

**IGNACIO SCHOOL DISTRICT 11-JT
IGNACIO, COLORADO**

FINANCIAL STATEMENTS

June 30, 2016



RECEIVED

By Justin L. Smith at 9:39 am, Dec 15, 2016



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

IGNACIO SCHOOL DISTRICT 11-JT
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Wall,
Smith,
Bateman Inc.

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Ignacio School District 11-JT
Ignacio, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ignacio School District 11-JT (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type 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, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information on pages 4 through 10 and 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial schedules, the Colorado School District Auditor's Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the combining and individual nonmajor fund financial schedules, the Colorado School District Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Wall, Smith, Bateman Inc." in a cursive script.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

October 26, 2016

**IGNACIO SCHOOL DISTRICT 11-JT
Management's Discussion and Analysis
For the Year Ending June 30, 2016**

This section of Ignacio School District 11 JT annual financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

✚ Enrollment Changes & Financial Impact to the District

Although School Year 2015/2016 saw an overall increase of 56.5 students over the prior year, by using a 5 year averaging method, October Counts from 2012 - 2016, the CDE Funded Pupil Count was 824.1, representing a 55.9 student increase from the previous year. This equated to a gain of revenue for the District of \$450,245 (55.9 x \$8,054.48 PPR).

✚ Assets vs Liabilities

The District's overall assets exceeded liabilities by \$8,326,235 showing a \$2,023,660 increase in net position over last year for all governmental and business-type activities. Part of this change is due to construction in progress. Our District is required to report its proportionate share of the Net Pension Liability for our Public Employees Retirement Association (PERA) liability to be in compliance with the GASB 68 and 71 laws enacted in 2015. Our Liability portion of the PERA Pension is recorded at \$18,174,923 for 2015/2016. Had we not recorded this liability, the District would show a positive unrestricted net position of \$5,589,333 instead of negative \$12,585,590. The contributions to PERA consists of 19.15% paid by the employer on all wages paid to employees. Employees pay 8%. This money is invested with PERA until an employee retires.

✚ Long Term Debt

The General Obligation Bond has been reduced by \$1,705,425 leaving a balance of \$37,464,417 as of June 30, 2016.

✚ Construction

The High School construction was completed in August 2015 just in time to start the 15/16 school year. The Transportation Facility on 500 County Rd 319 was completed in April 2016. All construction projects are now complete with new or remodeled facilities throughout the district.

✚ Revenues and Expenditures for the Year

For the year ending June 30, 2016, revenues of \$15,244,018 exceeded expenditures of \$13,220,358 by \$2,023,660. Therefore Net Position increased at year-end June 30, 2016.

✚ Impact Aid

In 2015/2016 we received \$914,020 which was less than budgeted by \$10,980. Allotments are received throughout the year for the current and previous years funding.

✚ State Funding

State Equalization took another hard hit in 2015/2016 with the Negative Factor (NF) adjustment. The effect of this Negative Factor was a reduction in state funding to the Ignacio School District of \$890,593. Full funding would have been \$6,332,063 and we received \$5,413,267 for the year. We are currently paying \$25,000 to CDE for the Audit of 2007-2011 to be paid in full by June 2017.

**IGNACIO SCHOOL DISTRICT 11-JT
Management's Discussion and Analysis
For the Year Ending June 30, 2016**

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government wide financial statements can be found on pages 11, 12, and 13 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's short-term financing requirements.

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

The District adopts an annual appropriated budget for all funds. Budgetary comparison schedules have been provided for all funds to demonstrate compliance with this budget. Budgetary schedules can be found in the supplemental sections of this report.

**IGNACIO SCHOOL DISTRICT 11-JT
Management's Discussion and Analysis
For the Year Ending June 30, 2016**

***Proprietary funds.** The District maintains three proprietary fund types. These are the Enterprise Rental Deferred Maintenance fund, and two Internal Service funds, Dental Insurance self-funded and Health Reimbursement fund which are found on pages 18-20 of this report.

***Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the District cannot use these funds to finance its operations. The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide financial statements. The notes to the basic financial statements can be found on pages 23-43 of this report.

Government-wide Financial Analysis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8.3 million at the close of the most recent fiscal year. Following is a summary of the net position :

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
ASSETS						
Current & Other Assets	\$ 9.827	\$ 13.645	\$ 0.233	\$ 0.271	\$ 10.061	\$ 13.916
Capital Assets	<u>55.759</u>	<u>52.989</u>	<u>0.836</u>	<u>0.395</u>	<u>56.594</u>	<u>53.384</u>
Total Assets	<u>65.586</u>	<u>66.634</u>	<u>1.069</u>	<u>0.666</u>	<u>66.655</u>	<u>67.300</u>
Deferred Outflows of Resources						
Pensions	<u>2.270</u>	<u>0.843</u>			<u>2.270</u>	<u>0.843</u>
LIABILITIES						
Other Liabilities	3.065	4.529	0.001	0.085	3.066	4.529
Long-Term Liabilities	<u>56.896</u>	<u>56.984</u>			<u>56.896</u>	<u>56.984</u>
Total Liabilities	<u>59.961</u>	<u>61.513</u>	<u>0.001</u>	<u>0.085</u>	<u>59.963</u>	<u>61.513</u>
Deferred Inflows of Resources						
Pensions	<u>0.636</u>	<u>0.328</u>			<u>0.636</u>	<u>0.328</u>
NET ASSETS						
Invested in capital assets, net of related debt	15.353	12.242	0.836	0.395	16.189	12.638
Restricted	4.722	3.724	-	-	4.722	3.724
Unrestricted	<u>(12.817)</u>	<u>(10.330)</u>	<u>0.231</u>	<u>0.271</u>	<u>(12.585)</u>	<u>(10.060)</u>
Total Net Assets	<u>\$ 7.259</u>	<u>\$ 5.636</u>	<u>\$ 1.067</u>	<u>\$ 0.666</u>	<u>\$ 8.326</u>	<u>\$ 6.302</u>

**IGNACIO SCHOOL DISTRICT 11-JT
Management's Discussion and Analysis
For the Year Ending June 30, 2016**

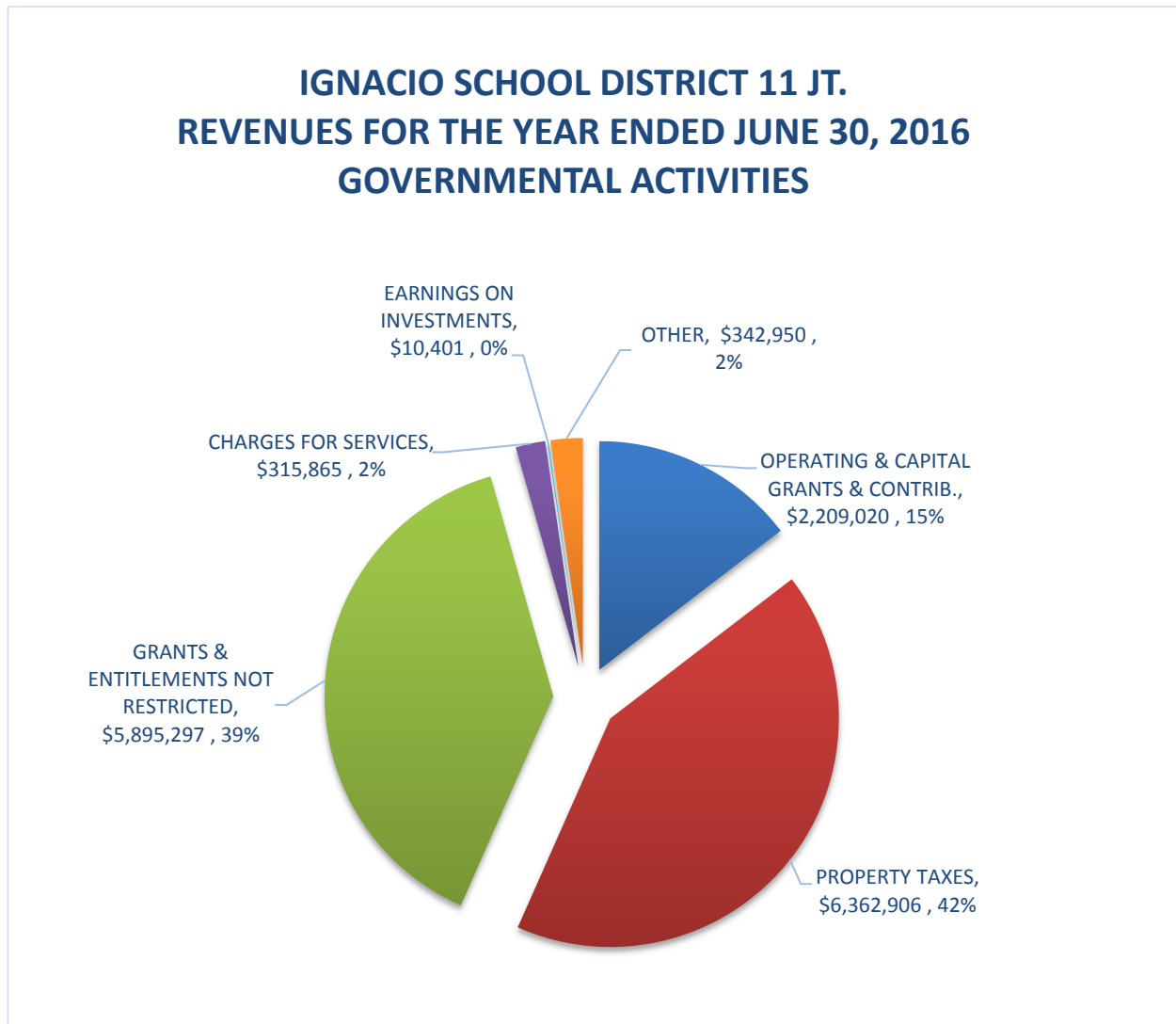
Government-wide Activities. Following is a chart showing the Statement of Activities for the year ending June 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	0.316	0.317	0.118	0.086	0.434	0.403
Grants & Contributions	2.209	2.037			2.209	2.037
General Revenues:						
Property taxes	6.362	5.087			6.362	5.087
Entitlements & Grants not restricted to specific purposes	5.895	5.323			5.895	5.323
Earnings on Investments *	0.010	0.015			0.010	0.015
Gain on Sale of Fixed Assets	0.168				0.168	
Miscellaneous *	<u>0.165</u>	<u>0.258</u>			<u>0.165</u>	<u>0.258</u>
Total Revenues	<u>15.126</u>	<u>13.037</u>	<u>0.118</u>	<u>0.086</u>	<u>15.244</u>	<u>13.123</u>
Expenses:						
Instructional & Support Services	11.058	10.193			11.058	10.193
Food Services	0.482	0.455			0.482	0.455
Class & Club Activities	0.212	0.163			0.212	0.163
Interest on Long-term Debt	1.350	1.401			1.350	1.401
Rentals			<u>0.119</u>	<u>0.022</u>	<u>0.119</u>	<u>0.022</u>
Total Expenses	<u>13.101</u>	<u>12.212</u>	<u>0.119</u>	<u>0.022</u>	<u>13.220</u>	<u>12.234</u>
Transfers	<u>(402)</u>		<u>402</u>		0	0
Change in Net Position	1.623	0.802	0.401	0.064	2.024	0.866
Loss on Demolished Bldg./Equip						
Net Position, Beginning of Year, as previously stated		20.196				20.196
Change in Accounting Principle		(15.362)				(15.362)
Net Position -beginning	<u>5.636</u>	<u>4.834</u>	<u>0.666</u>	<u>0.602</u>	<u>6.302</u>	<u>5.436</u>
Net Position -ending	<u>7.259</u>	<u>5.636</u>	<u>1.067</u>	<u>0.666</u>	<u>8.326</u>	<u>6.302</u>

