
BAYFIELD SCHOOL DISTRICT
NUMBER 10-JTR
FINANCIAL STATEMENTS
JUNE 30, 2016

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Independent Auditors' Report

Board of Education
Bayfield School District
Number 10-JTR
Bayfield, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bayfield School District Number 10-JTR (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position 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, on pages i through xi, budgetary comparison information, on page 34, as well as the District's proportionate share of the net pension liability on page 35 and the schedule of the District's contributions to the pension plan on page 36, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements, Colorado Department of Education Auditor's Integrity Report, the schedule of changes in assets and liabilities - student activity fund and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Report On Summarized Comparative Information

We have previously audited the District's 2015 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

December 23, 2016

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

To the Board of Education, parents, taxpayers, and members of Bayfield School District 10-JtR (the "District"):

The discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- The liabilities of the District exceeded its assets on June 30, 2016 by \$9,808,640, a decrease of \$1,850,780 from the prior year. Of this amount, negative \$19,803,297 is unrestricted. The significant negative net position is due to the District's continued implementation of GASB 68, Accounting and Reporting for Pensions, and a related pension liability of \$27,697,397.
- The District's long-term obligations were \$46,207,397 at June 30, 2016.
- At June 30, 2016 the District's governmental funds reported combined ending fund balances of \$7,197,877.
- The governmental funds have unassigned fund balance of \$4,544,334.
- At June 30, 2016, \$378,000 of the general fund was reserved for the emergency contingency required by state law.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

Financial Statement Overview

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The district-wide financial statements are designed to provide the reader of the District's comprehensive annual financial report a broad overview of the financial activities in a manner similar to a private sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets and liabilities. The difference between assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of the District's financial health.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or most of their costs from user fees and charges. Governmental activities consolidate governmental funds including the General Fund, Food Service Fund, Governmental Designated Purpose Grants (Grant Fund), Debt Service Fund, Building Fund, and Capital Reserve Fund.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The District, like other governments, uses fund accounting to ensure and demonstrate compliance. All District funds can be divided into two categories: governmental funds, and fiduciary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Because the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Since the focus of each report differs, reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains four major governmental funds. The major funds are the General Fund, Grant Fund, the Debt Service Fund, and the Building Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled other governmental funds. Individual fund information for the non-major fund is presented as other supplemental information elsewhere in this document.

Fiduciary funds are used to account for resources held for the benefits of parties outside of the district. Fiduciary funds are not reported in the district-wide financial statements because the resources of those funds are not available for the support of the District's programs. These funds belong to the various student activity groups throughout the District. The accounting used for fiduciary funds is the same as that used for proprietary funds.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The District adopts an annual appropriation budget for all its funds. A budgetary comparison schedule has been provided for the General, Food Service, Grant, Debt Service, and Building funds to demonstrate compliance with this budget.

District-wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash and investments, receivables, prepaid insurance, and inventories are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of proceeds of the property tax collection process. The District received approximately 75% of the annual property tax assessment in May & June.

Capital assets are used in the operations of the District. These assets are land, improvements, buildings, equipment, and vehicles.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal 2016. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal 2016.

The liabilities of the primary government activities exceed assets by \$9,808,640, with a negative unrestricted balance of \$19,803,297.

A net investment of \$25,735,501 (net of accumulated depreciation) in land, buildings, improvements, equipment, and vehicles provides services to the District's population of over 1,300 students and represents 76% of the District's total assets.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

**Bayfield School District 10-JtR
Condensed Statement of Net Position**

	Total 2016	Total 2015
<u>Assets</u>		
Current and Other Assets	\$ 8,150,658	\$ 8,030,188
Capital Assets	25,735,501	27,379,210
Total Assets	33,886,159	35,409,398
Deferred Outflows of Resources	3,693,737	1,668,148
Deferred Loss on Refunding	132,115	
<u>Liabilities</u>		
Current and Other Liabilities	921,000	1,013,358
Long -Term	46,207,397	43,928,801
Total Liabilities	47,128,397	44,942,159
Deferred Inflows of Resources	392,254	1,829
Deferred Gain on Refunding		91,418
<u>Net Position</u>		
Invested in Capital Assets		
Net of Related Debt	8,068,093	8,738,345
Restricted	1,926,564	2,051,096
Unrestricted	(19,803,297)	(18,747,301)
Total Net Position*	(\$9,808,640)	(\$7,957,860)

*Results continue to change as a result of the District's implementation of GASB 68, Accounting and Financial Reporting for Pensions, and a resulting pension liability of \$27,697,525. Please see Note 5 – Retirement Plans.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

**Bayfield School District 10-JtR
Condensed Statement of Changes in Net Position from Operation Results**

	Total 2016	Total 2015
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$169,314	\$ 174,119
Operating Grants, etc.	434,187	427,375
General Revenues		
Property Taxes	6,598,714	5,997,550
State Sources	7,514,362	7,433,314
Investment Earnings	6,805	36,502
Miscellaneous	126,754	98,489
<hr/>		
Total Revenues	14,850,136	14,167,349
 <u>Expenses</u>		
Governmental Activities		
Instructional	9,709,515	9,205,953
Pupil Activities	172,794	171,816
Support and Administration	6,407,696	5,651,436
Interest and Fiscal Charges	410,911	566,295
Business-Type Operation*		
<hr/>		
Total Expenses	16,700,916	15,595,500
Change in Net Position	(1,850,780)	(1,428,151)
Net Position, Beginning of Year	(7,957,860)	(6,529,709)
<hr/>		
Net Position, End of Year	\$ (9,808,640)	\$ (7,957,860)
<hr/>		

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

The statement of change in net position reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The dependence upon tax revenues and state funding is apparent. Approximately 95% of governmental revenue is supported through property taxes and state equalization.

