

**KIT CARSON COUNTY SCHOOL DISTRICT R-4**  
Stratton, Colorado

Financial Statements

For the Year Ended June 30, 2016



**RECEIVED**

*By Justin L. Smith at 2:19 pm, Nov 10, 2016*

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 Stratton, Colorado  
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**WINFREY, COUNTY & HAYS, PC**  
Certified Public Accountants  
593 14th Street  
Burlington, Colorado 80807  
Telephone 719-346-7216  
Fax No. 719-346-8499

Gerald D County, CPA  
Jennifer M. Hays, CPA

Kristina L. Lowe, CPA  
Sarah M. Bailey, CPA

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Kit Carson County School District R-4  
Stratton, Colorado 80836

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kit Carson County School District R-4, as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kit Carson County School District R-4, 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 budgetary comparison information on pages a-g and 23-25 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. For the management discussion & analysis 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 Kit Carson County School District R-4's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

WINFREY, COUNTY & HAYS, PC  
Certified Public Accountants



by: Gerald County, CPA

October 18, 2016

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

Management of Stratton School District R-4 of Stratton, Colorado in Kit Carson County, offers readers of the financial statements this narrative overview and analysis of the financial activities of the school district for the fiscal year ended June 30, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the audit report.

**Financial Highlights:**

- The net position of the District decreased \$226,686 to \$(341,689)
- As of close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,487,597, a decrease of \$31,651 from the prior year. Approximately 84% of this amount is available for spending at the government's discretion (board committed and unrestricted fund balance).
- At the end of the current fiscal year, board committed and unrestricted fund balance of the General Fund was \$1,244,845, or 84% of total General Fund Expenditures.
- The District's total long term debt decreased by \$3,301 which is accrued sick leave payable.
- The District has no bonded indebtedness.

**Overview of the Financial Statements:**

This discussion and analysis is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided is other supplementary information.

Government-wide financial statements:

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

The focus of the Statement of Net position includes all of the School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation, sick leave, or retiree's early retirement bonuses).

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016  
(continued)

The government-wide financial statements consolidate the governmental activities. Government-wide financial statements include not only the District itself (known as the primary government), but also other legally separate entities for which the District is financially accountable.

Financial information for these component units is reported separately from the financial information presented for the primary government itself. Governmental type activities would include most of the School District's basic services such as instruction, transportation, maintenance and operations, and administration. Taxes and intergovernmental revenues principally support these activities. The Capital Projects, Food Services Fund and the Student Activity Special Revenue Fund are accounted for under the governmental type activities. The business type activities include the Self Insurance Internal Service Fund. These activities include the employee deductions as revenue and payments for health services that are intended to recover all or a significant portion of their costs through fees, charges and governmental reimbursements.

**Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has three kinds of funds: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* include most of the District's basic services 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 determine the status of financial resources that can be spend in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet, and in the governmental fund statement of revenue, expenditures and change in fund balances for the general fund which is the only major fund. Data for the other governmental funds (Food Service and Student Activity) is presented as an individual funds.

*Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
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 Management's Discussion and Analysis  
 For the Year Ended June 30, 2016  
 (continued)

*Other information* in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities exceeded assets by approximately \$341,689 at the close of the most recent fiscal year.

The School District's investment in capital assets, (e.g. land, buildings and equipment) of \$1,845,886 is 51% of total assets. The School District uses these assets to provide instruction and related services to its students.

Table 1  
 Fiscal Year Ended June 30, 2016  
 Net Position

	<u>6/30/2016</u>	<u>6/30/2015</u>
Current and other assets	1,744,429	1,741,692
Capital assets	<u>1,845,886</u>	<u>1,862,770</u>
Total assets	3,590,315	3,604,462
Deferred Outflows	540,022	184,561
Current liabilities	264,967	232,603
Unearned revenue	2,485	1,991
Long term liabilities	<u>4,065,977</u>	<u>3,739,567</u>
Total liabilities	4,333,429	3,974,161
Deferred Inflows	149,217	(57,985)
Net Position		
Invested in capital assets	1,845,886	1,862,770
Restricted for TABOR	78,988	67,570
Restricted for Preschool	152,242	175,696
Committed as Reserve	850,551	900,000
Unrestricted	<u>(3,269,356)</u>	<u>(3,121,039)</u>
Total Net Position	<u>(341,689)</u>	<u>(115,003)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2016  
 (continued)

The following is a summary of the District's change in net position:

Table 2  
 Fiscal Year Ended June 30, 2016  
 Change in Net Position

REVENUES	<u>6/30/2016</u>	<u>6/30/2015</u>
Program Revenues		
Charges for service	101,408	93,394
Operating grants	324,995	240,608
Capital grants	0	12,220
General Revenues		
Property taxes	635,502	552,676
Specific ownership taxes	78,706	74,613
State Equalization	1,523,803	1,491,357
Other	<u>74,377</u>	<u>99,881</u>
Total Revenues	2,738,792	2,564,751
EXPENSES		
Instruction	1,557,582	1,487,883
Pupil & Instructional Services	231,592	196,879
Administration	429,253	362,867
Maintenance & Operations	381,290	321,441
Transportation	153,176	145,174
Food Services	152,575	158,655
Other	<u>60,010</u>	<u>49,217</u>
Total Expenses	<u>2,965,478</u>	<u>2,722,115</u>
Increase (decrease) in net position	<u>(226,686)</u>	<u>(157,364)</u>

**Governmental Activities:**

The primary source for operating revenue for the District comes from the School Finance Act of 1994, as amended (SFA). Under the SFA, the District received \$11,606 per funded student for the 2015/16 school year. Funding for the SFA comes from property taxes, specific ownership tax, and state equalization.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016  
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The District received approximately 56% of this funding from state equalization, while the remaining amount comes from property taxes and specific ownership tax. The District's assessed valuation of \$18,503,383 generated \$635,202 in property taxes with a mill levy of 34.5 For fiscal year 2015/2016. The District passed a mill levy override in the 2012/13 school year which helped fund many different district needs.

**Governmental Funds:**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$1,487,597, a decrease of \$31,651 in comparison with the prior year.

**General fund Budget Highlights:**

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2016  
 (continued)

**Capital Assets and Debt Administration:**

**Capital Assets:**

The District's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$1,845,886 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, buses and vehicles, construction in progress, and capital leases all with an original cost greater than \$5,000.

The major capital assets purchased by the District were a bus for \$72,500, a mower for \$11,200 and a video entry system for \$13,727.