**IGNACIO SCHOOL DISTRICT 11-JT
Management's Discussion and Analysis
For the Year Ending June 30, 2016**

Governmental Activities revenue is largely made up of entitlements and grants not restricted to specific purposes. These include Impact Aid, which is payment in lieu of taxes; state equalization payments, which is part of the school finance act; all local, state, and federal grants which we have written.

The other major source comes from property taxes, which also is part of the school finance act. Business-type activities revenues come from the rental of school houses. The following pie chart reflects the above revenues:



**IGNACIO SCHOOL DISTRICT 11-JT
Management's Discussion and Analysis
For the Year Ending June 30, 2016**

Financial Analysis of the District's Funds

As noted earlier, the District uses Fund Accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The general fund balance decreased from \$5,392,156 to \$3,332,400. The board approved spending the beginning fund balance to construct the Transportation Facility and complete the High School baseball field.

Governmental funds report the difference between their assets and liabilities as fund balance, which is divided into Non-Spendable, Restricted, Committed, Assigned & Unassigned. The Tabor law requires that 3% of the budget be set aside for future years. Our Board of Education also requires that a percentage of the budget be set aside for future expenditures. We also have to account for accrued salaries and benefits and compensated absences.

General Fund Budgetary Highlights

In the 2015-2016 school year, the Board revised the District's budget as of January 27, 2016

During the year, actual revenues received exceeded the budgeted amount by \$233,566. Highlighting this was Specific Ownership Taxes that came in at \$103,256 over budget. We received a grant from CDE, for Small Rural Schools in the amount of \$216,287.

Actual expenses came in \$2,929,741 less than the budgeted expenditures which allowed General Fund to transfer \$160,000 to Food Service, \$200,000 to Capital Reserve and 2,495,907 to the Construction Funds. Overall the General Fund ended the year with a decrease of \$2,059,756 to its fund balance.

**IGNACIO SCHOOL DISTRICT 11-JT
Management's Discussion and Analysis
For the Year Ending June 30, 2016**

Capital Assets. The Capital Reserve Capital Projects Fund and the Building Fund are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. Major purchases this year consisted of purchasing 35 acres and building the Transportation Facility. We continue to upgrade and provide computers for our students. The Vocational program purchased a Simulator for the Energy class, and we purchased a 2015 Chevy Equinox. We sold 885 Goddard Street property and the 2001 Chevy Cavalier, and transferred the old elementary school building and a modular building to the Deferred Maintenance Fund as they will now be used as rental property.

Category	CAPITAL ASSETS (net of accumulated depreciation) (in millions)					
	Governmental Activities		Business- type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	0.632	0.561			0.632	0.561
Construction in Progress	0.000	21.056			0.000	21.056
Buildings and Improvements	54.043	30.481			54.043	30.481
Furniture & Equipment	0.901	0.651			0.901	0.651
Transportation Equipment	0.183	0.240			0.183	0.240
Rental Building & Equip.	<u>0.000</u>	<u>0.000</u>	<u>0.836</u>	<u>0.395</u>	<u>0.836</u>	<u>0.395</u>
	<u>55.759</u>	<u>52.989</u>	<u>0.836</u>	<u>0.395</u>	<u>56.595</u>	<u>53.384</u>

Debt Administration The District has outstanding debt comprised of compensated absences, which consist of accrued vacation and sick leave as listed below, and the issuance of General Obligation Bonds in the amount of \$43,999,431 to be repaid over 20 years beginning with December 1, 2012 and ending December 1, 2031.

	2016	2015	Increase (Decrease)
General Obligation Bond	\$ 37,464,417	\$ 39,169,842	\$ (1,705,425)
Bond Premium	2,941,006	3,124,819	(183,813)
Compensated Absences	<u>253,244</u>	<u>232,081</u>	<u>21,163</u>
Total Liability	<u>\$ 40,658,667</u>	<u>\$ 42,526,742</u>	<u>\$ (1,868,075)</u>

On October 27, 2016 the district refinanced a portion of the Bonds. This allowed us to secure a better interest rate and reduce the total liability over the years.

Request for information

This financial report is designed to provide a general overview of the Ignacio School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, P.O. Box 460, Ignacio, CO 81137.

IGNACIO SCHOOL DISTRICT 11-JT

BASIC FINANCIAL STATEMENTS

IGNACIO SCHOOL DISTRICT 11-JT
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and Investments	\$ 9,544,069	\$ 232,005	\$ 9,776,074
Accounts Receivable	192,474	1,483	193,957
Taxes Receivable	58,808	-	58,808
Grants Receivable	22,507	-	22,507
Inventories	9,671	-	9,671
Total Current Assets	9,827,529	233,488	10,061,017
Noncurrent Assets			
Capital Assets			
Land	631,628	-	631,628
Buildings and Improvements	55,606,432	1,685,769	57,292,201
Furniture and Equipment	1,332,344	36,432	1,368,776
Transportation Equipment	1,324,658	-	1,324,658
Less: Accumulated Depreciation	(3,136,377)	(886,547)	(4,022,924)
Total Noncurrent Assets	55,758,685	835,654	56,594,339
TOTAL ASSETS	65,586,214	1,069,142	66,655,356
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	2,270,754	-	2,270,754
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,270,754	-	2,270,754
LIABILITIES			
Current Liabilities			
Accounts Payable	15,325	1,699	17,024
Accrued Salaries and Benefits	850,066	-	850,066
Unearned Grant Revenue	129,760	-	129,760
Accrued Dental Claims	6,233	-	6,233
Accrued Interest Payable	126,342	-	126,342
General Obligation Bonds	1,744,446	-	1,744,446
Bond Premium	183,813	-	183,813
Compensated Absences	8,574	-	8,574
Total Current Liabilities	3,064,559	1,699	3,066,258
Noncurrent Liabilities			
General Obligation Bonds	35,719,971	-	35,719,971
Bond Premium	2,757,193	-	2,757,193
Compensated Absences	244,670	-	244,670
Pension Liability	18,174,923	-	18,174,923
Total Noncurrent Liabilities	56,896,757	-	56,896,757
TOTAL LIABILITIES	59,961,316	1,699	59,963,015
DEFERRED INFLOWS OF RESOURCES			
Pensions	636,860	-	636,860
DEFERRED INFLOWS OF RESOURCES	636,860	-	636,860

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

IGNACIO SCHOOL DISTRICT 11-JT
STATEMENT OF NET POSITION
June 30, 2016

	<u>Primary Government</u>		<u>TOTAL</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
NET POSITION			
Net Investment in Capital Assets	15,353,262	835,654	16,188,916
Restricted for:			
TABOR	270,000	-	270,000
Debt Service	4,452,909	-	4,452,909
Unrestricted	(12,817,379)	231,789	(12,585,590)
TOTAL NET POSITION	<u>\$ 7,258,792</u>	<u>\$ 1,067,443</u>	<u>\$ 8,326,235</u>

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

IGNACIO SCHOOL DISTRICT 11-JT
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	TOTAL
Primary Government:							
Governmental Activities:							
Instructional Program	\$ 6,526,703	\$ 4,833	\$ 1,491,937	\$ 216,287	\$ (4,813,646)	\$ -	\$ (4,813,646)
Student Supporting Services	4,530,806	-	210,901	-	(4,319,905)	-	(4,319,905)
Food Services	481,864	84,816	274,878	-	(122,170)	-	(122,170)
Class and Club Activities	212,314	226,216	15,017	-	28,919	-	28,919
Interest on Long-term Debt	1,349,971	-	-	-	(1,349,971)	-	(1,349,971)
Total Governmental Activities	13,101,658	315,865	1,992,733	216,287	(10,576,773)	-	(10,576,773)
Business-Type Activities:							
Rentals	118,700	117,980	-	-	-	(720)	(720)
Total Business-Type Activities	118,700	117,980	-	-	-	(720)	(720)
Total Primary Government	\$ 13,220,358	\$ 433,845	\$ 1,992,733	\$ 216,287	(10,576,773)	(720)	(10,577,493)
General Revenues:							
Taxes:							
General Property Taxes - Net					6,362,906	-	6,362,906
Specific Ownership Tax					482,030	-	482,030
State Equalization					5,413,267	-	5,413,267
Interest and Miscellaneous					174,606	-	174,606
Gain on Sale of Fixed Assets					168,344	-	168,344
Total General Revenues					12,601,153	-	12,601,153
Transfers					(401,772)	401,772	-
CHANGE IN NET POSITION					1,622,608	401,052	2,023,660
Net Position, Beginning of Year					5,636,184	666,391	6,302,575
Net Position, End of Year					\$ 7,258,792	\$ 1,067,443	\$ 8,326,235