The District's combined net position was dramatically smaller on June 30, 2016 than the prior year, decreasing by \$1,850,780. This significant decrease is related to the ongoing implementation of GASB 68, Accounting and Reporting for Pensions.

Financial Analysis of the District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenue and other financing sources and uses of \$15,372,492, an increase of \$1,174,093 from the previous year, due to the sale of District property in the amount of \$425,000, as well as property tax revenues associated with the 2012 mill levy override.

Total governmental expenditures were \$15,191,956, a decrease of \$1,899,599 from the previous year. This decrease is related to the capital expenditures in the prior year resulting from the 2012 bond election.

General Fund Budgeting Highlights

The District's budget is prepared according to Colorado State law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

For the general fund, revenues in the amount of \$12,741,858 were \$1,140,892 lower than the budget of \$13,882,750. This is largely related to the State's ongoing rescission of per pupil funding, or the "negative factor," which was offset by higher than anticipated revenues from property taxes and specific ownership taxes. Expenditures in the amount of \$12,528,777 were lower than the budget by \$1,272,624, also related to the District's budgeting for the negative factor as required by the Colorado Department of Education.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

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 \$25,735,501 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, and equipment and vehicles.

Major capital asset events during the current fiscal year included the following:

- Building additions include \$82,771 related to classroom improvements at Bayfield High School and \$88,582 for new playground equipment at Bayfield Elementary School. These projects were funded through remaining 2012 bond funds.
- The District spent approximately \$115,000 to purchase new technology and upgrades to enhance student learning opportunities.
- The District purchased two new propane school buses costing \$103,900 each.
- Track maintenance was performed at Bayfield High School as scheduled. The cost of these was just under \$86,095.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

**Bayfield School District 10 JtR
Capital Assets (net of accumulated depreciation)
June 30, 2016**

	<u>Governmental Activities</u>
Land	\$ 1,862,644
Construction in Progress	82,771
Buildings and Improvements	22,247,939
Vehicles and Equipment	<u>1,542,147</u>
Total Capital Assets	<u>\$ 25,735,501</u>

Additional information on the District's capital assets can be found in Note 3 to the financial statements.

Long-term Debt

At June 30, 2016, the District had \$16,733,000 in general obligation bonds outstanding. Other long-term obligations include compensated absences in the amount of \$379,134.

More detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

Economic Factors and Next Year's Budget and Rates

The 2016-17 general fund budget includes \$14,200,137 in revenues and expenditures. The general fund budget was based on a funded pupil count of 1,304.

The District should receive \$8,652 in per pupil funding for the 2016-17 school year. However, it is anticipated the District's per pupil funding will equal approximately \$7,651, after a rescission of \$1,001 per student, or 11.6%. The final 2015-16 per pupil funding amount after the negative factor was \$7,517 after a rescission, in the amount of \$1,042 per student, or 12.2%. The District has reserved an amount of \$1,369,258 in a Fiscal Emergency Contingency Reserve as required by the State of Colorado. This amount represents a reduction in funding from the State's funding formula, and is also referred to as the "negative factor".

In addition, the Colorado School Finance Act allows the District to levy mills to collect property taxes for the "hold harmless" provision in the Colorado School Finance Act. As previously discussed, this results in additional revenues of \$999,000 yearly from the 2004 mill levy override. The District has divided these monies into the following areas for FY 2016-17:

- Expand Kindergarten to full day, every day - \$141,149
- Improve student critical thinking skills - \$37,260
- Achieve competitive salaries and benefits for all staff - \$586,677
- Expand foreign language opportunities for all students - \$53,647
- Expand opportunities for Gifted and Talented students - \$57,189
- Improve methods to help students discover their areas of interest and further develop skills in those areas - \$73,078
- Provide appropriate technology for students and staff - \$50,000

Additionally, the district anticipates it will receive an additional \$1,038,000 from the 2012 mill levy override. These monies will be spent in the following areas:

- Exemplary staff - \$838,985
- Individual success and student needs - \$79,880
- Career and technical programming - \$119,135

Bayfield School District 10 JtR
Management's Discussion and Analysis
For the fiscal year ended June 30, 2016

Requests For Information

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

Amy Lyons
Director of Finance
Bayfield School District 10-JtR
24 Clover Drive
Bayfield, Colorado 81122
(970) 884-2496

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

STATEMENT OF NET POSITION

June 30, 2016

Assets And Deferred Outflows Of Resources

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and investments (Note 2)	\$ 7,726,092
Accounts receivable	201,965
Property tax receivable	198,461
Prepaid expenses	15,503
Inventory	8,637
Capital assets, net (Note 3)	
Nondepreciable	1,945,415
Depreciable	23,790,086
Total Assets	<u>33,886,159</u>
Deferred Outflows Of Resources	
Deferred outflows - pension (Note 6)	3,693,737
Deferred loss on refunding	132,115
Total Deferred Outflows Of Resources	<u>3,825,852</u>

Liabilities, Deferred Inflow Of Resources And Net Position

Liabilities	
Accounts payable	20,942
Accrued salaries payable	853,142
Accrued interest payable	46,916
Long-term liabilities	
Due within one year (Note 4)	1,284,827
Due in more than one year (Note 4)	17,225,045
Pension liability (Note 5)	27,697,525
Total Liabilities	<u>47,128,397</u>
Deferred Inflows Of Resources	
Deferred inflow - pension (Note 5)	<u>392,254</u>
Net Position	
Net investment in capital assets	8,068,093
Restricted for	
TABOR (Note 7)	378,000
Debt service	1,504,945
Food service	43,619
Unrestricted	<u>(19,803,297)</u>
Total Net Position	<u>\$ (9,808,640)</u>