The School District's total capital assets at June 30, 2016 net of accumulated depreciation were as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Sites & Improvements	182,380	182,380
Buildings	4,073,699	4,073,699
Transportation	550,133	528,833
Equipment	<u>678,383</u>	<u>665,725</u>
Total capital assets	5,484,595	5,450,637
Accumulated depreciation	<u>(3,638,709)</u>	<u>(3,587,867)</u>
Total capital assets	<u>1,845,886</u>	<u>1,862,770</u>

**Long-Term Debt:**

At year-end, the District's long-term debt of \$28,934 for compensated absences.

The District's long term debt decreased by \$3,301 during the fiscal year.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016  
(continued)

**Economic Factors:**

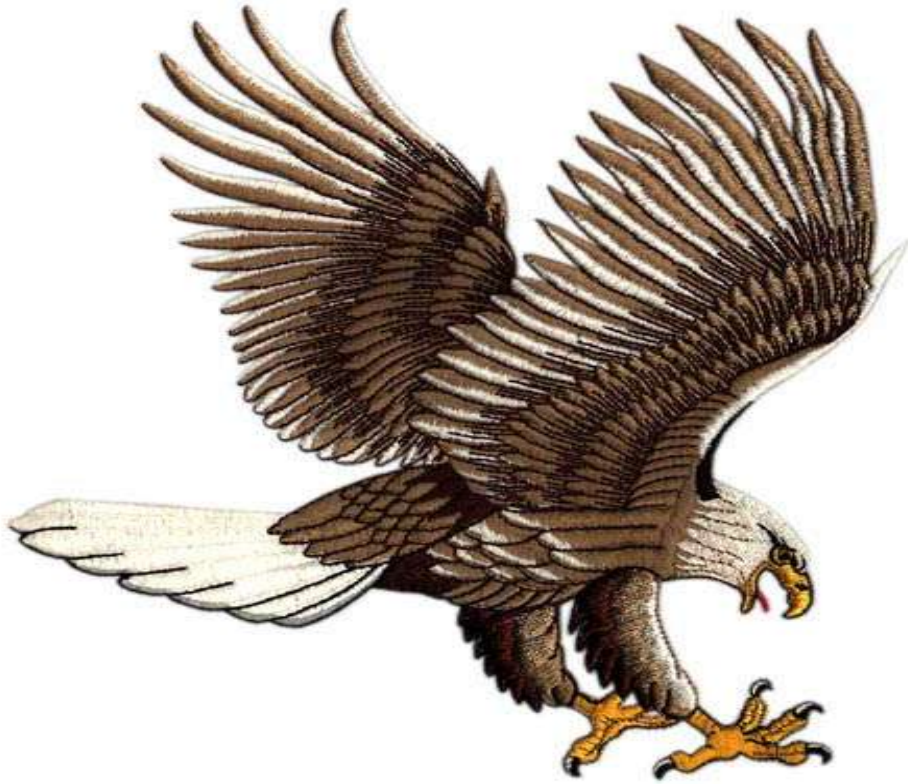
Some concern over finances continues to exist for the prospects for the District for the next upcoming years.

- Total enrollment for the District has had a slight increase for a few straight years. But has stabilized for 2016/17 school year the district has made many purchases on technology curriculum and transportation in keeping up with the needs of students to leave ready for post-secondary enrollment of college of higher learning.
- 
- Tax reform from the legislature in 2007 reduced the local tax levy to 27 mills from the previous 46.1 mills in 2001, and will consequently put a larger proportion of the school finance locally on the equalization from the state, but has lowered taxes locally.

We also passed a local mill levy override on the ballot in November 2012 election to try to raise the local mill levy from 27 mills to 34.5 mills to help offset the large cuts in revenue from the state. This past few school years the District did what they said they would do with the money and address technology issues and transportation issues, and yet there is still concern that the state will not fund education at the rate it is supposed to with the current school funding Law. There was big push back from the Superintendents from all over the state to buy down the negatives factor that has taken over one billion dollars away from schools over the past years. We have asked the legislators to restore/bye down the negative factor before placing any more unfunded mandates upon schools and Stratton this would help relief some of the pressure on our current school's budget and give us the flexibility to address the needs of our District.

**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 any questions about this report or need additional information, contact Jeff Durbin, Superintendent, at Stratton School District R-4, 219 Illinois Avenue, Stratton, CO 80836.



## BASIC FINANCIAL STATEMENTS

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Statement of Net Position  
June 30, 2016

Governmental  
Activities

<b>ASSETS</b>	
Cash and cash equivalents	857,606
Certificates of deposit	851,790
Accounts Receivable	35
Inventory	5,852
Accrued property taxes receivable	29,147
Capital assets, net of accumulated depreciation	<u>1,845,886</u>
Total Assets	<u>3,590,315</u>
<b>DEFERRED OUTFLOWS</b>	
	540,022
<b>LIABILITIES</b>	
Intergovernmental payable	20,532
Accrued salaries payable	233,815
Unearned revenues	2,485
<b>Noncurrent Liabilities</b>	
Due within one year	10,620
Due in more than one year	18,314
Net Pension Liability	<u>4,037,043</u>
Total Liabilities	4,322,809
<b>DEFERRED INFLOWS</b>	
	149,217
<b>NET POSITION</b>	
Invested in capital assets	1,845,886
Restricted for TABOR Reserve	78,988
Restricted for Preschool	152,242
Committed as Reserve	850,551
Unrestricted	<u>(3,269,356)</u>
Total Net Position	<u>(341,689)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Statement of Activities  
For the Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
Governmental Activities				
Instructional	1,557,582		227,889	
Support Services				
Pupil services	69,568			
Instructional services	162,024			
General administration	253,903			
School administration	175,350			
Operations & maintenance	381,290			
Pupil transportation	153,176		21,680	
Central Services	8,198			
Student Activities	51,812	39,279		
Food Services	<u>152,575</u>	<u>62,129</u>	<u>75,426</u>	<u>0</u>
Total Governmental Activities	2,965,478	101,408	324,995	0

General revenues:

Taxes

  Property taxes, levied for general purposes

  Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Gain (Loss) on assets

  Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and  
Changes in Net Position  
Governmental  
Activities

(1,329,693)

(69,568)

(162,024)

(253,903)

(175,350)

(381,290)

(131,496)

(8,198)

(12,533)

(15,019)

(2,539,074)

635,502

78,706

1,523,803

52,849

6,852

14,676

2,312,388

(226,686)

(115,003)

(341,689)

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Balance Sheet  
 Governmental Funds  
 June 30, 2016