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

IGNACIO SCHOOL DISTRICT 11-JT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	BUILDING FUND	BOND REDEMPTION FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Investments	\$ 3,973,818	\$ 145,676	\$ -	\$ 4,391,359	\$ 725,073	\$ 9,235,926
Accounts Receivable	143,672	-	-	44,741	4,061	192,474
Taxes Receivable	20,995	-	-	37,813	-	58,808
Grants Receivable	-	22,507	-	-	-	22,507
Inventory	-	-	-	-	9,671	9,671
TOTAL ASSETS	\$ 4,138,485	\$ 168,183	\$ -	\$ 4,473,913	\$ 738,805	\$ 9,519,386
LIABILITIES						
Accounts Payable	\$ 15,149	\$ -	\$ -	\$ -	\$ 176	\$ 15,325
Accrued Salaries and Benefits	779,717	38,423	-	-	31,926	850,066
Unearned Grant Revenue	-	129,760	-	-	-	129,760
TOTAL LIABILITIES	794,866	168,183	-	-	32,102	995,151
DEFERRED INFLOWS OF RESOURCES						
Unavailable Tax Revenue	11,219	-	-	21,004	-	32,223
FUND BALANCE						
Nonspendable						
Inventory	-	-	-	-	9,671	9,671
Restricted for:						
TABOR 3% Reserve	270,000	-	-	-	-	270,000
Debt Service	-	-	-	4,452,909	-	4,452,909
Committed:						
Capital Projects	-	-	-	-	445,029	445,029
Pupil Activities	-	-	-	-	175,484	175,484
Assigned:						
Subsequent Year Expenditure	252,000	-	-	-	-	252,000
Food Services	-	-	-	-	76,519	76,519
Unassigned	2,810,400	-	-	-	-	2,810,400
TOTAL FUND BALANCE	3,332,400	-	-	4,452,909	706,703	8,492,012
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 4,138,485	\$ 168,183	\$ -	\$ 4,473,913	\$ 738,805	\$ 9,519,386

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

IGNACIO SCHOOL DISTRICT 11-JT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total governmental fund balances		\$	8,492,012
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			55,758,685
Allocation of District's property taxes collected after year-end are not available soon enough to pay for the current period's expenditures, therefore they are reported as unavailable revenue in the funds.			32,223
Internal Service funds are used by management to charge the cost of dental and health insurance to individual funds. The assets and liabilities of the internal services fund are included in governmental activities in the statement of net position.			301,910
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.			2,270,754
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds	(37,464,417)		
Accrued Interest Payable	(126,342)		
Compensated Absences	(253,244)		
			(37,844,003)
Bond discounts are expensed when incurred in the governmental funds and deferred and amortized in the statement of activities. Similarly, bond premiums are recognized as revenue when issued and are deferred and amortized in the statement of activities. The net unamortized portion of these long-term debt related items is included with governmental activities.			(2,941,006)
Net pension liabilities are not due and payable in the current period and are not reported in the funds.			(18,174,923)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.			(636,860)
Net Position of Governmental Activities		\$	7,258,792

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

IGNACIO SCHOOL DISTRICT 11-JT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2016

	GENERAL	GOVERNMENTAL DESIGNATED PURPOSE GRANTS	BUILDING	BOND	TOTAL	TOTAL
	FUND	FUND	FUND	REDEMPTION	NONMAJOR	GOVERNMENTAL
	FUND	FUND	FUND	FUND	FUNDS	FUNDS
REVENUES						
Local Sources	\$ 2,633,518	\$ 24,062	\$ 34,077	\$ 4,340,707	\$ 311,032	\$ 7,343,396
Intermediate Sources	45,909	-	-	-	-	45,909
State Sources	5,915,794	99,595	-	-	7,947	6,023,336
Federal Sources	928,206	354,031	-	-	266,931	1,549,168
TOTAL REVENUES	9,523,427	477,688	34,077	4,340,707	585,910	14,961,809
EXPENDITURES						
Current Expenditures						
Instructional Program	4,921,530	287,724	-	-	314,870	5,524,124
Student Support Services	433,991	23,371	-	-	-	457,362
Instructional Staff Support Services	369,789	139,987	-	-	-	509,776
General Administration Support Services	406,097	-	-	-	-	406,097
School Administration Support Services	629,321	25,721	-	-	-	655,042
Business Support Services	157,610	-	-	-	-	157,610
Operations and Maintenance of Plant Services	834,671	-	-	-	-	834,671
Student Transportation Services	446,210	-	-	-	23,099	469,309
Central Support Services	367,356	-	-	-	-	367,356
Other Support Services	260,701	885	-	-	-	261,586
Food Services	-	-	-	-	481,864	481,864
Facilities Acquisition and Construction Services	-	-	4,077,687	-	37,850	4,115,537
Debt Service	-	-	-	3,242,653	-	3,242,653
TOTAL EXPENDITURES	8,827,276	477,688	4,077,687	3,242,653	857,683	17,482,987
Excess (deficiency) of revenues over expenditures	696,151	-	(4,043,610)	1,098,054	(271,773)	(2,521,178)
OTHER FINANCING SOURCES (USES)						
Sale of Fixed Assets	-	-	-	-	181,290	181,290
Transfer from Other Funds	100,000	-	2,495,907	-	360,000	2,955,907
Transfer to Other Funds	(2,855,907)	-	-	(100,000)	-	(2,955,907)
TOTAL OTHER FINANCING SOURCES (USES)	(2,755,907)	-	2,495,907	(100,000)	541,290	181,290
NET CHANGE IN FUND BALANCE	(2,059,756)	-	(1,547,703)	998,054	269,517	(2,339,888)
Fund Balance, Beginning of Year	5,392,156	-	1,547,703	3,454,855	437,186	10,831,900
Fund Balance, End of Year	\$ 3,332,400	\$ -	\$ -	\$ 4,452,909	\$ 706,703	\$ 8,492,012

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

IGNACIO SCHOOL DISTRICT 11-JT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (2,339,888)

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

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

Capital asset additions	4,130,319	
Capital asset deletions net of accumulated depreciation	(12,946)	
Transfer of capital assets to business-type activities	(401,772)	
Depreciation expense	<u>(946,069)</u>	2,769,532

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (4,115)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The bond premium provides a current financial resource to the Building Fund, but must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Principal payment on general obligation bonds	1,705,425	
Bond premium amortization	183,813	
Change in accrued interest payable	<u>3,444</u>	1,892,682

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

Compensated absences		(21,163)
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An internal service fund is used by the District to account for its self-funded dental and health insurance. The net income of the internal service fund is reported in the governmental activities. 31,546

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense. (705,986)

Change in net position of governmental activities \$ 1,622,608

IGNACIO SCHOOL DISTRICT 11-JT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2016

	<u>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
	<u>DEFERRED MAINTENANCE FUND</u>	
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 232,005	\$ 308,143
Accounts Receivable	1,483	-
Total Current Assets	<u>233,488</u>	<u>308,143</u>
Noncurrent Assets		
Capital Assets:		
Buildings and Improvements	1,685,769	-
Furniture and Equipment	36,432	-
Less: Accumulated Depreciation	(886,547)	-
Total Noncurrent Assets	<u>835,654</u>	<u>-</u>
TOTAL ASSETS	<u>1,069,142</u>	<u>308,143</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	1,699	-
Accrued Claims	-	6,233
TOTAL LIABILITIES	<u>1,699</u>	<u>6,233</u>
NET POSITION		
Net Investment in Capital Assets	835,654	-
Unrestricted	231,789	301,910
TOTAL NET POSITION	<u>\$ 1,067,443</u>	<u>\$ 301,910</u>

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

IGNACIO SCHOOL DISTRICT 11-JT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND DEFERRED MAINTENANCE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES		
Local Sources		
Rental Income	\$ 117,980	\$ -
Insurance Premiums	-	117,014
TOTAL OPERATING REVENUES	117,980	117,014
OPERATING EXPENSES		
Purchased Services	50,904	85,468
Supplies and Materials	35,217	-
Depreciation	32,579	-
TOTAL OPERATING EXPENSES	118,700	85,468
Operating Income (loss)	(720)	31,546
NONOPERATING REVENUES (EXPENSES)		
Other Sources		
Capital Contribution	401,772	-
TOTAL NONOPERATING REVENUES (EXPENSES)	401,772	-
CHANGE IN NET POSITION	401,052	31,546
NET POSITION, Beginning of Year	666,391	270,364
NET POSITION, End of Year	\$ 1,067,443	\$ 301,910

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

IGNACIO SCHOOL DISTRICT 11-JT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