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 9,709,515	\$ —	\$ 209,782	\$ (9,499,733)
Pupil activities	172,794	—	—	(172,794)
Instructional support	6,407,696	169,314	224,405	(6,013,977)
Interest and fiscal charges	410,911	—	—	(410,911)
Total Governmental Activities	\$ 16,700,916	\$ 169,314	\$ 434,187	(16,097,415)
General Revenues				
				6,092,554
				506,160
				7,514,362
				6,805
				126,754
				14,246,635
				Change In Net Position
				(1,850,780)
				Net Position - Beginning Of Year
				(7,957,860)
				Net Position - End Of Year
				\$ (9,808,640)

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2016

Assets					
	General Fund	Debt Service Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash, cash equivalents and investments	\$ 5,520,416	\$ 1,475,125	\$ 351,255	\$ 380,349	\$ 7,726,092
Receivables					
Accounts	186,058	—	—	14,854	201,965
Property tax	149,029	49,432	—	—	198,461
Inventories	—	—	—	8,637	8,637
Prepaid items	15,503	—	—	—	15,503
Total Assets	\$ 5,871,006	\$ 1,524,557	\$ 351,255	\$ 403,840	\$ 8,150,658
Liabilities, Deferred Inflow Of Resources And Fund Balance					
Liabilities					
Accounts payable	\$ 20,942	\$ —	\$ —	\$ —	\$ 20,942
Accrued expenses	853,142	—	—	—	853,142
Total Liabilities	874,084	—	—	—	874,084
Deferred Inflows Of Resources					
Unavailable property tax revenue	59,085	19,612	—	—	78,697
Fund Balance					
Nonspendable	15,503	—	—	8,637	24,140
Restricted					
Emergencies	378,000	—	—	—	378,000
Debt service	—	1,504,945	—	—	1,504,945
Food service	—	—	—	43,619	43,619
Assigned	—	—	351,255	351,584	702,839
Unassigned	4,544,334	—	—	—	4,544,334
Total Fund Balance	4,937,837	1,504,945	351,255	403,840	7,197,877
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 5,871,006	\$ 1,524,557	\$ 351,255	\$ 403,840	\$ 8,150,658

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2016

Total Governmental Funds Balances	\$	7,197,877
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		25,735,501
Unearned revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		78,697
Deferred loss on refunding is recognized when incurred in the governmental funds and is deferred and amortized in the statement of activities. Similarly, bond premiums are recognized as revenue in the governmental funds when issued but are amortized in the statement of activities. The net unamortized portion of these long-term debt-related items is included with governmental activities.		
Bond premium	\$	(1,397,738)
Deferred loss on refunding		132,115
		<u>(1,265,623)</u>
Long-term liabilities, including accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(46,916)
Net pension liability and related deferred outflows and deferred inflows are not considered current and, therefore, not reported in the funds.		(24,396,042)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds and other debt	(16,733,000)	
Compensated absences	(379,134)	(17,112,134)
		<u>(17,112,134)</u>
Net Position Of Governmental Activities	\$	<u>(9,808,640)</u>

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

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

	General	Debt Service Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 4,556,508	\$ 1,512,782	\$ —	\$ —	\$ 6,069,290
Specific ownership taxes	506,160	—	—	—	506,160
Intergovernmental	7,603,616	—	—	120,528	7,724,144
Local sources	—	—	—	393,719	393,719
Interest	5,114	—	1,691	—	6,805
Other	70,460	—	—	56,294	126,754
Total Revenues	12,741,858	1,512,782	1,691	570,541	14,826,872
Expenditures					
Current					
Instruction	8,062,482	—	—	80,209	8,142,691
Supporting services	4,150,221	—	—	440,312	4,590,533
Student activities	172,794	—	—	—	172,794
Capital outlay	143,280	—	174,214	328,840	646,334
Debt service					
Principal	—	1,045,300	—	—	1,045,300
Interest and fees	—	594,304	—	—	594,304
Total Expenditures	12,528,777	1,639,604	174,214	849,361	15,191,956
Excess Revenues Over Expenditures	213,081	(126,822)	(172,523)	(278,820)	(365,084)
Other Financing Sources (Uses)					
Refunding bonds issued	—	3,708,958	—	—	3,708,958
Payment to refunded bonds	—	(3,726,338)	—	—	(3,726,338)
Proceeds from sale of land	—	—	—	425,000	425,000
Proceeds from issuance of promissory note	—	—	—	138,000	138,000
Total Other Financing Sources (Uses)	—	(17,380)	—	563,000	545,620
Net Change In Fund Balance	213,081	(144,202)	(172,523)	284,180	180,536
Fund Balance - Beginning Of Year	4,724,756	1,649,147	523,778	119,660	7,017,341
Fund Balance - End Of Year	\$ 4,937,837	\$ 1,504,945	\$ 351,255	\$ 403,840	\$ 7,197,877

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended June 30, 2016

Net Change In Fund Balances - Total Governmental Funds \$ 180,536

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceed depreciation in the current period.

Capital outlay	\$ 593,639	
Depreciation expense	<u>(1,704,248)</u>	(1,110,609)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales and disposals) is to decrease net position. (533,100)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 23,264

The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Refunding bonds issued	(3,535,000)	
Proceeds from issuance of promissory note	(138,000)	
Bond principal payments (including refunding)	4,685,000	
Net activity of bond premiums	(49,168)	
Net activity related to recording and amortizing deferred losses on refundings	223,533	
Compensated absences	(39,440)	
Accrued interest payable	<u>9,028</u>	1,155,953

Pension expense related to the cost-sharing multiple-employer defined benefit pension plan is recognized on a government-wide basis and not included in the fund statements. (1,566,824)

Change In Net Position Of Governmental Activities \$ (1,850,780)

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**STATEMENT OF FIDUCIARY NET POSITION -
STUDENT ACTIVITY FUND**

June 30, 2016

(With Comparative Actual Totals At June 30, 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 263,088	\$ 240,825
<hr/>		
Liabilities		
Due to student groups	\$ 263,088	\$ 240,825
<hr/>		

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

1. Summary Of Significant Accounting Policies

Reporting Entity

The financial statements of the Bayfield School District Number 10-JTR (the District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units and the *Financial Policies and Procedures Handbook* as prescribed by state law. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

The District was organized under the provisions of Colorado statutes for the purpose of operating elementary and secondary schools in Bayfield, Colorado.