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	837,556	20,050	857,606
Certificates of deposit	851,790	0	851,790
Accounts/Grants receivable	0	35	35
Inventory	0	5,852	5,852
Accrued property taxes receivable	<u>29,147</u>	<u>0</u>	<u>29,147</u>
Total Assets	<u>1,718,493</u>	<u>25,936</u>	<u>1,744,429</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accrued salaries payable	221,885	11,930	233,815
Intergovernmental payable	<u>20,532</u>	<u>0</u>	<u>20,532</u>
Total Liabilities	242,417	11,930	254,347
Unearned revenue	0	2,485	2,485
Fund Balances			
Restricted for TABOR Reserve	78,988	0	78,988
Restricted for Preschool	152,242	0	152,242
Committed for Reserves	850,551	0	850,551
Nonspendable	0	5,852	5,852
Assigned	0	5,670	5,670
Unassigned	<u>394,295</u>	<u>0</u>	<u>394,295</u>
Total Fund Balances	<u>1,476,076</u>	<u>11,522</u>	<u>1,487,597</u>
 Total Liabilities and Fund Balances	 <u>1,718,493</u>	 <u>25,936</u>	 <u>1,744,429</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Balance Sheet  
Governmental Funds  
June 30, 2016

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total Governmental Fund Balances	1,487,597
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,845,886
Deferred outflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	540,022
Deferred inflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	(149,217)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(4,065,977)</u>
Net Position of Governmental Activities	<u>(341,689)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	<u>General</u>	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Local Sources			
Property Taxes	635,502	0	635,502
Specific Ownership Taxes	78,706	0	78,706
Investment Interest	6,845	0	6,845
Charges for Service	0	66,334	66,334
Other	87,553	35,081	122,634
State Sources			
Equalization	1,540,554	0	1,540,554
Vocational Education	51,708	0	51,708
Transportation	4,930	0	4,930
Other	111,226	3,451	114,677
Federal Sources	<u>42,882</u>	<u>71,975</u>	<u>114,857</u>
Total Revenues	2,559,905	176,841	2,736,746
<b>EXPENDITURES</b>			
Current			
Instruction	1,339,953	0	1,339,953
Supporting Services			
Pupil Guidance	63,367	0	63,367
Instructional staff services	107,385	0	107,385
General administration	235,632	0	235,632
School administration	159,253	0	159,253
Operations & maintenance	369,232	0	369,232
Pupil transportation	125,661	0	125,661
Other	8,198	51,812	60,010
Food Services	0	145,139	145,139
Capital Outlay	<u>162,763</u>	<u>0</u>	<u>162,763</u>
Total Expenditures	<u>2,571,445</u>	<u>196,951</u>	<u>2,768,397</u>
Revenues over (under) Expenditures	(11,541)	(20,110)	(31,651)

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016  
(continued)

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)			
Operating Transfers In (Out)	<u>(8,000)</u>	<u>8,000</u>	<u>0</u>
Revenues & Other Sources over (under)			
Expenditures & Other Uses	(19,541)	(12,110)	(31,651)
Fund Balance - Beginning	<u>1,495,616</u>	<u>23,632</u>	<u>1,519,248</u>
Fund Balance - Ending	<u>1,476,076</u>	<u>11,522</u>	<u>1,487,597</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities			
Net change in fund balances - total governmental funds			(31,651)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.			
Capital outlays		92,927	
Depreciation expense		<u>(111,857)</u>	(18,930)
The issuance of long-term debt (e.g. bonds and 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.			
Decrease (increase) in accrued sick leave			3,301
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Pension expenses			(181,452)
Gain (loss) on disposal of assets is not recognized in governmental funds, but the sale of the assets is recorded as income.			
Cash received on sale of asset		(12,630)	
Recognized gain (loss)		<u>14,676</u>	<u>2,046</u>
Change in net position of government activities			<u>(226,686)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Statement of Net Position  
Self Insurance Fund  
June 30, 2016

	<u>Self Insurance Internal Service</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>76,187</u>
<b>NET POSITION</b>	
Restricted for health & dental	<u>76,187</u>

Statement of Revenues, Expenses and Changes in Net Position  
Self Insurance Fund  
For the Year Ended June 30, 2016

	<u>Self Insurance Internal Service</u>
<b>Operating Revenues</b>	
Charges For Service	
Employee contributions	15,032
Employer contributions	2,168
District contribution	<u>3,500</u>
Total Operating Revenues	20,700
<b>Operating Expenses</b>	
Claims Paid	<u>23,613</u>
 Operating Income (Loss)	 (2,913)
<b>OTHER INCOME (EXPENSE)</b>	
Interest Income	<u>40</u>
 Net Income (Loss)	 (2,873)
 Net Position - Beginning	 <u>79,060</u>
 Net Position - Ending	 <u>76,187</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Statement of Cash Flows  
 Self Insurance Fund  
 For the Year Ended June 30, 2016

Self Insurance  
Internal Service

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	17,200
Payments to suppliers	<u>(23,613)</u>
Net Cash Provided by Operating Activities	(6,413)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers	3,500
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>40</u>
Net increase (decrease) in cash	(2,873)
Cash Balance - Beginning	<u>79,060</u>
Cash Balance - Ending	<u>76,187</u>
Reconciliation of operating income (loss) to net cash provided (used) by operations	
Operating income (loss)	(2,913)
Adjustments to reconcile net income to net cash provided by operating activities	
District contribution	<u>(3,500)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(6,413)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Statement of Fiduciary Net Position  
Student Activity Agency Fund  
June 30, 2016

	Student Activity <u>Fund</u>
<b>ASSETS</b>	
Cash in bank	88,404
<b>LIABILITIES</b>	
Due to Student Activities	<u>88,404</u>
<b>NET POSITION</b>	<u>0</u>

## Notes To The Financial Statements

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to the Financial Statements  
June 30, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The District is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the Kit Carson County School District R-4's significant accounting policies applied in the preparation of these financial statements follows.

- A. Reporting Entity - The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of Kit Carson County School District R-4.

B. Basis of Presentation

The District implemented the provisions of GASB 68, "Accounting and Financial Reporting for Pensions Plans - an amendment to No. 27", during the year ended June 30, 2016. GASB 68 replaced the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental employers", and GASB 50, Pension Disclosures -an amendment to GASB Statements No. 25 and 27", as they relate to pension plans that are administered trusts or equivalent arrangements that meet certain criteria. GASB 68 enhances the standards for footnote disclosures and required supplementary information (RSI) for pension plans, including net pension liability (NPL), ratio of fiduciary net position (FNP) to total pension liability (TPL), actuarial methods, and assumptions.

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements.

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

Fund financial statements are also provided in the report for all of the governmental funds, and the fiduciary funds of the District. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund.

NonMajor Funds:

Food Services Special Revenue Fund accounts for the revenues and expenditures to provide students, teachers, and visitors with hot meals.

Student Activity Special Revenue Fund accounts for revenues and expenditures of athletic teams.

Additionally the District reports the following fund types:

Internal service fund to account for the collection of monies paid by the District and employees to fund deductible payments for health and dental insurance.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. 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.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10 or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection.