	BUSINESS-TYPE ACTIVITY DEFERRED MAINTENANCE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities		
Cash Received from Rental Charges	\$ 116,497	\$ -
Cash Received from Insurance Premiums	-	117,014
Cash Payments for Purchased Services	(50,904)	-
Cash Payments for Supplies and Materials	(33,603)	-
Cash Payments for Claims and Fees	-	(84,118)
Net Cash Provided (Used) by Operating Activities	<u>31,990</u>	<u>32,896</u>
Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Capital Asset Additions	<u>(70,463)</u>	<u>-</u>
Net Cash Used by Capital and Related Activities Financing Activities	<u>(70,463)</u>	<u>-</u>
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(38,473)	32,896
Cash and Cash Equivalents, Beginning of Year	<u>270,778</u>	<u>275,247</u>
Cash and Cash Equivalents, End of Year	<u>\$ 232,305</u>	<u>\$ 308,143</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (720)	\$ 31,546
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	32,579	-
(Increase) decrease in Accounts Receivable	(1,483)	-
Increase (decrease) in Accounts Payable	1,614	-
Increase (decrease) in Accrued Claims	-	1,350
Net Cash provided (used) by operating activities	<u>\$ 31,990</u>	<u>\$ 32,896</u>
Noncash Capital and Related Financing Activities		
Capital contribution from governmental activities	<u>\$ 401,772</u>	<u>\$ -</u>

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

**IGNACIO SCHOOL DISTRICT 11-JT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016**

	<u>PRIVATE - PURPOSE TRUSTS</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>12,868</u>
TOTAL ASSETS	\$ <u><u>12,868</u></u>
NET POSITION	
Held in Trust for Scholarships	\$ <u>12,868</u>
TOTAL NET POSITION	\$ <u><u>12,868</u></u>

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

**IGNACIO SCHOOL DISTRICT 11-JT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Year Ended June 30, 2016**

	PRIVATE - PURPOSE TRUSTS
ADDITIONS	
Earnings on Investments	\$ 685
TOTAL ADDITIONS	685
DEDUCTIONS	
Scholarships Awarded and Other Expenses	1,924
TOTAL DEDUCTIONS	1,924
CHANGE IN NET POSITION	(1,239)
NET POSITION, Beginning of Year	14,107
NET POSITION, End of Year	\$ 12,868

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

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ignacio School District 11-JT (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, the District conforms to the Colorado Financial Policies and Procedures in all material aspects as required by Colorado statutes. The District's more significant accounting policies are described below.

Reporting Entity

The District is a political subdivision of the State of Colorado duly organized and existing in accordance with the provisions of the School District Reorganization Act of 1949. The District operates under a five member publicly elected board of education. The District is the basic level of government that has financial accountability and control over all activities related to the public school education in the Town of Ignacio and the immediate surrounding area. The Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Pursuant to the definition of component units in GASB Statements 14, 39, and 61, the District's Board of Education has not included any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support to a significant extent.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements, except as they relate to charges between the District's governmental and business-type activities, where elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Governmental fund revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end. Property taxes are reported as receivables and unavailable revenue when levied and as revenues when due for collection in the following year and determined to be available. All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

The proprietary and private-purpose trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. They distinguish operating revenues and expenses from nonoperating items. The principal operating revenues of the District's internal service funds are charges for employee health and dental insurance premiums. Operating expenses include insurance claims and excess coverage premiums. The principal operating revenues of the enterprise funds are rental property revenue. Operating expenses include salaries and benefits, purchased services, and repairs and maintenance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting

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

The District reports the following major governmental funds:

- § The ***General Fund*** is the primary operating fund of the District. It accounts for all financial resources of the District, except those required legally or by sound financial management to be accounted for in another fund.
- § The ***Governmental Designated Purpose Grants Fund*** is a special revenue fund used to account for restricted state and federal grants that are obtained primarily to provide for specific instructional programs.
- § The ***Building Fund*** is used to account for all resources available for acquiring capital sites, buildings, and equipment.

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

- § The *Bond Redemption Fund* is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on the long-term general obligation debt or long-term voter-approved lease-purchase debt.
- § The *Non-major Governmental Funds* include the Food Service Fund, Pupil Activity Fund, and the Capital Reserve Capital Projects Fund.

Additionally, the District reports the following proprietary and fiduciary funds:

- § The *Deferred Maintenance Fund* is an enterprise fund used to account for all financial transactions related to the District's building rental revenue and expenses.
- § The *Internal Service Funds* are proprietary funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, generally on a cost reimbursement basis. The District accounts for its self-funded dental and health insurance in an internal service fund.
- § The *Private-Purpose Trust Funds* are fiduciary funds used to account for assets held by the District in a trustee capacity. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash is pooled into common accounts in order to maximize investment opportunities. Each fund whose monies are deposited into the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. Negative balances incurred in pooled cash at year-end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income.

Receivables/Payables From Other District Funds

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

Inventories

Inventories are recorded at the lower of cost or market except for commodities from the United States Department of Agriculture (USDA) which are stated at the specific items' donated value. Inventories are recorded as expenses when consumed.

Capital Assets

Capital Assets include land, land improvements, buildings and improvements, furniture and equipment, and transportation equipment are capitalized at historical cost or estimated historical cost if purchased or constructed. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

proceeds of the sale are recorded as revenues in the appropriate governmental fund. The District reports gains and losses on the disposal of capital assets (carrying value less sale proceeds, if any) in the government-wide statement of activities and enterprise fund operating statement. The District does not capitalize interest on the construction of capital assets used in governmental activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Depreciation is recorded starting in the year the asset is placed in service. Estimated useful lives are:

<u>Assets</u>	<u>Years</u>
Land Improvements	5-20
Buildings & Improvements	7-75
Furniture & Equipment	5-20
Transportation Equipment	5-10

Accrued Salaries and Benefits

Salaries and benefits of teachers and certain other employees are budgeted and paid over a 12-month period from September 1 to August 31 but are earned over a school year of approximately nine months. The salaries earned but unpaid at June 30, 2016, are reflected in the fund and government-wide statements as an accrued liability.

Compensated Absences

Teachers and administrative staff of the District can accumulate up to 5 to 14 days of sick leave per year. Employees are reimbursed for up to 150 days unused sick leave upon termination at rates between \$20 and \$85 a day based on length and type of employment. Eligible classified employees earn between one and four weeks paid vacation each year, depending on length and type of employment. Certified personnel do not receive paid vacation. Vacation and sick leave pay plus related payroll taxes are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Unearned Grant Revenue

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

Deferred Outflows/Inflows of Resources

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

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

Certain amounts related to pensions must be deferred.

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Long-term Obligations

Long term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the effective interest method.

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

Pensions

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

Net Position

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

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

Fund Balance

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

- § *Nonspendable Fund Balance* - amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenditures .
- § *Restricted Fund Balance* - amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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- § *Committed Fund Balance* - amounts that can only be used for specific purposes as a result of constraints imposed through formal resolution of the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- § *Assigned Fund Balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- § *Unassigned Fund Balance* - amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

Encumbrances

Encumbrance accounting is not used. All appropriations lapse at the end of the fiscal year.

Estimates

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

Property Taxes

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. Property taxes are recorded initially at the budgeted collection rate as unavailable revenue in the year for which they are levied in the government-wide financial statement of activities and when available or collected in the governmental funds. A fee is retained by the Counties as compensation for collecting the taxes and is reflected as expenditures in the General Fund. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon historical trends.

The District's property tax calendar for 2016 is as follows:

<u>Tax Year</u>	
Beginning of fiscal year for taxes	January 1
Assessed valuation initially certified by County Assessor	August 25
Property tax levy by Board of Education for ensuing calendar year	December 10
Tax levy certified to County Commissioners	December 15
County Commissioners certify levy to County Treasurer	January 10

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Collection Year

Mailing of tax bills (lien date)	January 1
First installment due	February 29
Taxes due in full (unless installments elected by taxpayer)	April 30
Second installment due	June 15

Budgets and Budgetary Accounting

The Board of Education follows the procedures set forth in the Colorado School District Budget Law in establishing the budgetary data reflected in the financial statements:

- 1) On or before June 1, the Superintendent will submit to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted by the Board of Education to obtain the comments of the District's residents.
- 3) Prior to June 30, the budget will be adopted by the Board of Education by appropriate resolution.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2016. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget if applicable.

NOTE 2 CASH, DEPOSITS, AND INVESTMENTS

At June 30, 2016, the District's cash, deposits, and investments were reported in the financial statements as follows:

Governmental Activities	\$ 9,544,069
Business-Type Activities	232,005
Private Purpose Trust Scholarship	<u>12,868</u>
	<u>\$ 9,788,942</u>

At June 30, 2016, cash, deposits, and investments consisted of the following :

Cash on Hand	\$ 400
Deposits	5,756,437
Investments	<u>4,032,105</u>
	<u>\$ 9,788,942</u>

Deposits

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

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The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the 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 102% of the aggregate uninsured deposits.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had bank deposits of \$5,410,733 that were exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

Investments

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

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by the U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consisted of the following:

General Fund		
July and August 2016 property tax collections	\$	25,625
Special Education due from SJBOCES and other reimbursements		118,047
		143,672
Bond Redemption Fund		
July and August 2016 property tax collections		44,741
Food Service Fund		
Customer Accounts Receivable		4,061
	\$	192,474

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

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

Transfer In	Transfer Out	Amount
Bulding Fund	General Fund	2,495,907
Food Service Fund	General Fund	\$ 160,000
Capital Reserve Fund	General Fund	200,000
General Fund	Bond Redemption Fund	100,000
		\$ 2,955,907

The General Fund transferred funds to the Building Fund for the construction of the transportation building.

The General Fund transferred funds for the debt service payment in the Capital Reserve Capital Projects Fund and to subsidize the Food Service Fund operations.

Unrestricted specific ownership tax revenues were transferred to the General Fund from the Bond Redemption Fund as budgeted, to ensure fund balance stability in the event of revenue shortfall and to increase reserves for future use.