The inclusion or exclusion of component units is based on a determination of the elected officials' financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government and discretely presented component units. The criteria used to determine whether an entity should be included, either blended or discretely presented, includes, but is not limited to, fiscal dependency, imposition of will, legal standing and the primary recipient of services. The District has no component units included in this report.

Measurement Focus, Basis Of Accounting And Basis Of Presentation

District-Wide And Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are normally supported by taxes and intergovernmental revenues.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The District has the following fund types and account groups:

Governmental Funds are used to account for the District's general government activities. Governmental funds financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District considers all revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for certain long-term obligations. These include unmatured principal and interest on general long-term debt, which is recognized when due, and compensated absences, which are recognized when due and payable.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Property taxes, interest, grants and entitlements are susceptible to accrual. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

- The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- **Colorado Preschool Project Fund** - This fund is used to account for revenues and expenditures associated with the Colorado Preschool Project. This fund is blended with the General Fund.
- **Debt Service Fund** - This fund accounts for servicing of general long-term debt.
- **Building Fund** - This fund is used to account for funds to be utilized in capital projects financed by debt issuances authorized by voters in November 2012.

The nonmajor governmental funds are:

- **Capital Project Fund** - This fund is used to account for funds used to purchase capital assets, with the exception of those projects financed by debt issuances authorized by voters in November 2012.
- **Governmental Designated Purpose Grants Fund** - This fund is used to account for revenues and expenditures associated with federal and state grants.
- **Food Service Fund** - This fund is used to account for the operations of the school lunch programs.

Fiduciary Funds include the following fund:

- **Student Activity Fund** - This fund is used to account for the funds that belong to the various student activity groups throughout the District.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

Assets, Deferred Outflows Of Resources, Liabilities, Deferred Inflows Of Resources And Net Position/Fund Balance

Deposits And Investments

Cash and cash equivalents include all interest or equity in pooled cash and investments. The District pools cash for some funds for management and investment purposes. These funds have an interest in the pool, which is available upon demand. Investments in securities are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investments in joint ventures by governmental funds are recorded as expenditures at the time the investment is made.

Receivables And Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to pooled cash/due from pooled cash."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources.

Property taxes are levied by the Board of Education. The levy is based on assessed valuations determined by the County Assessors generally as of January 1 of each year. The levy is set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year.

The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or, if in equal installments, at the taxpayers' election, on February 28 and June 15. Delinquent taxpayers are notified in August, and tax sales of the liens on delinquent properties are held in November. The County Treasurers generally remit the taxes collected monthly to the District.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Inventories

Inventories are held by the Food Service Fund and are valued at cost using the first-in/first-out method. The District utilizes the purchase method of accounting for inventory. The federal government donates surplus commodities to supplement the National School Lunch and Breakfast Programs. Such commodities are recorded as nonoperating revenues.

Capital Assets

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful lives of 5 to 30 years. The District's capitalization threshold is \$5,000.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71). Also, deferred losses on refundings are reported in the statement of net position as a deferred outflow of resources.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The District has two types that qualify for reporting in this category. Unavailable property tax revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also, the District has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Pensions

The District participates in the School Division Trust Fund (SDTF), 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 SDTF 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.

Compensated Absences

Each employee of the District may accumulate a total of 60 days of sick leave. However, employees are paid for the accumulated sick leave upon retirement or other termination.

The District accrues a liability for compensated absences, which meet the following criteria:

- The District's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

These compensated absences are recognized as current salary costs when due in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

Accrued Salaries

Salaries and benefits to teachers and certain other employees are paid over a 12-month period from August 30 to August 30, but are earned over a school year of approximately 9 months. The salaries earned, but unpaid, at June 30, 2016, are reflected in the financial statements as an accrued liability.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the district-wide financial statements.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Issuance costs are also expensed in the government-wide statement of activities.

Fund Balance

The District has not adopted fund balance policies; therefore, the District will follow the guidance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and apply resources in the following order: restricted, committed, assigned and unassigned. Fund balance restricted for emergencies reflects equity which is restricted for emergency purposes by the Taxpayer Bill of Rights Amendment (TABOR) of the State of Colorado Constitution. "Emergency" excludes economic conditions, revenue shortfalls or District salary or fringe benefit increases. In the fund financial statements, the governmental funds report the following classifications of fund balance:

- ***Nonspendable*** - includes items not expected to be converted to cash in the near term (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.
- ***Restricted*** - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed*** - consists of funds intended to be used for specific purposes determined by a formal action of the Board of Education. The Board of Education is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Education.
- ***Assigned*** - consists of funds intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The District has delegated the authority to the Superintendent, or his designee, to assign funds and amounts to be used for specific purposes.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

- ***Unassigned*** - the residual classification of the General Fund which includes all spendable amounts not contained in other classifications. This category also provides the resources necessary to meet any unexpected expenditures and revenue shortfalls.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All interfund transfers are reported as operating transfers.