The last date for final adoption of the budget and appropriation resolution is June 30.

January 31 is last date to change adopted budget.

By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general fund.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

The legal level of budgetary control is at the individual fund level.

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

F. Assets, Liabilities and Fund Balances/Net Position

1. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds."

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2016 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

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

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

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.

Property, plant and equipment are depreciated in the proprietary funds using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	20-25
Buildings	10-50
Equipment	5-25
Vehicles	7-10

The District does not have any infrastructure assets.

#### 5. Compensated Absences

Professional staff earn 9 days per year. Noncertified staff earn 7 days per year. A maximum of 30 days may be accumulated. When an employee leaves the District after working 9 months or longer, they are paid for all unused accumulated sick leave. Professional employees are paid at the rate of \$60 per day and noncertified employees are paid at the current minimum hourly wage rate. All employees who accumulate more than 30 days at the end of the school year are paid at the applicable rate.

#### 6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources 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.

#### 7. Estimates

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

#### 8. Fund Balances and Net Position

In the government-wide financial statements, net position is classified in the following categories;  
 Invested in Capital Assets – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.  
 Restricted Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation  
 Unrestricted Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.  
 When restricted and unrestricted funds are available, restricted are deemed first spent.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

In the fund financial statements, fund balances of governmental funds are classified in the following categories;

Nonspendable – amounts that cannot be spent because they are either in non spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources are either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s Board of Trustees. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, and unassigned funds are available, unassigned is deemed first spent, then assigned.

At June 30, 2016 the amounts restricted were \$152,242 for preschool, \$78,968 for TABOR Reserve, and \$850,551 committed for board reserve.

## (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

In November 1997, the voters of the District approved a ballot issue which allows the District to collect, retain, and expend all revenues collected or received for the 1997 fiscal year and each subsequent year.

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.
- C. In November 2012, the taxpayers approved a tax override of 7.5 mills.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Cash Deposits and Investments - in 1 financial institution. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit". They are carried at cost.

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

At June 30, 2016, the District's cash deposits had a bank balance and carrying balance as follows:

	Bank <u>Balance</u>	Carrying <u>Balance</u>
Insured (FDIC)	\$500,000	\$500,000
Deposits collateralized in single institution pools	<u>1,388,808</u>	<u>1,373,511</u>
Total Cash	\$1,888,808	\$1,873,986
Shown as Certificates of deposit		(851,790)
Amount in Agency Fund		(88,404)
Internal Service Fund		<u>(76,187)</u>
Net Cash		<u>\$857,605</u>

As presented above, deposits with a bank balance of \$1,388,808 and a carrying balance of \$1,373,511 as of June 30, 2016, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

- B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

## C. Changes in General Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Sites & Improvements	182,380	-0-	-0-	182,380
Buildings	4,073,699	-0-	-0-	4,073,699
Equipment	665,724	24,927	12,269	678,382
Transportation	<u>528,833</u>	<u>72,500</u>	<u>51,200</u>	<u>550,133</u>
Total	5,450,636	97,427	63,469	5,484,594
<b>Less Accumulated Depreciation</b>				
Sites & Improvements	147,541	1,707	-0-	149,248
Buildings	2,639,138	51,266	-0-	2,690,404
Equipment	331,285	36,216	9,815	357,686
Transportation	<u>469,903</u>	<u>22,668</u>	<u>51,200</u>	<u>441,371</u>
Total	<u>3,587,867</u>	<u>111,857</u>	<u>61,015</u>	<u>3,638,709</u>
<b>Government Activities</b>				
Capital Assets, Net	<u>1,862,769</u>	<u>(14,430)</u>	<u>(2,454)</u>	<u>1,845,885</u>

Depreciation expense for the governmental activities was allocated \$22,668 to transportation, \$895,639 to instruction, and \$626 to food services.

## D. Changes in Long-Term Debt -

	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>
Compensated Absences	32,235	7,319	10,620	28,934

## (4) OTHER INFORMATION

- A. Risk Management - the District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its property and casualty insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31 but are earned over a school year of approximately a nine month period. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. The General Fund transferred \$8,000 to the Student Activity Special Revenue Fund.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016

D. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

**General Information about the Pension Plan**

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

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

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

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

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

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

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

<sup>1</sup>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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$206,813 or the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$4,037,043 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District proportion was 0.0263957469 percent, which was a decrease of 0.0058533987 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$181,452. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	53,310	168
Changes of assumptions or other inputs	-0-	57,050
Net difference between projected and actual earnings on pension plan investments	343,262	-0-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	36,683	91,998
Contributions subsequent to the measurement date	<u>106,767</u>	<u>N/A</u>
Total	540,021	149,217

There is \$106,767 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year ended June 30,</b>	
2017	(13,269)
2018	(19,743)
2019	-0-
2020	-0-
2021	-0-
Thereafter	-0-

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

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

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

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

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

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

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefits.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

As of the November 15, 2013 adoption of the long-term expected rate of return, presented to 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%.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(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.
- Employee contributions were assumed to be made at the 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 the AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District 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	5,233,188	4,037,043	3,042,074

*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).

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Notes to Financial Statements  
June 30, 2016  
(continued)

E. Other Post-Employment Benefits

Health Care Trust Fund

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

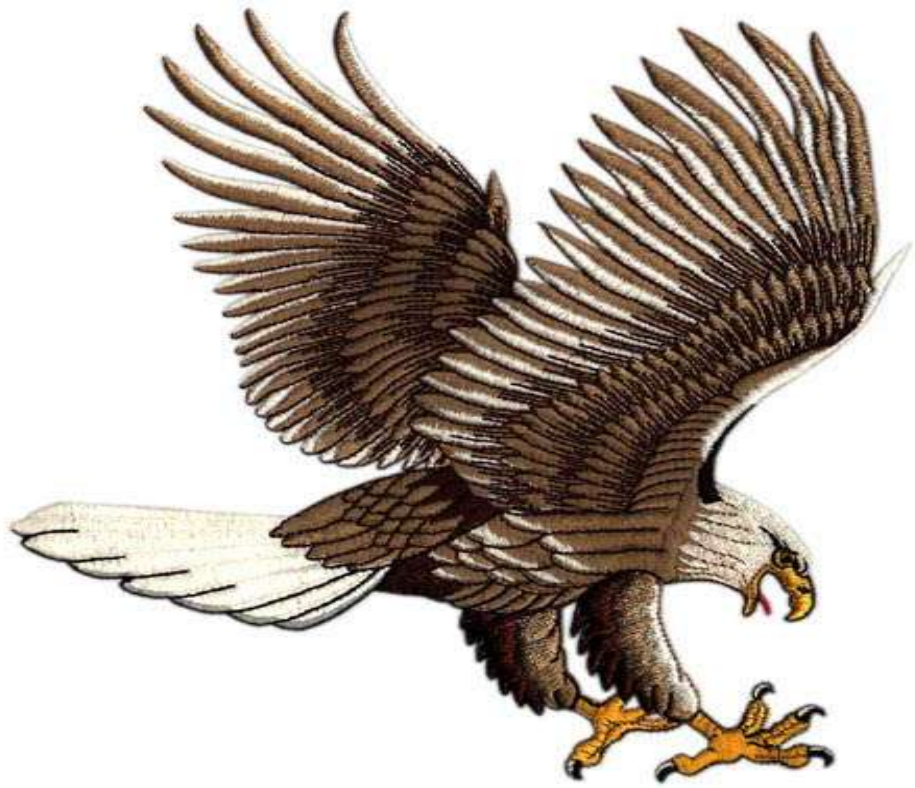
*Funding Policy* – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Stratton School District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the Stratton School District contributions to the HCTF were \$11,895, \$11,785 and \$11,483, respectively, equal to their required contributions for each year.

F. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the board is from the District. The Board has final authority for all budgeting and financing of the joint venture.

Each member pays a \$2,500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members.

At June 30, 2015, total assets were \$2,633,823, deferred outflows were \$388,938, total liabilities were \$8,833,532, deferred inflows were \$329,949, net position was \$(6,140,720), revenues were \$8,424,082, and expenses were \$8,882,336.

Complete financial statements may be obtained from BOCES office at 820 Second Street, Limon, CO 80828.



REQUIRED SUPPLEMENTARY INFORMATION

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Budgetary Comparison Schedule  
Major Governmental Funds  
For the Year Ended June 30, 2016

	<u>General Fund</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources				
Property Taxes	554,945	554,945	635,502	80,557
Other	109,900	109,900	173,103	63,203
State Sources				
Equalization	1,556,800	1,556,800	1,540,554	(16,246)
Other	95,982	95,982	167,864	71,882
Federal Sources	<u>44,856</u>	<u>44,856</u>	<u>42,882</u>	<u>(1,974)</u>
Total Revenues	2,362,483	2,362,483	2,559,905	197,422
<b>EXPENDITURES</b>				
Current				
Instruction	1,394,390	1,394,390	1,339,953	54,437
Supporting Services				
Pupils	49,420	49,420	63,367	(13,947)
Instructional Staff - Library	82,228	82,228	107,385	(25,157)
General Administration	225,198	225,198	235,632	(10,434)
School Administration	163,917	163,917	159,253	4,664
Operations & Maintenance	300,136	300,136	369,232	(69,097)
Pupil Transportation	110,299	110,299	125,661	(15,362)
Central Support	8,089	8,089	8,198	(109)
Capital Outlay	658,469	658,469	162,763	495,706
Contingency Reserve	<u>900,000</u>	<u>900,000</u>	<u>0</u>	<u>900,000</u>
Total Expenditures	<u>3,892,145</u>	<u>3,892,145</u>	<u>2,571,445</u>	<u>1,320,700</u>
Excess of revenues over (under) Expenditures	(1,529,662)	(1,529,662)	(11,541)	1,518,121
Other Financing Sources (Uses)				
Operating Transfers	<u>(35,000)</u>	<u>(35,000)</u>	<u>(8,000)</u>	<u>27,000</u>
Excess of Revenues & Other Sources over (under) Expenditures & Other Uses	(1,564,662)	(1,564,662)	(19,541)	1,545,121
Fund Balance - Beginning	<u>1,564,662</u>	<u>1,564,662</u>	<u>1,495,616</u>	<u>(69,046)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>1,476,076</u>	<u>1,476,076</u>

See auditor's report and notes to the financial statements.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Schedule of District's Proportionate Share of the Net Pension Liability  
 Last 10 Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.026396%	0.027354%	0.026728%
Proportionate share of the collective net pension liability	4,037,043	3,707,332	3,409,105
Covered payroll	1,150,320	1,028,030	967,484
Proportionate share of the net pension liability as a percentage of its covered employee payroll	350.95%	360.62%	352.37%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.80%	64.06%

The amounts presented for each year were determined as of December 31.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Schedule of Contributions and Related Ratios  
 Last 10 Fiscal Years

As of June 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Statutorily required contributions	206,813	194,984	179,311	165,500	159,651	142,561	140,842	145,628	128,320	116,885
Contributions in relation to the statutorily required contribution	<u>206,813</u>	<u>194,984</u>	<u>179,311</u>	<u>165,500</u>	<u>159,651</u>	<u>142,561</u>	<u>140,842</u>	<u>145,628</u>	<u>128,320</u>	<u>116,885</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	1,166,196	1,155,369	1,118,381	1,093,935	1,125,817	1,073,046	1,139,046	1,271,177	1,212,682	1,183,210
Contributions as a percentage of covered-employee payroll	17.73%	16.88%	16.03%	15.13%	14.18%	13.29%	12.36%	11.46%	10.58%	9.88%

## OTHER INFORMATION

## COMBINING STATEMENTS

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Combining Balance Sheet - NonMajor Governmental Funds  
June 30, 2016

ASSETS	<u>Food Services</u>	<u>Student Activity</u>	<u>Total</u>
Current Assets			
Cash	19,445	604	20,050
Accounts/Grants Receivable	35	0	35
Inventory	<u>5,852</u>	<u>0</u>	<u>5,852</u>
Total Assets	<u>25,332</u>	<u>604</u>	<u>25,936</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accrued Salaries & Benefits	11,930	0	11,930
Unearned Revenue	<u>2,485</u>	<u>0</u>	<u>2,485</u>
Fund Balance			
Nonspenable	5,852	0	5,852
Assigned	<u>5,065</u>	<u>604</u>	<u>5,670</u>
Total Fund Balance	<u>10,917</u>	<u>604</u>	<u>11,522</u>
Total Liabilities and Fund Balance	<u>25,332</u>	<u>604</u>	<u>25,936</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Combining State of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2016

REVENUES	<u>Food Services</u>	<u>Student Activity</u>	<u>Total</u>
Local			
Charges for Service	59,166	7,168	66,334
Other	2,970	32,111	35,081
State	3,451	0	3,451
Federal	<u>71,975</u>	<u>0</u>	<u>71,975</u>
Total Revenues	137,562	39,279	176,841
EXPENDITURES			
Food Services	145,139	0	145,139
Student Activities	<u>0</u>	<u>51,812</u>	<u>51,812</u>
Total Expenditures	<u>145,139</u>	<u>51,812</u>	<u>196,951</u>
Excess of Revenues over (under) Expenditures	(7,577)	(12,533)	(20,110)
Other Sources			
Operating Transfers In	<u>0</u>	<u>8,000</u>	<u>8,000</u>
Excess of Revenues and Other Sources over (under) Expenditures	(7,577)	(4,533)	(12,110)
Fund Balance - Beginning	<u>18,494</u>	<u>5,137</u>	<u>23,632</u>
Fund Balance - Ending	<u>10,917</u>	<u>604</u>	<u>11,522</u>

## GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. It is the most significant fund in relation to the District's overall operation.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
General Fund  
Comparative Balance Sheet

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
<b>ASSETS</b>			
Cash	837,556	759,482	78,074
Certificates of Deposits	851,790	918,126	(66,337)
Accrued Property Tax Rec	<u>29,147</u>	<u>26,646</u>	<u>2,501</u>
Total Assets	<u>1,718,493</u>	<u>1,704,255</u>	<u>14,238</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Intergovernmental Payable	20,532	0	20,532
Accrued Salaries & Benefits Payable	<u>221,885</u>	<u>208,638</u>	<u>13,247</u>
Total Liabilities	242,417	208,638	33,779
Fund Balance			
Restricted for TABOR Reserve	78,988	67,570	11,419
Restricted for Preschool	152,242	175,696	(23,454)
Committed for Reserves	850,551	900,000	(49,449)
Unassigned	<u>394,295</u>	<u>352,351</u>	<u>41,944</u>
Total Fund Balance	<u>1,476,076</u>	<u>1,495,616</u>	<u>(19,541)</u>
Total Liabilities and Fund Balance	<u>1,718,493</u>	<u>1,704,255</u>	<u>14,238</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property Taxes	552,645	634,255	81,610	550,695
Specific Ownership Taxes	66,400	78,706	12,306	74,613
Penalties & Interest	2,300	1,247	(1,053)	1,981
Interest on Investments	3,500	6,845	3,345	4,458
Indirect Costs	0	4,062	4,062	3,989
Other	<u>40,000</u>	<u>83,491</u>	<u>43,491</u>	<u>105,117</u>
Total Local Revenue	664,845	808,606	143,761	740,853
State Sources				
Equalization	1,556,800	1,540,554	(16,246)	1,491,357
Vocational Education	26,000	51,708	25,708	36,583
Transportation	23,000	4,930	(18,070)	22,717
BOCES Flowthrough	30,699	30,741	42	27,927
Other Grants	<u>16,283</u>	<u>80,485</u>	<u>64,202</u>	<u>17,360</u>
Total State Revenue	1,652,782	1,708,417	55,635	1,595,945
Federal Sources				
Grants	12,600	9,489	(3,111)	15,896
BOCES Flowthrough	<u>32,256</u>	<u>33,393</u>	<u>1,137</u>	<u>33,948</u>
Total Federal Revenue	<u>44,856</u>	<u>42,882</u>	<u>(1,974)</u>	<u>49,845</u>
Total Revenues	2,362,483	2,559,905	197,422	2,386,643
Expenditures	<u>3,892,145</u>	<u>2,571,445</u>	<u>1,320,700</u>	<u>2,313,295</u>
Excess of Revenues over (under) Expenditures	(1,529,662)	(11,541)	1,518,121	73,348
Other Sources (Uses)				
Operating Transfers In (Out)	<u>(35,000)</u>	<u>(8,000)</u>	<u>27,000</u>	<u>(43,151)</u>
Excess of Revenues & Other Sources over (under) Expenditures	(1,564,662)	(19,541)	1,545,121	30,197
Fund Balance - Beginning	<u>1,564,662</u>	<u>1,495,616</u>	<u>(69,046)</u>	<u>1,465,420</u>
Fund Balance - Ending	<u>0</u>	<u>1,476,076</u>	<u>1,476,076</u>	<u>1,495,616</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
General Fund

Statement of Expenditures - Budget and Actual  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

EXPENDITURES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>INSTRUCTION</b>				
Current				
Salaries	847,552	792,857	54,695	778,668
Employee Benefits	355,150	327,192	27,957	294,198
Purchased Services	127,955	131,423	(3,468)	133,254
Supplies & Expenses	63,556	82,140	(18,585)	58,929
Other	177	6,340	(6,163)	2,996
Capital Outlay	<u>65,449</u>	<u>30,073</u>	<u>35,376</u>	<u>54,861</u>
Total Instruction	1,459,838	1,370,026	89,813	1,322,906
<b>SUPPORTING SERVICES</b>				
Pupils				
Current				
Salaries	31,866	42,377	(10,510)	43,260
Employee Benefits	12,654	16,132	(3,478)	15,198
Purchased Services	3,900	2,338	1,563	4,813
Supplies & Expenses	1,000	2,521	(1,521)	816
Capital Outlay	<u>300</u>	<u>0</u>	<u>300</u>	<u>0</u>
Total Pupils	49,720	63,367	(13,647)	64,087
Instructional Staff				
Current				
Salaries	18,388	12,165	6,223	18,308
Employee Benefits	11,440	7,681	3,759	8,890
Purchased Services	39,700	67,234	(27,534)	52,140
Supplies & Expenses	12,700	20,305	(7,605)	14,448
Capital Outlay	<u>25,000</u>	<u>52,858</u>	<u>(27,858)</u>	<u>31,546</u>
Total Instructional Staff	107,228	160,244	(53,016)	125,331

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015  
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
SUPPORTING SERVICES (continued)				
General Administration				
Current				
Salaries	124,143	124,856	(713)	109,033
Employee Benefits	50,855	54,388	(3,533)	39,040
Purchased Services	24,200	33,809	(9,609)	27,760
Supplies & Expenses	9,200	9,788	(588)	8,886
Other Expenses	<u>16,800</u>	<u>12,792</u>	<u>4,008</u>	<u>12,318</u>
Total General Administration	225,198	235,632	(10,434)	197,037
School Administration				
Current				
Salaries	110,977	110,004	973	99,925
Employee Benefits	45,840	45,709	131	36,448
Purchased Services	3,400	1,695	1,705	1,155
Supplies & Expenses	2,200	671	1,529	1,205
Other	1,500	1,175	325	1,525
Capital Outlay	<u>300</u>	<u>0</u>	<u>300</u>	<u>250</u>
Total School Administration	164,217	159,253	4,964	140,509
Operations & Maintenance				
Current				
Salaries	56,062	78,076	(22,014)	95,841
Employee Benefits	26,260	26,242	17	27,131
Purchased Services	120,814	163,185	(42,371)	99,601
Supplies & Expenses	97,000	101,729	(4,729)	93,291
Capital Outlay	567,420	7,332	560,088	29,262
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operations & Maintenance	867,556	376,564	490,991	345,126