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NOTE 5 CAPITAL ASSETS

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

	Balance 6/30/2015	Transfers	Additions	Deletions	Balance 6/30/2016
<i>Governmental Activities</i>					
Capital assets not being depreciated					
Land	\$ 561,200	\$ -	\$ 70,428	\$ -	\$ 631,628
Construction in Progress	21,055,570	-	3,663,843	24,719,413	-
Total capital assets not being depreciated	<u>21,616,770</u>	<u>-</u>	<u>3,734,271</u>	<u>24,719,413</u>	<u>631,628</u>
Capital assets being depreciated					
Buildings and Improvements	31,940,253	(1,013,194)	24,719,413	40,040	55,606,432
Furniture and Equipment	959,395	-	372,949	-	1,332,344
Transportation Equipment	1,318,059	-	23,099	16,500	1,324,658
Total capital assets being depreciated	<u>34,217,707</u>	<u>(1,013,194)</u>	<u>25,115,461</u>	<u>56,540</u>	<u>58,263,434</u>
Less accumulated depreciation for:					
Buildings and Improvements	1,459,098	(611,422)	742,953	27,094	1,563,535
Furniture and Equipment	308,882	-	122,688	-	431,570
Transportation Equipment	1,077,344	-	80,428	16,500	1,141,272
Total capital assets being depreciated	<u>2,845,324</u>	<u>(611,422)</u>	<u>946,069</u>	<u>43,594</u>	<u>3,136,377</u>
Total Capital Assets being depreciated, net	<u>31,372,383</u>	<u>(401,772)</u>	<u>24,169,392</u>	<u>12,946</u>	<u>55,127,057</u>
Governmental Activities, net	<u>\$ 52,989,153</u>	<u>\$ (401,772)</u>	<u>\$ 27,903,663</u>	<u>\$ 24,732,359</u>	<u>\$ 55,758,685</u>
	Balance 6/30/2015	Transfers	Additions	Deletions	Balance 6/30/2016
<i>Business-type Activities</i>					
Capital assets being depreciated					
Buildings and Improvements	\$ 601,812	\$ 1,013,194	\$ 70,763	\$ -	\$ 1,685,769
Equipment	36,432	-	-	-	36,432
Total capital assets being depreciated	<u>638,244</u>	<u>1,013,194</u>	<u>70,763</u>	<u>-</u>	<u>1,722,201</u>
Less accumulated depreciation for:					
Buildings and Improvements	208,318	611,422	31,581	-	851,321
Equipment	34,228	-	998	-	35,226
Total accumulated depreciation	<u>242,546</u>	<u>611,422</u>	<u>32,579</u>	<u>-</u>	<u>886,547</u>
Business-type Activities, net	<u>\$ 395,698</u>	<u>\$ 401,772</u>	<u>\$ 38,184</u>	<u>\$ -</u>	<u>\$ 835,654</u>

During FY 2016, the District remodeled the old elementary school building and transferred it to the deferred maintenance fund to be used as rental property.

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

<i>Governmental activities:</i>	
Instructional Program	\$ 781,075
Operations & Maintenance of Plant Services	6,409
Student Transportation Services	104,245
Central Supporting Services	<u>54,340</u>
Total depreciation expense - governmental activities	<u>\$ 946,069</u>
<i>Business-type activities:</i>	
Rentals	<u>\$ 32,579</u>
Total depreciation expense - business-type activities	<u>\$ 32,579</u>

NOTE 6 ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September 1 to August 30, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid at June 30, 2016 were as follows:

<i>Governmental Activities</i>	
General Fund	\$ 779,717
GDPG Fund	38,423
Food Service Fund	<u>31,926</u>
Total - Governmental Activities	<u>\$ 850,066</u>

NOTE 7 OPERATING LEASES

The District has entered into several operating lease arrangements for office equipment. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$40,957.

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-Term Debt

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

	<u>Balance</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>					
G.O. Bonds Payable - Series 2011	\$ 8,149,842	\$ -	\$ 340,425	\$ 7,809,417	\$ 354,446
G.O. Bonds Payable - Series 2012	<u>31,020,000</u>	<u>-</u>	<u>1,365,000</u>	<u>29,655,000</u>	<u>1,390,000</u>
	39,169,842	-	1,705,425	37,464,417	1,744,446
Bond Premium Costs	3,124,819	-	183,813	2,941,006	183,813
Compensated Absences	<u>232,081</u>	<u>21,163</u>	<u>-</u>	<u>253,244</u>	<u>8,574</u>
Total	<u>\$42,526,742</u>	<u>\$21,163</u>	<u>\$1,889,238</u>	<u>\$40,658,667</u>	<u>\$1,936,833</u>

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General Obligation Bonds

Series 2011G Matching Money Bonds

On December 8, 2011, the District issued general obligation bonds series 2011G in the amount of \$9,099,431 with an interest rate of 4.12% to be paid in full on December 1, 2031. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction and renovation of the elementary school.

Series 2012 Bonds

On February 15, 2012, the District issued general obligation bonds series 2012 in the amount of \$34,900,000 with an average interest rate of 4.13% to be paid in full on December 1, 2031. The bonds were issued for the purpose of financing the construction of a new middle school building and the renovation of the existing middle and high school buildings.

The annual debt service for the general obligation bonds are as follows:

	Principal	Interest	Totals
FY 2017	\$ 1,744,446	\$ 1,494,906	\$ 3,239,352
FY 2018	1,789,043	1,437,708	3,226,751
FY 2019	1,859,242	1,364,296	3,223,538
FY 2020	1,935,067	1,280,270	3,215,337
FY 2021	2,031,544	1,192,779	3,224,323
FY 2022-2026	11,329,624	4,764,779	16,094,403
FY 2027-2031	13,661,118	2,364,431	16,025,549
FY 2032	3,114,333	74,996	3,189,329
	\$ 37,464,417	\$ 13,974,165	\$ 51,438,582

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The District participates in the Colorado School District Self-Insurance pool for general liability and property insurance coverage. The District carries commercial insurance for workers' compensation coverage. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

Self Insurance Funds

Dental Insurance

District employees and their dependents participate in the District's dental self-insurance plan. The District contributes up to \$60 per month per employee to the Plan. Claims were paid by a Third Party Administrator (TPA) acting on behalf of the District. The administrative contract between the District and the TPA is renewable annually, and administrative fees are included in the contractual provisions. Maximum annual benefits are \$1,000 per year per covered individual (\$500 for first year employees).

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Health Reimbursement Arrangement Plan

Effective January 1, 2014, District employees participate in the District’s health reimbursement arrangement plan (HRA). The District contributes the full amount of the accounts to the Plan. Claims were paid by a Third Party Administrator (TPA) acting on behalf of the District. The administrative contract between the District and the TPA is renewable annually, and administrative fees are included in the contractual provisions. Maximum annual benefits are \$1,000 per year per participant enrolled in single coverage and \$2,000 per year per participant enrolled in family coverage.

The costs associated with the self-insurance plans are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the other funds. The liabilities reported in the funds at June 30, 2016, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

Changes in liability amounts in fiscal year 2016 were as follows:

	<u>Dental Plan</u>	<u>HRA Plan</u>	<u>Total</u>
Claims Liability at June 30, 2015	\$ 3,894	\$ 989	\$ 4,883
Current year claims and changes in estimates	55,457	16,587	72,044
Claims paid	<u>(53,118)</u>	<u>(17,576)</u>	<u>(70,694)</u>
Balance at June 30, 2016	<u>\$ 6,233</u>	<u>\$ -</u>	<u>\$ 6,233</u>

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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

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

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

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

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

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The employer contribution requirements are summarized in the following table:

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$914,681 for the year ended June 30, 2016.

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

At June 30, 2016 the District reported a liability of \$18,174,923 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 the District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was .119 percent, which was a decrease of .0018 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$705,986. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 240,002	\$ 756
Net difference between projected and actual earnings on pension plan investments	1,545,378	-
Changes of assumptions or other inputs	-	256,844
Changes in proportion	-	379,260
Differences between contributions recognized and proportionate share of contributions	2,005	-
Contributions subsequent to the measurement date	483,369	-
Total	\$ 2,270,754	\$ 636,860

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\$483,369 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2016	
2017	\$ 216,867
2018	251,742
2019	365,018
2020	316,897
Thereafter	-

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

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

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

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

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

§ The following programming changes were made:

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

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

§ The following methodology changes were made:

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

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

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

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

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

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

§ Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

- § Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- § Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- § Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- § The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- § Benefit payments and contributions were assumed to be made at the end of the month.

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 23,560,012	\$ 18,174,923	\$ 13,695,534

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 11 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

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

Funding Policy - The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015, and 2014, the District's contributions to the HCTF were \$52,580, \$52,299 and \$51,653, respectively, equal to their required contributions for each year.

NOTE 12 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$50,941 for the Voluntary Investment Program.

NOTE 13 JOINTLY GOVERNED ORGANIZATIONS

The District participates in joint ventures created for special purpose. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- § are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- § have a separate governing board from that of the District,
- § have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- § have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

§ have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Juan Board of Cooperative Educational Services (BOCES)

The District is one of nine member school districts of the San Juan Board of Cooperative Educational Services (BOCES). The BOCES is a regional education service unit that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 11% at June 30, 2016. Complete separate financial statements may be obtained from San Juan Board of Cooperative Educational Services, 201 East 12th Street, Durango, Colorado, 81301.

Colorado School Districts' Self-Insurance Pool

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

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2016. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 14 TABOR EMERGENCY RESERVE

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

TABOR is complex and subject to judicial interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District obtained voters' approval to increase revenues and to receive and expend additional grants. However, the full impact of TABOR on the future financial activity of the District cannot be estimated at this time. Management believes the District is in full compliance with the provisions of the law.

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

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 15 COMMITMENTS AND CONTINGENCIES

Grants

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

Various claims and lawsuits are pending against the District. After consideration of applicable insurance policy coverage and relative merits of each claim or lawsuit, it is the opinion of District counsel that the ultimate liability resulting from these actions, if any, will not require additional accrued reserves and will not have a material adverse financial effect on the District.