Joint Venture

The District participates in joint ventures created for special purposes which are not part of the District's reporting entity. The following is a related organization in which the District participates:

- ***San Juan Board of Cooperative Educational Services*** - The District is one of five school districts that are members of the San Juan Board of Cooperative Educational Services (the BOCES). The BOCES is a regional education service unit created under the Board of Cooperative Services Act of 1965 of the Colorado Revised Statutes (CRS). The BOCES provides unique education services that the member districts could not provide individually on a cost-effective basis. A board, made up of representatives from each member district's board, governs the BOCES. The governing board is autonomous as to budgeting and fiscal matters. The BOCES is not fiscally dependent upon the District, and is not considered a component unit under GASB Statements 14, 39 and 61. The BOCES is not experiencing fiscal stress that may cause an additional financial burden on the District. Financial statements for the BOCES can be obtained by contacting the Director of Business Services at 970.247.3261.

Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses. Actual results could differ from these estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado state statute for all funds. In April, the Superintendent of Schools submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds. The appropriated budget is prepared by fund.

The District's department heads may not make transfers of appropriations. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Education.

Variations between budget and actual results can arise from the nonexpenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects and normal operating variances.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

2. Cash, Cash Equivalents And Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District does not have a deposit policy. As of June 30, 2016, the District had bank deposits of \$7,380,559, of which \$986,543 was covered by FDIC and \$6,394,016 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

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

	Carrying Balance
Deposits	\$ 7,394,878
Investments held with broker	<u>331,214</u>
Total Cash And Investments	<u>\$ 7,726,092</u>

Investments

The District follows the Colorado State Statute investment requirements. Beyond Colorado State Statute requirements, the District does not have a written investment policy that limits the District's allowable deposits or investments and addresses the specific types of risk to which the District is exposed.

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

- Obligations of the United States and certain U.S. government agencies' securities
- Certain international agencies' securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements *(Continued)*

- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Corporate bonds holding one of the two highest credit rating categories
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

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

As of June 30, 2016, the District had the following fair value investments:

<u>Investment</u>	<u>Valuation Inputs</u>			<u>Total Investments At Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<u>Money market mutual fund</u>	<u>\$ 331,214</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 331,214</u>

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

3. Capital Assets

The following is a summary of changes in governmental capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Nondepreciable Capital Assets				
Land	\$ 2,347,644	\$ —	\$ (485,000)	\$ 1,862,644
Construction in progress	—	82,771	—	82,771
Total Nondepreciable Capital Assets	2,347,644	82,771	(485,000)	1,945,415
Depreciable Capital Assets				
Buildings	37,230,889	—	—	37,230,889
Vehicles and equipment	3,795,981	424,773	(55,000)	4,165,754
Software	155,444	—	(60,000)	95,444
Improvements	593,009	86,095	—	679,104
Total Gross Depreciable Capital Assets	41,775,323	510,868	(115,000)	42,171,191
Accumulated Depreciation	(16,743,757)	(1,704,248)	66,900	(18,381,105)
Total Depreciable Capital Assets	25,031,566	(1,193,380)	(48,100)	23,790,086
Capital Assets, Net	\$ 27,379,210	\$ (1,110,609)	\$ (533,100)	\$ 25,735,501

Depreciation expense is charged to the instructional support function on the statement of activities.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

4. Long-Term Obligations

Changes In General Long-Term Debt

During the period ended June 30, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance			Balance		
	July 1, 2015	Additions	Deletions	June 30, 2016	Current	
Bonds and Notes						
G.O. refunding						
Series 2005	\$ 3,910,000	\$ —	\$ 3,910,000	\$ —	\$ —	
Series 2008	1,935,000	—	775,000	1,160,000	800,000	
Series 2012	4,385,000	—	—	4,385,000	—	
Series 2013	7,515,000	—	—	7,515,000	—	
Series 2015	—	3,535,000	—	3,535,000	340,000	
Promissory note	—	138,000	—	138,000	69,000	
Total Bonds	17,745,000	3,673,000	4,685,000	16,733,000	1,209,000	
Bond premiums	1,348,570	173,958	124,790	1,397,738	—	
Compensated absences	339,694	140,046	100,606	379,134	75,827	
Totals	\$ 19,433,264	\$ 3,987,004	\$ 4,910,396	\$ 18,509,872	\$ 1,284,827	

Compensated absences of the governmental activities are expected to be liquidated with revenues of the General and Food Nutrition Funds.

General Obligation Refunding Bonds, Series 2008

Bonds were issued September 16, 2008 totaling \$6,120,000. Proceeds of these bonds were to establish an escrow sufficient to refund the remaining balance of \$6,150,000 of the General Obligation Refunding Bonds, Series 1998 and 1999. The bonds are payable in denominations of \$5,000, and interest rates range from 3.0% to 4.0%. Interest is due semiannually on June 1 and December 1. Principal payments are due beginning December 1, 2008 and each year thereafter to 2017.

General Obligation Bonds, Series 2012

Bonds were issued December 28, 2012 totaling \$4,385,000. Proceeds of these bonds were to finance the acquisition, construction and equipping of certain capital improvements, as approved by voters in the November 2012 election. The bonds are payable in denominations of \$5,000, and the interest rate is 4.0%. Interest is due semiannually on June 1 and December 1. Principal payments are due beginning December 1, 2029 and each year thereafter to 2032.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

General Obligation Bonds, Series 2013

Bonds were issued April 24, 2013 totaling \$7,515,000. Proceeds of these bonds were to finance the acquisition, construction and equipping of certain capital improvements, as approved by voters in the November 2012 election. The bonds are payable in denominations of \$5,000, and interest rates range from 2.0% to 4.0%. Interest is due semiannually on June 1 and December 1. Principal payments are due beginning December 1, 2020 and each year thereafter to 2028.

General Obligation Refunding Bonds, Series 2015

On November 18, 2015, the District issued General Obligation Refunding Bonds of \$3,535,000 to refund the General Obligation Refunding Bonds, Series 2005. Bonds are in denominations of \$5,000 each and bear interest at a range from 2.0% to 3.0%. Interest is due semiannually on June 1 and December 1. Such bonds are subject to redemption prior to maturity. Principal payments are due beginning December 1, 2016 and each year thereafter to 2024.