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015  
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
SUPPORTING SERVICES (continued)				
Pupil Transportation				
Current				
Salaries	28,696	33,126	(4,430)	33,440
Employee Benefits	20,291	21,040	(749)	18,163
Purchased Services	28,812	44,839	(16,027)	28,410
Supplies & Expenses	32,500	26,656	5,844	32,011
Capital Outlay	<u>0</u>	<u>72,500</u>	<u>(72,500)</u>	<u>0</u>
Total Pupil Transportation	110,299	198,161	(87,862)	112,024
Central Support				
Purchased Services	<u>8,089</u>	<u>8,198</u>	<u>(109)</u>	<u>6,275</u>
Total Supporting Services	1,532,307	1,201,420	330,887	990,389
Contingency Reserve	<u>900,000</u>	<u>0</u>	<u>900,000</u>	<u>0</u>
Total Expenditures	<u>3,892,145</u>	<u>2,571,445</u>	<u>1,320,700</u>	<u>2,313,295</u>



## SPECIAL REVENUE FUNDS

Food Services Fund - to account for revenue and expenses associated with providing hot meals to students, teachers, and visitors.

Student Activity Fund - to account for the revenues reported and the expenditures of each of the activities reported.

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Food Services Special Revenue Fund  
 Comparative Statement of Position

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets			
Cash in Bank	19,445	26,363	(6,918)
Accounts Receivable	35	393	(358)
Inventory	<u>5,852</u>	<u>5,544</u>	<u>308</u>
Total Current Assets	<u>25,332</u>	<u>32,300</u>	<u>(6,968)</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Current Liabilities			
Accrued Salaries & Benefits	11,930	11,814	116
Unearned Revenue	2,485	1,991	493
Fund Balance			
Nonspendable	5,852	5,544	308
Assigned	<u>5,065</u>	<u>12,950</u>	<u>(7,885)</u>
Total Fund Balance	<u>10,917</u>	<u>18,494</u>	<u>(7,577)</u>
Total Liabilities and Fund Balance	<u>25,332</u>	<u>32,300</u>	<u>(6,968)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Food Services Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	Amended <u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Charges for Service				
Lunches	59,500	59,166	(334)	54,310
Interest Income	150	7	(143)	8
Other Income	4,000	2,963	(1,037)	4,272
State Grants	15,000	3,451	(11,549)	3,203
Federal Aid				
Breakfasts & Lunches	81,350	64,772	(16,578)	68,637
Commodities Donated	<u>15,000</u>	<u>7,203</u>	<u>(7,797)</u>	<u>4,066</u>
Total Revenue	175,000	137,562	(37,438)	134,495
<b>EXPENSES</b>				
Salaries	44,218	46,531	(2,313)	45,169
Benefits	19,795	24,187	(4,392)	18,039
Food & Milk	101,021	70,084	30,937	80,535
Other	<u>24,966</u>	<u>4,337</u>	<u>20,629</u>	<u>8,812</u>
Total Expenses	<u>190,000</u>	<u>145,139</u>	<u>44,861</u>	<u>152,555</u>
Revenues over (under) Expenditures	(15,000)	(7,577)	7,423	(18,060)
<b>OTHER SOURCES</b>				
Transfers from General Fund	<u>15,000</u>	<u>0</u>	<u>(15,000)</u>	<u>33,151</u>
Revenues and Other Sources over (under) Expenditures	0	(7,577)	(7,577)	15,091
Fund Balance - Beginning	<u>0</u>	<u>18,494</u>	<u>18,494</u>	<u>3,403</u>
Fund Balance - Ending	<u>0</u>	<u>10,917</u>	<u>10,917</u>	<u>18,494</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Student Activity Special Revenue Fund  
Comparative Balance Sheet

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
ASSETS			
Cash	<u>604</u>	<u>5,137</u>	<u>(4,533)</u>
ASSIGNED FUND BALANCE	<u>604</u>	<u>5,137</u>	<u>(4,533)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Student Activity Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Gate/Door Admissions		6,908		8,418
Athletic Passes		260		395
Other Income		<u>32,111</u>		<u>38,220</u>
Total Revenues	65,700	39,279	(26,421)	47,033
<b>EXPENDITURES</b>				
Current				
Purchased Services		12,643		13,021
Supplies		15,384		10,176
Dues & Fees		23,786		19,745
Capital Outlay		<u>0</u>		<u>12,220</u>
Total Expenditures	<u>78,400</u>	<u>51,812</u>	<u>26,588</u>	<u>55,162</u>
Excess of Revenues over (under) Expenditures	(12,700)	(12,533)	167	(8,129)
Other Financing Sources				
Operating Transfer In	<u>0</u>	<u>8,000</u>	<u>8,000</u>	<u>10,000</u>
Excess of Revenues and Other Sources over (under) Expenditures	(12,700)	(4,533)	8,167	1,871
Fund Balance - Beginning	<u>12,700</u>	<u>5,137</u>	<u>(7,563)</u>	<u>3,266</u>
Fund Balance - Ending	<u>0</u>	<u>604</u>	<u>604</u>	<u>5,137</u>



## INTERNAL SERVICE FUND

Self Insurance Fund - to account for receipt of employee and employer contributions for the payment of the health and dental insurance deductible and for the payment of the claims to the insurance providers.

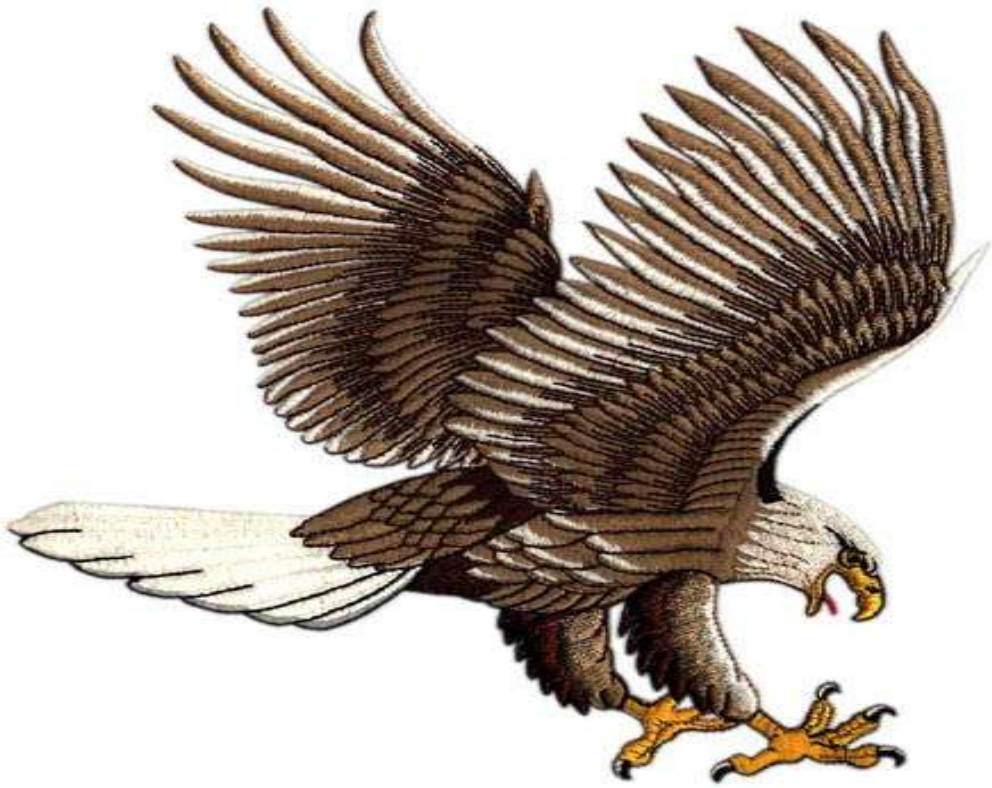
KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Self Insurance Internal Service Fund  
Comparative Statement of Net Position