NOTE 16 SUBSEQUENT EVENTS

The District entered into a lease purchase agreement in August 2016 for three Blue Bird buses for \$303,917. A down payment of \$104,200 was paid on August 15, 2016. Thereafter, payments of \$103,000 are due annually, which includes an interest rate of 2.9%. Final payment is due August 15, 2018.

The District entered into a lease purchase agreement in September 2016 for a new 2016 skid steer loader for \$33,062. A down payment of \$11,021 was paid on September 27, 2016. Thereafter, payments of \$11,021 are due annually, which includes an interest rate of 4.75%. Final payment is due September 27, 2018.

On October 27, 2016, the District issued Series 2016 General Obligation Refunding Bonds to refund a portion of the District's outstanding Series 2011G General Obligation Bonds, issued in the original aggregate principal amount of \$9,099,431 and currently outstanding in the aggregate principal amount of \$7,809,417.

IGNACIO SCHOOL DISTRICT 11-JT

REQUIRED SUPPLEMENTARY INFORMATION

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

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 2,413,558	\$ 2,336,129	\$ 2,633,518	\$ 297,389
Intermediate Sources	35,000	35,000	45,909	10,909
State Sources	5,294,603	5,989,732	5,915,794	(73,938)
Federal Sources	935,000	929,000	928,206	(794)
TOTAL REVENUES	8,678,161	9,289,861	9,523,427	233,566
EXPENDITURES				
Current Expenditures				
Instructional Program	5,054,781	5,077,285	4,921,530	155,755
Student Support Services	483,430	483,030	433,991	49,039
Instructional Staff Support Services	366,803	361,303	369,789	(8,486)
General Administration Support Services	382,363	393,668	406,097	(12,429)
School Administration Support Services	649,069	648,199	629,321	18,878
Business Support Services	171,146	160,393	157,610	2,783
Operations and Maintenance of Plant Services	787,968	791,018	834,671	(43,653)
Student Transportation Services	558,046	550,746	446,210	104,536
Central Support Services	397,169	364,051	367,356	(3,305)
Other Support Services	260,168	260,168	260,701	(533)
Reserves	4,857,861	2,667,156	-	2,667,156
TOTAL EXPENDITURES	13,968,804	11,757,017	8,827,276	2,929,741
Excess (deficiency) of revenues over expenditures	(5,290,643)	(2,467,156)	696,151	3,163,307
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	100,000	100,000	100,000	-
Transfer to Other Funds	(325,000)	(3,025,000)	(2,855,907)	169,093
TOTAL OTHER FINANCING SOURCES (USES)	(225,000)	(2,925,000)	(2,755,907)	169,093
NET CHANGE IN FUND BALANCE	(5,515,643)	(5,392,156)	(2,059,756)	3,332,400
FUND BALANCE, Beginning of Year	5,515,643	5,392,156	5,392,156	-
FUND BALANCE, End of Year	\$ -	\$ -	\$ 3,332,400	\$ 3,332,400

Notes to Required Supplementary Information

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

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 15,000	\$ 28,033	\$ 24,062	\$ (3,971)
State Sources	57,664	204,265	99,595	(104,670)
Federal Sources	288,805	304,268	354,031	49,763
TOTAL REVENUES	361,469	536,566	477,688	(58,878)
EXPENDITURES				
Current Expenditures				
Instructional Program	282,802	302,629	287,724	14,905
Student Support Services	24,104	24,104	23,371	733
Instructional Staff Support Services	72,607	272,973	139,987	132,986
School Administration Support Services	20,082	27,241	25,721	1,520
Other Support Services	1,000	2,000	885	1,115
TOTAL EXPENDITURES	400,595	628,947	477,688	151,259
NET CHANGE IN FUND BALANCE	(39,126)	(92,381)	-	92,381
FUND BALANCE, Beginning of Year	39,126	92,381	-	(92,381)
FUND BALANCE, End of Year	\$ -	\$ -	\$ -	\$ -

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.1188346670%	0.1206393170%	0.1241532561%
District's proportionate share of the net pension liability (asset)	\$ 18,174,923	\$ 16,350,680	\$ 15,835,714
District's covered-employee payroll	\$ 5,154,945	\$ 5,127,371	\$ 5,064,045
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	353%	319%	313%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%	64.1%

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

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

Notes to Required Supplementary Information:

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

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 914,681	\$ 866,637	\$ 809,995	\$ 758,113	\$ 703,267
Contributions in relation to the contractually required contribution	<u>(914,681)</u>	<u>(866,637)</u>	<u>(809,995)</u>	<u>(758,113)</u>	<u>(703,267)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	5,154,945	5,127,371	5,064,045	5,003,031	4,955,500
Contributions as a percentage of covered-employee payroll	17.74%	16.90%	16.00%	15.15%	14.19%

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

Notes to Required Supplementary Information:

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

IGNACIO SCHOOL DISTRICT 11-JT

SUPPLEMENTARY INFORMATION

The combining financial statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

**IGNACIO SCHOOL DISTRICT 11-JT
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

Capital Reserve Capital Projects Fund – This fund is used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S, including the acquisition of sites, buildings, equipment, and vehicles.

IGNACIO SCHOOL DISTRICT 11-JT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL RESERVE</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>FOOD SERVICE FUND</u>	<u>PUPIL ACTIVITY FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
ASSETS				
Cash and Cash Equivalents	\$ 104,560	\$ 175,484	\$ 445,029	\$ 725,073
Accounts Receivable	4,061	-	-	4,061
Inventory	9,671	-	-	9,671
TOTAL ASSETS	<u>\$ 118,292</u>	<u>\$ 175,484</u>	<u>\$ 445,029</u>	<u>\$ 738,805</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ 176	\$ -	\$ -	\$ 176
Accrued Salaries and Benefits	31,926	-	-	31,926
TOTAL LIABILITIES	<u>32,102</u>	<u>-</u>	<u>-</u>	<u>32,102</u>
FUND BALANCE				
Nonspendable				
Inventory	9,671	-	-	9,671
Committed				
Capital Projects	-	-	445,029	445,029
Pupil Activities	-	175,484	-	175,484
Assigned				
Food Services	76,519	-	-	76,519
TOTAL FUND BALANCE	<u>86,190</u>	<u>175,484</u>	<u>445,029</u>	<u>706,703</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 118,292</u>	<u>\$ 175,484</u>	<u>\$ 445,029</u>	<u>\$ 738,805</u>

IGNACIO SCHOOL DISTRICT 11-JT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL RESERVE</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>FOOD SERVICE FUND</u>	<u>PUPIL ACTIVITY FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
REVENUES				
Local Sources	\$ 84,816	\$ 226,216	\$ -	\$ 311,032
State Sources	7,947	-	-	7,947
Federal Sources	266,931	-	-	266,931
TOTAL REVENUES	<u>359,694</u>	<u>226,216</u>	<u>-</u>	<u>585,910</u>
EXPENDITURES				
Current Expenditures				
Instructional Program	-	212,314	102,556	314,870
Student Transportation Services	-	-	23,099	23,099
Food Services	481,864	-	-	481,864
Facilities Acquisition and Construction Services	-	-	37,850	37,850
TOTAL EXPENDITURES	<u>481,864</u>	<u>212,314</u>	<u>163,505</u>	<u>857,683</u>
Excess (deficiency) of revenues over expenditures	<u>(122,170)</u>	<u>13,902</u>	<u>(163,505)</u>	<u>(271,773)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	-	181,290	181,290
Transfer from Other Funds	160,000	-	200,000	360,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>160,000</u>	<u>-</u>	<u>381,290</u>	<u>541,290</u>
NET CHANGE IN FUND BALANCE	37,830	13,902	217,785	269,517
Fund Balance, Beginning of Year	<u>48,360</u>	<u>161,582</u>	<u>227,244</u>	<u>437,186</u>
Fund Balance, End of Year	<u>\$ 86,190</u>	<u>\$ 175,484</u>	<u>\$ 445,029</u>	<u>\$ 706,703</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 112,355	\$ 112,355	\$ 84,816	\$ (27,539)
State Sources	6,283	6,283	7,947	1,664
Federal Sources	230,376	230,376	266,931	36,555
TOTAL REVENUES	349,014	349,014	359,694	10,680
EXPENDITURES				
Supporting Services				
Food Services				
Salaries	151,980	156,980	147,735	9,245
Benefits	96,365	91,365	78,833	12,532
Purchased Services	3,000	4,700	4,670	30
Purchased Property Services	2,500	2,500	2,309	191
Other Purchased Services	2,500	2,500	3,159	(659)
Supplies and Materials	219,481	221,829	245,158	(23,329)
Reserves	42,500	42,500	-	42,500
TOTAL EXPENDITURES	518,326	522,374	481,864	40,510
Excess (deficiency) of revenues over expenditures	(169,312)	(173,360)	(122,170)	51,190
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	125,000	125,000	160,000	35,000
OTHER FINANCING SOURCES (USES)	125,000	125,000	160,000	35,000
NET CHANGE IN FUND BALANCE	(44,312)	(48,360)	37,830	86,190
Fund Balance, Beginning of Year	44,312	48,360	48,360	-
Fund Balance, End of Year	\$ -	\$ -	\$ 86,190	\$ 86,190