The current refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt. This difference, reported in the statement of net position as a deferred outflow of resources, is amortized over the new debt's life.

Promissory Note

On January 12, 2016, the District entered into a promissory note to finance the purchase of two passenger buses. The promissory note is payable in two equal payments of \$69,000. The first payment is due on or before July 15, 2016, and the second payment is due on or before July 15, 2017.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Annual debt service requirements to maturity for all outstanding bonds and long-term debt are as follows:

Fiscal Year Ending June 30,	Interest	Principal	Total
2017	\$ 548,993	\$ 1,209,000	\$ 1,757,993
2018	519,950	864,000	1,383,950
2019	504,500	815,000	1,319,500
2020	488,200	830,000	1,318,200
2021	455,850	855,000	1,310,850
2022 - 2026	1,939,650	4,600,000	6,539,650
2027 - 2030	995,400	5,285,000	6,280,400
2031 - 2033	91,900	2,275,000	2,366,900
Total	\$ 5,544,443	\$ 16,733,000	\$ 22,277,443

5. Retirement Plan

Defined Benefit Pension Plan

Plan Description - The District contributes to SDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. SDTF provides retirement and disability, annual increases and death benefits for members or their beneficiaries. All employees of the District are members of SDTF. Title 24, Article 51, of CRS, as amended, assigns the authority to establish benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303.832.9550 or 1.800.759.PERA (7372).

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 CRS § 24-51-602, 604, 1713 and 1714.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% 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.

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

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

In all cases, the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by the 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% or 100% on eligible amounts, depending on when contributions were remitted to PERA, the date employment was terminated, whether five 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, referred to as annual increases in the CRS. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for SDTF.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (Continued)

Disability benefits are available for eligible employees once they reach 5 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 SDTF at a rate set by Colorado statute. The contribution requirements are established under CRS § 24-51-401, *et seq.* Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For The Year Ended December 31, 2016	For The Year Ended December 31, 2015
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the healthcare trust fund (HCTF) as specified in CRS 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to SDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified by 24-51-411	4.50%	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in 24-51-411	4.50%	4.00%
Total Employer Contribution Rate To SDTF	18.13%	17.33%

1. Rates are expressed as a percentage of salary as defined in CRS § 24-51-101(42).

Employer contributions are recognized by SDTF in the period in which the compensation becomes payable to the member, and the District is statutorily committed to pay the contributions to SDTF. Employer contributions recognized by SDTF from the District were \$1,496,240 for the year ended June 30, 2016.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Pension Liabilities, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At June 30, 2016, the District reported a liability of \$27,697,525 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District contributions to SDTF for the calendar year 2015 relative to the total contributions of participating employers to SDTF.

At December 31, 2015, the District's portion was 0.1811%, which was a decrease of 0.0004% from its portion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,566,824. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 365,749	\$ 840
Changes of assumptions	n/a	391,414
Net difference between projected and actual earnings on pension plan investments	2,269,720	n/a
Changes in proportion and differences between District contributions and proportionate share of contributions	286,193	n/a
District's contributions subsequent to the measurement date	772,075	n/a
Total	\$ 3,693,737	\$ 392,254

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

The amount of \$772,075 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended June 30,	
2017	\$ 746,253
2018	702,195
2019	598,025
2020	482,932

Actuarial Assumptions

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

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 - 10.10%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Post-retirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after December 31, 2006 (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 one year and Females set back two years.

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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

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

The following programming changes were made:

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

The following methodology changes were made:

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

SDTF'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.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

As of the most recent analysis of the long-term expected rate of return presented to the PERA board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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. Based on those assumptions, SDTF'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.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50% as of the measurement date, as well as if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 36,521,717	\$ 27,697,525	\$ 20,311,527

Pension Plan Fiduciary Net Position

Detailed information about SDTF'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.

6. Employee Retirement Plan - Post-Employment Health Care Benefits

Plan Description - The District contributes to HCTF. HCTF provides a health care premium subsidy to PERA-participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12, of CRS, as amended, assigns the authority to establish HCTF benefit provisions to the state legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for HCTF. That report may be obtained at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303.832.9550 or 1.800.759.PERA (7372).

Basis Of Accounting For HCTF - The financial statements of HCTF are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which the employer pays compensation to the member, and the employer is statutorily committed to pay these contributions to HCTF.

Benefits are recognized when due and payable in accordance with the terms of the plan. HCTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

Notes To Financial Statements (*Continued*)

Funding Policy - The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4, of CRS, as amended. The apportionment of the contribution to HCTF is established under Title 24, Article 51, Section 208, of CRS, as amended. For the years ending June 30 2016, 2015 and 2014, the District's contributions for the HCTF were \$84,871, \$76,800 and \$70,592, respectively, equal to its required contributions for each year.

7. Tax, Spending And Debt Limitation

In November 1992, Colorado voters approved TABOR, containing tax, spending and debt limitations on the state and local governments. TABOR limits increase in revenues and expenditures to the rate of inflation and local growth. In November 2001, a majority of the District's electors authorized the District to collect and spend or retain, in a reserve, all currently levied taxes and other revenue of the District without regard to any limitations under TABOR. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of this amendment. TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. The amount restricted at June 30, 2016 for this purpose was \$378,000.

8. Contingencies

Litigation - The District is occasionally involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The District administration believes the ultimate disposition of the actions will not have a material effect on the financial statements.

Soil Remediation - The District has a piece of property where soil sampling at the property has indicated the presence of certain pesticides. None of the detections have exceeded the Colorado Department of Public Health and Environment clean-up standards for unrestricted use of the property. Costs of the clean-up are unknown at this time.

