980
Rural Education	84.358	7358		74,208
Teacher and Principal Training and Recruiting Fund	84.367	4367		101,642
Race to the Top	84.412	5412		2,685
Passed Through Colorado Community College System				
Vocational Education - Basic Grants to States	84.048	4048		26,776
Passed Through Colorado Department of Human Services				
School to Work Alliance Program (SWAP)	84.126	5126		52,683
Total U.S. Department of Education				<u>2,255,329</u>
<b>U.S. Department of Health and Human Services</b>				
<i>CCDF Cluster</i>				
Passed Through Colorado Department of Human Services				
Child Care Assistance Block Grant	93.575	7575		143,567
Child Care Development Fund: Readiness Grant	93.596	7596		15,990
<i>Total CCDF Cluster</i>				<u>159,557</u>
Total U.S. Department of Health and Human Services				<u>159,557</u>
<b>Total Federal Awards</b>				<u>\$ 3,910,867</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of School District Fremont RE-1 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of School District Fremont RE-1, it is not intended to and does not present the financial position, changes in net assets, or cash flows of School District Fremont RE-1.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the (identify basis of accounting) basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available. ROTC does not have a CFDA number, so the Federal CFDA number on the Schedule of Expenditures of Federal Awards identifies the Department followed by "Unknown".

**NOTE 3 – INDIRECT COST RATE**

School District Fremont RE-1 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – NON-CASH ASSISTANCE**

During the year end June 30, 2016, School District Fremont RE-1 received \$112,625 in non-cash assistance in the form of food commodities.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
School District Fremont RE-1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of School District Fremont RE-1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise School District Fremont RE-1's basic financial statements, and have issued our report thereon dated October 25, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered School District Fremont RE-1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District Fremont RE-1's internal control. Accordingly, we do not express an opinion on the effectiveness of School District Fremont RE-1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 2016-001 and 2016-002.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether School District Fremont RE-1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
October 25, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
School District Fremont RE-1

**Report on Compliance for Each Major Federal Program**

We have audited School District Fremont RE-1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of School District Fremont RE-1's major federal programs for the year ended June 30, 2016. School District Fremont RE-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of School District Fremont RE-1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about School District Fremont RE-1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of School District Fremont RE-1's compliance.

***Opinion on Each Major Federal Program***

In our opinion, School District Fremont RE-1, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management of School District Fremont RE-1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered School District Fremont RE-1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of School District Fremont RE-1's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

School District Fremont RE-1's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. School District Fremont RE-1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Purpose of this Report

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

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
October 25, 2016



**SCHOOL DISTRICT FREMONT RE-1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

Section II—Financial Statement Findings

2016-001 Segregation of Duties

*Criteria:* Segregation of duties should be implemented throughout the accounting department. There should be proper segregation of duties ensuring that no one person has the ability to initiate, authorize and record financial transactions.

*Condition:* A single member of management has the ability to record adjusting journal entries, authorize and initiate payments and perform reconciliations.

*Cause:* Some control procedures over segregation of duties were not followed. Controls over authorization, initiation and recording have not been properly implemented.

*Effect:* There is a heightened risk of misstatements due to error or fraud exists under this condition.

*Views of responsible officials and planned corrective action:* Management agrees with this finding and will improve control procedures related to segregation of duties as staff availability allows.

2016-002 Physical Inventory Counts

*Criteria:* Counts should be performed at least annually and differences should be posted to the perpetual inventory system and the general ledger. Care should be taken to make sure counts are performed accurately.

*Condition:* Inventory count sheets did not consistently agree to actual inventory test counts.

*Context:* This was noted during control testing of inventory.

*Effect:* Inventory was misstated due to lack of these controls.

*Cause:* Controls over inventory have not been properly implemented.

*Recommendation:* Management should ensure that care is taken to perform inventory counts accurately.

*Management response:* Management will ensure that warehouse staff is properly trained in count procedures and will personally oversee the next year's inventory count to verify accuracy.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.

**SCHOOL DISTRICT FREMONT RE-1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the School District Fremont RE-1 Schedule of Findings and Questioned Costs for the year ended June 30, 2015. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2016 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2010-1	N/A	N/A	Segregation of Duties	Not corrected. Reported as finding 2016-001. See page 70.

**COLORADO SCHOOL DISTRICT/BOCES AUDITORS'  
DATA INTEGRITY REPORT**

**Hc**  
**Hoelting & Company, Inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON  
COLORADO SCHOOL DISTRICT/BOCES  
AUDITOR'S INTEGRITY REPORT**

To the Board of Education  
School District Fremont RE-1

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of School District Fremont RE-1, as of and for the year ended June 30, 2016, which collectively comprise School District Fremont RE-1's basic financial statements, and our report thereon dated October 25, 2016, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District Fremont RE-1's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
October 25, 2016



Colorado Department of Education

Auditors Integrity Report

District: 1140 - CANON CITY RE-1

Fiscal Year 2015-16

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	1,527,206	24,552,836	24,394,970	1,685,071
18 Risk Mgmt Sub-Fund of General Fund	67,770	454,315	435,306	86,778
19 Colorado Preschool Program Fund	132,914	931,788	926,166	138,535
<b>Sub- Total</b>	<b>1,727,889</b>	<b>25,938,939</b>	<b>25,756,443</b>	<b>1,910,385</b>
11 Charter School Fund	425,217	1,897,924	1,944,162	378,980
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	683,870	1,830,223	1,792,366	721,727
22 Govt Designated-Purpose Grants Fund	0	3,366,786	3,366,786	0
23 Pupil Activity Special Revenue Fund	95	698,986	698,986	95
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,514,610	1,870,915	1,786,691	2,598,835
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	3,283,329	1,585,313	1,595,440	3,273,203
<b>Totals</b>	<b>8,635,010</b>	<b>37,189,087</b>	<b>36,940,874</b>	<b>8,883,223</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	501,015	0	18,242	482,773
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>501,015</b>	<b>0</b>	<b>18,242</b>	<b>482,773</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	1,276,580	1,726	78,579	1,199,727
72 Private Purpose Trust Fund	456,818	7,930	9,520	455,229
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	211,427	521,767	534,661	198,533
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>1,944,825</b>	<b>531,424</b>	<b>622,760</b>	<b>1,853,489</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.