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources				
Class and Club Activities	\$ 163,000	\$ 163,000	\$ 226,216	\$ 63,216
TOTAL REVENUES	<u>163,000</u>	<u>163,000</u>	<u>226,216</u>	<u>63,216</u>
EXPENDITURES				
Current Expenditures				
Instructional Program				
Class and Club Activities	307,990	324,582	212,314	112,268
TOTAL EXPENDITURES	<u>307,990</u>	<u>324,582</u>	<u>212,314</u>	<u>112,268</u>
NET CHANGE IN FUND BALANCE	(144,990)	(161,582)	13,902	175,484
FUND BALANCE, Beginning of Year	<u>144,990</u>	<u>161,582</u>	<u>161,582</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,484</u>	<u>\$ 175,484</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current Expenditures				
Instructional Program	100,000	100,000	102,556	(2,556)
Student Transportation Services	100,000	100,000	23,099	76,901
Facilities Acquisition and Construction	65,000	95,000	37,850	57,150
Reserves	110,469	135,865	-	135,865
TOTAL EXPENDITURES	<u>375,469</u>	<u>430,865</u>	<u>163,505</u>	<u>267,360</u>
Excess (deficiency) of revenues over expenditures	<u>(375,469)</u>	<u>(430,865)</u>	<u>(163,505)</u>	<u>267,360</u>
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	3,621	181,290	177,669
Transfer From Other Funds	200,000	200,000	200,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>203,621</u>	<u>381,290</u>	<u>177,669</u>
NET CHANGE IN FUND BALANCE	<u>(175,469)</u>	<u>(227,244)</u>	<u>217,785</u>	<u>445,029</u>
FUND BALANCE, Beginning of Year	<u>175,469</u>	<u>227,244</u>	<u>227,244</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 445,029</u>	<u>\$ 445,029</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources				
Taxes	\$3,182,113	\$3,184,113	\$4,340,707	\$ 1,156,594
TOTAL REVENUES	<u>3,182,113</u>	<u>3,184,113</u>	<u>4,340,707</u>	<u>1,156,594</u>
EXPENDITURES				
Debt Service				
Principal and Interest	5,289,203	6,002,000	3,242,653	2,759,347
Reserves	536,968	536,968	-	536,968
TOTAL EXPENDITURES	<u>5,826,171</u>	<u>6,538,968</u>	<u>3,242,653</u>	<u>3,296,315</u>
Excess (deficiency) of revenues over expenditures	<u>(2,644,058)</u>	<u>(3,354,855)</u>	<u>1,098,054</u>	<u>4,452,909</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,744,058)	(3,454,855)	998,054	4,452,909
FUND BALANCE, Beginning of Year	<u>2,744,058</u>	<u>3,454,855</u>	<u>3,454,855</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,452,909</u>	<u>\$ 4,452,909</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ -	\$ 25,800	\$ 34,077	\$ 8,277
TOTAL REVENUES	-	25,800	34,077	8,277
EXPENDITURES				
Current Expenditures				
Facilities Acquisition and Construction Services				
BEST Construction	-	-	21,397	(21,397)
Middle School Construction	-	300,000	5,561	294,439
High School Construction	200,000	2,250,860	2,208,092	42,768
Administration Building Construction	-	5,000	3,311	1,689
Transportation Building Construction	-	1,717,643	1,839,326	(121,683)
TOTAL EXPENDITURES	200,000	4,273,503	4,077,687	195,816
Excess (deficiency) of revenues over expenditures	(200,000)	(4,247,703)	(4,043,610)	204,093
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	-	2,700,000	2,495,907	(204,093)
TOTAL OTHER FINANCING SOURCES (USES)	-	2,700,000	2,495,907	(204,093)
NET CHANGE IN FUND BALANCE	(200,000)	(1,547,703)	(1,547,703)	-
FUND BALANCE, Beginning of Year	200,000	1,547,703	1,547,703	-
FUND BALANCE, End of Year	\$ -	\$ -	\$ -	\$ -

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
DEFERRED MAINTENANCE FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUES				
Local Sources				
Rental Income	\$ 90,900	\$ 104,900	\$ 117,980	\$ 13,080
TOTAL OPERATING REVENUES	<u>90,900</u>	<u>104,900</u>	<u>117,980</u>	<u>13,080</u>
OPERATING EXPENSES				
Purchased Services				
Contracted Services	75,000	93,000	4,617	88,383
Other	166,178	250,028	46,287	203,741
Operations and Maintenance	100,000	317,420	-	317,420
Supplies and Materials	10,000	75,800	35,217	40,583
Depreciation	15,710	35,043	32,579	2,464
TOTAL OPERATING EXPENSES	<u>366,888</u>	<u>771,291</u>	<u>118,700</u>	<u>652,591</u>
Operating Income (loss)	(275,988)	(666,391)	(720)	(639,511)
NONOPERATING REVENUES (EXPENSES)				
Other Sources				
Capital Contribution	-	-	401,772	401,772
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>	<u>401,772</u>	<u>401,772</u>
CHANGE IN NET POSITION	(275,988)	(666,391)	401,052	1,067,443
NET POSITION, Beginning of Year	<u>275,988</u>	<u>666,391</u>	<u>666,391</u>	<u>-</u>
NET POSITION, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,067,443</u>	<u>\$ 1,067,443</u>

IGNACIO SCHOOL DISTRICT 11-JT
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
June 30, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>		
	<u>INTERNAL SERVICE FUNDS</u>		
	<u>DENTAL</u>	<u>HEALTH</u>	
	<u>INSURANCE</u>	<u>REIMBURSEMENT</u>	
	<u>FUND</u>	<u>ARRANGEMENT</u>	
	<u>FUND</u>	<u>FUND</u>	<u>TOTALS</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 285,882	\$ 22,261	\$ 308,143
TOTAL ASSETS	<u>285,882</u>	<u>22,261</u>	<u>308,143</u>
LIABILITIES			
Current Liabilities			
Accrued Claims	6,233	-	6,233
TOTAL LIABILITIES	<u>6,233</u>	<u>-</u>	<u>6,233</u>
NET POSITION			
Unrestricted	<u>279,649</u>	<u>22,261</u>	<u>301,910</u>
TOTAL NET POSITION	<u>\$ 279,649</u>	<u>\$ 22,261</u>	<u>\$ 301,910</u>

IGNACIO SCHOOL DISTRICT 11-JT
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>TOTALS</u>
	<u>INTERNAL SERVICE FUNDS</u>		
	<u>DENTAL INSURANCE FUND</u>	<u>HEALTH REIMBURSEMENT ARRANGEMENT FUND</u>	
OPERATING REVENUES			
Local Sources			
Insurance Premiums	\$ 97,014	\$ 20,000	\$ 117,014
TOTAL OPERATING REVENUES	<u>97,014</u>	<u>20,000</u>	<u>117,014</u>
OPERATING EXPENSES			
Purchased Services			
Claims	55,457	16,587	72,044
Administration	9,234	4,190	13,424
TOTAL OPERATING EXPENSES	<u>64,691</u>	<u>20,777</u>	<u>85,468</u>
CHANGE IN NET POSITION	32,323	(777)	31,546
NET POSITION, Beginning of Year	<u>247,326</u>	<u>23,038</u>	<u>270,364</u>
NET POSITION, End of Year	<u>\$ 279,649</u>	<u>\$ 22,261</u>	<u>\$ 301,910</u>

IGNACIO SCHOOL DISTRICT 11-JT
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	DENTAL INSURANCE FUND	HEALTH REIMBURSEMENT ARRANGEMENT FUND	TOTALS
Cash Flows from Operating Activities			
Cash Received from Insurance Premiums	\$ 97,014	\$ 20,000	\$ 117,014
Cash Payments for Claims and Fees	(62,352)	(21,766)	(84,118)
Net Cash Provided (Used) by Operating Activities	<u>34,662</u>	<u>(1,766)</u>	<u>32,896</u>
Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,662	(1,766)	32,896
Cash and Cash Equivalents, Beginning of Year	<u>251,220</u>	<u>24,027</u>	<u>275,247</u>
Cash and Cash Equivalents, End of Year	<u>\$ 285,882</u>	<u>\$ 22,261</u>	<u>\$ 308,143</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ 32,323	\$ (777)	\$ 31,546
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Increase (decrease) in Accrued Claims	<u>2,339</u>	<u>(989)</u>	<u>1,350</u>
Net Cash provided (used) by operating activities	<u>\$ 34,662</u>	<u>\$ (1,766)</u>	<u>\$ 32,896</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
DENTAL INSURANCE FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUES				
Local Sources				
Insurance Premiums	\$ 99,900	\$ 90,000	\$ 97,014	\$ 7,014
TOTAL OPERATING REVENUES	<u>99,900</u>	<u>90,000</u>	<u>97,014</u>	<u>7,014</u>
OPERATING EXPENSES				
Purchased Services				
Claims	291,867	328,426	55,457	272,969
Administration	8,900	8,900	9,234	(334)
TOTAL OPERATING EXPENSES	<u>300,767</u>	<u>337,326</u>	<u>64,691</u>	<u>272,635</u>
CHANGE IN NET POSITION	(200,867)	(247,326)	32,323	279,649
NET POSITION, Beginning of Year	<u>200,867</u>	<u>247,326</u>	<u>247,326</u>	<u>-</u>
NET POSITION, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,649</u>	<u>\$ 279,649</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
HEALTH REIMBURSEMENT ARRANGEMENT FUND
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUES				
Local Sources				
Insurance Premiums	\$ 40,000	\$ 40,000	\$ 20,000	\$ (20,000)
TOTAL OPERATING REVENUES	<u>40,000</u>	<u>40,000</u>	<u>20,000</u>	<u>(20,000)</u>
OPERATING EXPENSES				
Purchased Services				
Claims	65,000	54,519	16,587	37,932
Administration	8,519	8,519	4,190	4,329
TOTAL OPERATING EXPENSES	<u>73,519</u>	<u>63,038</u>	<u>20,777</u>	<u>42,261</u>
CHANGE IN NET POSITION	(33,519)	(23,038)	(777)	22,261
NET POSITION, Beginning of Year	<u>33,519</u>	<u>23,038</u>	<u>23,038</u>	<u>-</u>
NET POSITION, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,261</u>	<u>\$ 22,261</u>