9. Risk Of Loss

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District has property and casualty insurance with the Colorado School Districts Self-Insurance Pool, which shares risks among its members. Participation in the pool is approved by and managed under regulations promulgated by the Colorado State Insurance Division of Regulatory Agencies. The District pays an annual premium to the pool for its general property and liability insurance coverage. The agreement with the pool ensures that the pool will be self-sustaining through member premiums. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursement to the grantor agencies. District management believes disallowances, if any, resulting from any such audits would be immaterial. There are currently no material disallowances or questioned costs.

10. Subsequent Event

In the November 2016 election, the voters in the District passed Ballot Issue 3B, which allows the District to increase its debt by approximately \$28,700,000. Correlating funds will be used primarily for building new schools and enlarging, improving and repairing existing schools and District assets.

Required Supplementary Information

Major Funds

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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For The Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 4,114,067	\$ 4,470,830	\$ 4,556,508	\$ 85,678
Specific ownership taxes	475,000	485,000	506,160	21,160
Intergovernmental revenue				
Grants	20,000	45,000	89,254	44,254
State sources				
Equalization	8,725,730	8,534,261	7,227,216	(1,307,045)
Transportation	136,178	141,746	141,746	—
Other state	170,968	128,913	145,400	16,487
Miscellaneous revenue				
Interest	5,000	5,000	5,114	114
Other	72,000	72,000	70,460	(1,540)
Total Revenues	13,718,943	13,882,750	12,741,858	(1,140,892)
Expenditures				
Instructional services	9,340,064	9,329,885	8,062,482	1,267,403
Supporting services	4,151,065	4,153,703	4,150,221	3,482
Student activities	172,814	172,813	172,794	19
Capital outlay	125,000	145,000	143,280	1,720
Total Expenditures	13,788,943	13,801,401	12,528,777	1,272,624
Excess Of Revenues Over Expenditures	(70,000)	81,349	213,081	131,732
Other Financing Sources (Uses)				
Transfers in	304,420	309,420	309,420	—
Transfers out	(319,420)	(390,769)	(309,420)	81,349
Total Other Financing Sources (Uses)	(15,000)	(81,349)	—	81,349
Changes In Fund Balance	(85,000)	—	213,081	213,081
Fund Balance - Beginning Of Year	4,722,910	4,724,756	4,724,756	—
Fund Balance - End Of Year	\$ 4,637,910	\$ 4,724,756	\$ 4,937,837	\$ 213,081

Notes to Required Supplementary Information:

The basis of budgeting is the same as GAAP.

This schedule is presented on a GAAP basis.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

For The Year Ended December 31, (Measurement Date)

Employee Pension Plan

Year Two **

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.181097114%	0.180734064%
District's proportionate share of the net pension liability	\$ 27,697,525	\$ 24,495,537
District's covered-employee payroll	\$ 8,202,664	\$ 7,914,626
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	338%	309%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.84%

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

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN
For The Year Ended June 30, 2016**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,470,551	\$ 1,424,582
Contributions in relation to the contractually required contribution	(1,470,551)	(1,424,582)
Contribution Deficiency (Excess)	\$ —	\$ —
District's covered-employee payroll	\$ 8,177,845	\$ 7,914,626
Contributions as a percentage of covered-employee payroll	17.98%	18.00%

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

Supplementary Information

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS -
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2016

Assets					
	Governmental Designated Purpose	Food Service Fund	Capital Projects Fund	Total Governmental Fund	
Cash, cash equivalents and investments	\$ —	\$ 28,765	\$ 351,584	\$ 380,349	
Other accounts receivable	—	14,854	—	14,854	
Inventories	—	8,637	—	8,637	
Total Assets	\$ —	\$ 52,256	\$ 351,584	\$ 403,840	

Fund Balance And Liabilities					
Fund Balance					
Nonspendable	\$ —	\$ 8,637	\$ —	\$ 8,637	
Restricted	—	43,619	—	43,619	
Assigned	—	—	351,584	351,584	
Total Fund Balance	\$ —	\$ 52,256	\$ 351,584	\$ 403,840	

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2016**

	Governmental Designated Purpose	Food Service Fund	Capital Projects Fund	Total Nonmajor Governmental Fund
Revenues				
Federal revenue passed through the state	\$ 120,528	\$ —	\$ —	\$ 120,528
Charges for services	—	169,314	—	169,314
Operating grants and contributions	—	224,405	—	224,405
Other	—	3,219	53,075	56,294
Total Revenues	120,528	396,938	53,075	570,541
Expenditures				
Instruction	80,209	—	—	80,209
Supporting service	40,319	—	—	40,319
Benefit payments	—	201,208	—	201,208
Food and milk	—	166,440	—	166,440
Other supplies and expenses	—	32,345	—	32,345
Capital outlay				
Equipment	—	—	328,840	328,840
Total Expenditures	120,528	399,993	328,840	849,361
Deficiency Of Revenues Under Expenditures	—	(3,055)	(275,765)	(278,820)
Other Financing Sources				
Proceeds from sale of land	—	—	425,000	425,000
Proceeds from promissory note	—	—	138,000	138,000
Total Other Financing Sources	—	—	563,000	563,000
Changes In Fund Balance	—	(3,055)	287,235	284,180
Fund Balance - Beginning Of Year	—	55,311	64,349	119,660
Fund Balance - End Of Year	\$ —	\$ 52,256	\$ 351,584	\$ 403,840

Major Funds

Debt Service Fund - This fund is used to account for the accumulation of resources for payment of general obligation long-term debt principal and interest. Revenues are based upon a property tax mill levy set by the School Board to redeem the District's bonded indebtedness.