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
ASSETS			
Cash	<u>76,187</u>	<u>79,060</u>	<u>(2,873)</u>
RESTRICTED NET ASSETS	<u>76,187</u>	<u>79,060</u>	<u>(2,873)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Self Insurance Internal Service Fund  
 Statement of Revenues, Expenses, and Changes in Net Position  
 Budget and Actual  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Operating Revenues				
Employee contributions				
Dental		15,032		14,249
Employer contributions				
Dental		2,168		1,974
District contribution		<u>3,500</u>		<u>2,500</u>
Total Operating Revenues	33,034	20,700	(12,333)	18,723
 Operating Expenses				
Claims paid				
Health		0		0
Dental		<u>23,613</u>		<u>24,003</u>
Total Operating Expenses	<u>33,399</u>	<u>23,613</u>	<u>9,786</u>	<u>24,003</u>
 Operating Income	(365)	(2,913)	(2,548)	(5,280)
 Nonoperating Revenues				
Interest income	<u>365</u>	<u>40</u>	<u>(326)</u>	<u>40</u>
 Change in Net Assets	0	(2,873)	(2,873)	(5,240)
 Net Position - Beginning	<u>0</u>	<u>79,060</u>	<u>79,060</u>	<u>84,300</u>
 Net Position - Ending	<u>0</u>	<u>76,187</u>	<u>76,187</u>	<u>79,060</u>

See auditor's report and notes to the financial statements.



AGENCY FUND

Student Activity Fund – to act as custodian for the classes and activities of the District

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
Stratton, Colorado  
Student Activity Agency Fund  
Statement of Changes in Assets and Liabilities  
For the Year Ended June 30, 2016

	Balance			Balance
	<u>7/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/16</u>
S Club/Booster Club	6,596	545	703	6,438
Pop Machine	442	272	617	96
Class of 2005	250	0	0	250
Class of 2009	144	0	0	144
Class of 2010	195	0	0	195
Class of 2011	141	0	0	141
Class of 2012	2,666	0	0	2,666
Class of 2014	214	0	0	214
Class of 2015	172	0	0	172
Class of 2016	4,316	3,492	7,681	127
Class of 2017	418	14,284	8,145	6,556
Class of 2018	109	916	42	983
Class of 2019	68	150	(16)	233
Class of 2020	50	61	9	102
Class of 2021	50	33	9	74
Class of 2022	0	33	9	24
Elementary school	920	1,355	0	2,275
Preschool	28	0	0	28
Band Boosters	2,059	0	0	2,059
Band	5,234	30	0	5,264
Drama club	1,089	0	102	988
FCCLA	776	0	0	776
FFA	10,249	22,701	24,733	8,217
National Honor Society	68	0	40	28
Publications	5,306	2,850	3,647	4,509
Student council, HS	6,431	4,033	4,256	6,208
Student council, MS	110	0	0	110
FBLA	1,150	3,677	3,703	1,124
Ski Club	571	0	0	571
Science Fair	445	0	0	445
Dare to Soar	2,496	634	250	2,879
Boettcher	1,000	0	0	1,000
Ennovate Corp. Scholarship	13,000	0	0	13,000
McLeon Memorial Scholarship	1,750	1,000	500	2,250
Jeff Durbin Scholarship	220	480	450	250
Dennis Listul Scholarship	580	0	580	0
Cooper Clark	132	0	0	132

KIT CARSON COUNTY SCHOOL DISTRICT R-4  
 Stratton, Colorado  
 Student Activity Agency Fund  
 Statement of Changes in Assets and Liabilities  
 For the Year Ended June 30, 2016  
 (continued)

	Balance			Balance
	<u>7/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/16</u>
Student purchases	3,699	4,186	4,097	3,789
Scoreboard	3	0	0	3
Building rentals	0	0	0	0
Copy machine	85	0	0	85
Library	986	0	0	986
Bike Rodeo	53	0	0	53
Elementary Book Fair	260	4,770	4,770	260
Elementary Box Tops	1,784	762	1,306	1,240
Education fund	4,007	25	0	4,032
General fund	7,152	94	0	7,247
Washington D C Trip	<u>178</u>	<u>0</u>	<u>0</u>	<u>178</u>
Total	87,653	66,381	65,631	88,404
 Budget	 <u>65,146</u>	 <u>77,800</u>	 <u>142,946</u>	 <u>0</u>
Variance - Favorable (Unfavorable)	<u>22,507</u>	<u>(11,419)</u>	<u>77,315</u>	<u>88,404</u>

## AUDITOR'S INTEGRITY REPORT



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1480 – STRATTON R-4  
 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
<b>Governmental</b>							
10 General Fund	1,319,920		2,470,664		2,466,750		1,323,834
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	175,696		81,241		104,695		152,242
<b>Sub-Total</b>	<b>1,495,616</b>		<b>2,551,905</b>		<b>2,571,445</b>		<b>1,476,076</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	18,494		137,562		145,139		10,917
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	5,137		47,279		51,812		604
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
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	0		0		0		0
<b>Totals</b>	<b>1,519,248</b>		<b>2,796,745</b>		<b>2,768,397</b>		<b>1,487,597</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	79,060		15,072		17,945		76,187
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>79,060</b>		<b>15,072</b>		<b>17,945</b>		<b>76,187</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	87,653		66,381		65,631		88,404
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>87,653</b>		<b>66,381</b>		<b>65,631</b>		<b>88,404</b>

FINAL

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