Building Fund - This fund is used to account for funds to be utilized in capital projects financed by debt issuances authorized by voters in November 2012.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND****For The Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,495,000	\$ 1,490,000	\$ 1,512,782	\$ 22,782
Expenditures				
Debt service				
Principal	1,040,000	1,040,000	1,045,300	(5,300)
Interest	654,000	654,000	594,304	59,696
Total Expenditures	1,694,000	1,694,000	1,639,604	54,396
Deficiency Of Revenues Under Expenditures	(199,000)	(204,000)	(126,822)	77,178
Other Financing Sources (Uses)				
Refunding bonds issued	—	—	3,708,958	3,708,958
Payment to refunded bond	—	—	(3,726,338)	(3,726,338)
Total Other Financing Sources (Uses)	—	—	(17,380)	(17,380)
Changes In Fund Balance	(199,000)	(204,000)	(144,202)	59,798
Fund Balance - Beginning Of Year	1,617,800	1,649,147	1,649,147	—
Fund Balance - End Of Year	\$ 1,418,800	\$ 1,445,147	\$ 1,504,945	\$ 59,798

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUILDING FUND**

For The Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Interest	\$ 20,000	\$ 5,000	\$ 1,691	\$ (3,309)
Expenditures				
Capital outlay				
Buildings	520,000	528,778	174,214	354,564
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(500,000)	(523,778)	(172,523)	351,255
Changes In Fund Balance	(500,000)	(523,778)	(172,523)	351,255
Fund Balance - Beginning Of Year	500,000	523,778	523,778	—
Fund Balance - End Of Year	\$ —	\$ —	\$ 351,255	\$ 351,255

Nonmajor Governmental Funds

Governmental Designated Purpose Grants Fund - This fund is used to account for revenues and expenditures from federal, state and local grants.

Food Service Fund - This fund is used to account for the operations of the District's school lunch program.

Capital Projects Fund - This fund is used to account for the revenues allocated for capital expenditures, except for those projects related to the issuance of debt approved in the November 2012 election.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GOVERNMENTAL DESIGNATED PURPOSES GRANTS FUND
For The Year Ended June 30, 2016**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal revenue passed through the state	\$ 127,359	\$ 127,239	\$ 120,528	\$ (6,711)
Expenditures				
Labor and benefits	95,067	95,067	80,209	14,858
Supporting services	32,292	32,172	40,319	(8,147)
Total Expenditures	127,359	127,239	120,528	6,711
Excess Of Revenues Over Expenditures	—	—	—	—
Fund Balance - Beginning Of Year	—	—	—	—
Fund Balance - End Of Year	\$ —	\$ —	\$ —	\$ —

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
FOOD SERVICE FUND****For The Year Ended June 30, 2016**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for services	\$ 177,000	\$ 187,000	\$ 169,314	\$ (17,686)
Operating grants and contributions	193,900	211,400	224,405	13,005
Other	6,000	5,000	3,219	(1,781)
Total Revenues	376,900	403,400	396,938	(6,462)
Expenses				
Salaries, wages and benefits	197,744	204,244	201,208	3,036
Food and milk	156,500	170,500	166,440	4,060
Other	27,656	36,156	32,345	3,811
Total Expenses	381,900	410,900	399,993	10,907
Excess (Deficiency) of Revenue Over (Under) Expenses	(5,000)	(7,500)	(3,055)	4,445
Other Financing Sources				
Transfers in	5,000	7,500	—	(7,500)
Changes In Fund Balance	—	—	(3,055)	(3,055)
Fund Balance - Beginning Of Year	55,311	55,311	55,311	—
Fund Balance - End Of Year	\$ 55,311	\$ 55,311	\$ 52,256	\$ (3,055)

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND****For The Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Other	\$ 40,000	\$ 53,802	\$ 53,075	\$ (727)
Expenditures				
Equipment	216,000	652,000	328,840	323,160
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(176,000)</u>	<u>(598,198)</u>	<u>(275,765)</u>	<u>322,433</u>
Other Financing Sources				
Transfers in	10,000	108,849	—	(108,849)
Proceeds from sale of land	—	425,000	425,000	—
Proceeds from promissory note	—	—	138,000	138,000
Total Other Financing Sources	<u>10,000</u>	<u>533,849</u>	<u>563,000</u>	<u>29,151</u>
Changes In Fund Balance	(166,000)	(64,349)	287,235	351,584
Fund Balance - Beginning Of Year	<u>166,000</u>	<u>64,349</u>	<u>64,349</u>	<u>—</u>
Fund Balance - End Of Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 351,584</u>	<u>\$ 351,584</u>

Agency Funds

Agency Funds are used to account for activities in which the District is acting in an agent capacity.

Student Activity Fund - This fund is used to account for revenues and expenditures associated with class and co-curricular activities.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
STUDENT ACTIVITY FUND**

For The Year Ended June 30, 2016

	Balance		Additions		Deletions		Balance
	June 30, 2015						June 30, 2016
Assets							
Cash	\$ 240,825	\$	399,676	\$	377,413	\$	263,088
<hr/>							
Liabilities							
Due to student groups	\$ 240,825	\$	399,676	\$	377,413	\$	263,088
<hr/>							

BAYFIELD SCHOOL DISTRICT NUMBER 10-JTR

COLORADO DEPARTMENT OF EDUCATION AUDITOR'S INTEGRITY REPORT

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	4,724,772	12,419,243	12,217,233	4,926,782
18 Risk Mgmt Sub-Fund of General Fund	-16	247,189	236,119	11,054
19 Colorado Preschool Program Fund	0	75,425	75,425	0
Sub- Total	4,724,756	12,741,857	12,528,777	4,937,836
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	55,312	396,938	399,993	52,256
22 Govt Designated-Purpose Grants Fund	0	120,528	120,528	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,649,147	1,512,782	1,656,984	1,504,945
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	523,778	1,691	174,213	351,255
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	64,349	616,076	328,840	351,584
Totals	7,017,340	15,389,872	15,209,336	7,197,876
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	240,825	399,676	377,413	263,088
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	240,825	399,676	377,413	263,088

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