IGNACIO SCHOOL DISTRICT 11-JT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUSTS
June 30, 2016

	SCHOOL BOARD SCHOLARSHIP TRUST	FLOYD SCHOLARSHIP TRUST	CANDELARIA/ FLOYD SCHOLARSHIP TRUST	AARON JACK FROST SCHOLARSHIP TRUST	TOTAL SCHOLARSHIP TRUSTS
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 6,812	\$ 6,056	\$ -	\$ 12,868
TOTAL ASSETS	\$ -	\$ 6,812	\$ 6,056	\$ -	\$ 12,868
NET POSITION					
Held in Trust for Scholarships	\$ -	\$ 6,812	\$ 6,056	\$ -	\$ 12,868
TOTAL NET POSITION	\$ -	\$ 6,812	\$ 6,056	\$ -	\$ 12,868

IGNACIO SCHOOL DISTRICT 11-JT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUSTS
For the Year Ended June 30, 2016

	SCHOOL BOARD SCHOLARSHIP TRUST	FLOYD SCHOLARSHIP TRUST	CANDELARIA/ FLOYD SCHOLARSHIP TRUST	AARON JACK FROST SCHOLARSHIP TRUST	TOTAL SCHOLARSHIP TRUSTS
ADDITIONS					
Earnings on Investments	\$ 667	\$ 15	\$ 3	\$ -	\$ 685
TOTAL ADDITIONS	667	15	3	-	685
DEDUCTIONS					
Scholarships Awarded and Other Expenses	1,874	40	10	-	1,924
TOTAL DEDUCTIONS	1,874	40	10	-	1,924
Excess (deficiency) of additions over deductions	(1,207)	(25)	(7)	-	(1,239)
OTHER FINANCING SOURCES (USES)					
Transfer from Other Funds	585	-	-	-	585
Transfer to Other Funds	-	-	-	(585)	(585)
TOTAL OTHER FINANCING SOURCES (USES)	585	-	-	(585)	-
CHANGE IN NET POSITION	(622)	(25)	(7)	(585)	(1,239)
NET POSITION at Beginning of Year	622	6,837	6,063	585	14,107
NET POSITION at End of Year	\$ -	\$ 6,812	\$ 6,056	\$ -	\$ 12,868

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUDGET AND ACTUAL
SCHOOL BOARD SCHOLARSHIP TRUST
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
ADDITIONS				
Earnings on Investments	\$ 101	\$ 101	\$ 667	\$ 566
Total Additions	<u>101</u>	<u>101</u>	<u>667</u>	<u>566</u>
DEDUCTIONS				
Scholarships Awarded	1,563	723	1,874	(1,151)
Total Deductions	<u>1,563</u>	<u>723</u>	<u>1,874</u>	<u>(1,151)</u>
Excess (deficiency) of additions over deductions	<u>(1,462)</u>	<u>(622)</u>	<u>(1,207)</u>	<u>(585)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	-	-	585	585
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>585</u>	<u>585</u>
CHANGE IN NET POSITION	(1,462)	(622)	(622)	-
NET POSITION at Beginning of Year	<u>1,462</u>	<u>622</u>	<u>622</u>	<u>-</u>
NET POSITION at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUDGET AND ACTUAL
FLOYD SCHOLARSHIP TRUST
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
ADDITIONS				
Earnings on Investments	\$ 1	\$ 5	\$ 15	\$ 10
Total Additions	<u>1</u>	<u>5</u>	<u>15</u>	<u>10</u>
DEDUCTIONS				
Scholarships Awarded and Other Expenses	<u>6,734</u>	<u>6,842</u>	<u>40</u>	<u>6,802</u>
Total Deductions	<u>6,734</u>	<u>6,842</u>	<u>40</u>	<u>6,802</u>
CHANGE IN NET POSITION	(6,733)	(6,837)	(25)	6,812
NET POSITION at Beginning of Year	<u>6,733</u>	<u>6,837</u>	<u>6,837</u>	<u>-</u>
NET POSITION at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,812</u>	<u>\$ 6,812</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUDGET AND ACTUAL
CANDELARIA/FLOYD SCHOLARSHIP TRUST
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
ADDITIONS				
Earnings on Investments	\$ 2	\$ 2	\$ 3	\$ 1
Total Additions	<u>2</u>	<u>2</u>	<u>3</u>	<u>1</u>
DEDUCTIONS				
Scholarships Awarded and Other Expenses	<u>8,142</u>	<u>6,065</u>	<u>10</u>	<u>6,055</u>
Total Deductions	<u>8,142</u>	<u>6,065</u>	<u>10</u>	<u>6,055</u>
CHANGE IN NET POSITION	(8,140)	(6,063)	(7)	6,056
NET POSITION at Beginning of Year	<u>8,140</u>	<u>6,063</u>	<u>6,063</u>	<u>-</u>
NET POSITION at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,056</u>	<u>\$ 6,056</u>

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
BUDGET AND ACTUAL
AARON JACK FROST SCHOLARSHIP TRUST
For the Year Ended June 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
ADDITIONS				
Earnings on Investments	\$ -	\$ -	\$ -	\$ -
Total Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEDUCTIONS				
Scholarships Awarded	585	585	-	585
Total Deductions	<u>585</u>	<u>585</u>	<u>-</u>	<u>585</u>
Excess (deficiency) of additions over deductions	<u>(585)</u>	<u>(585)</u>	<u>-</u>	<u>585</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	-	-	(585)	(585)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(585)</u>	<u>(585)</u>
CHANGE IN NET POSITION	(585)	(585)	(585)	-
NET POSITION at Beginning of Year	<u>585</u>	<u>585</u>	<u>585</u>	<u>-</u>
NET POSITION at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IGNACIO SCHOOL DISTRICT 11-JT

SINGLE AUDIT SECTION

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Auditee EIN: 84-6001447
Total Amount \$1,534,982

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Federal Agency Prefix	CFDA Three Digit Extension	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Direct Award	If no (Direct Award), Name of Pass-through Entity	If no (Direct Award), Identifying Number Assigned by the Pass-through Entity, if assigned
10	553	SCHOOL BREAKFAST PROGRAM	\$ 58,351	CHILD NUTRITION CLUSTER	\$ 58,351	\$ 266,931	N	COLORADO DEPARTMENT OF EDUCATION	4553
10	555	NATIONAL SCHOOL LUNCH PROGRAM	182,773	CHILD NUTRITION CLUSTER	\$ 200,822	266,931	N	COLORADO DEPARTMENT OF EDUCATION	4555
10	559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	7,758	CHILD NUTRITION CLUSTER	\$ 7,758	266,931	N	COLORADO DEPARTMENT OF EDUCATION	4559
10	555	NATIONAL SCHOOL LUNCH PROGRAM	18,049	CHILD NUTRITION CLUSTER	\$ 200,822	266,931	N	COLORADO DEPARTMENT OF HUMAN SERVICES	4555
84	010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	189,879	N/A	\$ 216,792	-	N	COLORADO DEPARTMENT OF EDUCATION	4010
84	010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	26,913	N/A	\$ 216,792	-	N	COLORADO DEPARTMENT OF EDUCATION	5010

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Auditee EIN: 84-6001447
Total Amount \$1,534,982

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Federal Agency Prefix	CFDA Three Digit Extension	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Direct Award	If no (Direct Award), Name of Pass-through Entity	If no (Direct Award), Identifying Number Assigned by the Pass-through Entity, if assigned
84	358	RURAL EDUCATION ENGLISH LANGUAGE ACQUISITION	15,103	N/A	\$ 15,103	-	N	COLORADO DEPARTMENT OF EDUCATION	7358
84	365	TEACHER IMPROVING QUALITY STATE RACE TO THE TOP	991	N/A	\$ 991	-	N	COLORADO DEPARTMENT OF EDUCATION	7365
84	367	DEARLY LEARNING	61,103	N/A	\$ 61,103	-	N	COLORADO DEPARTMENT OF EDUCATION	4367
84	412	INDIAN EDUCATION GRANTS TO LOCAL EDUCATIONAL AGENCIES	582	N/A	\$ 582	-	N	COLORADO DEPARTMENT OF EDUCATION	5412
84	060	IMPACT AID	59,460	N/A	\$ 59,460	-	Y		
84	041		914,020	N/A	\$ 914,020	-	Y		
TOTAL EXPENDITURES			<u>\$ 1,534,982</u>						

IGNACIO SCHOOL DISTRICT 11-JT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Ignacio School District 11-JT under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Ignacio School District 11-JT, it is not intended to and does not present the financial position, changes in net position, or cash flows of Ignacio School District 11-JT.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Ignacio School District 11-JT did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2016.

NOTE 3: FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.



Wall,
Smith,
Bateman Inc.

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

To the Board of Education
Ignacio School District 11-JT
Ignacio, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ignacio School District 11-JT (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 and have issued our report thereon dated October 26, 2016.

Internal Control Over Financial Reporting

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

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

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

Certified Public Accountants

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Wall, Smith, Bateman Inc." in a cursive script.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

October 26, 2016

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



**Wall,
Smith,
Bateman** Inc.

To the Board of Education
Ignacio School District 11-JT
Ignacio, Colorado

Report on Compliance for Each Major Federal Program

We have audited Ignacio School District 11-JT's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Ignacio School District 11-JT, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Certified Public Accountants

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Report on Internal Control over Compliance

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

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

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

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



Wall, Smith, Bateman Inc.
Alamosa, Colorado

October 26, 2016

IGNACIO SCHOOL DISTRICT 11-JT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported
- Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported

Type of auditors’ report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____yes X no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

IGNACIO SCHOOL DISTRICT 11-JT

CDE COMPLIANCE SECTION



Colorado Department of Education
Auditors Integrity Report
 District: 1540 - IGNACIO 11 JT
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	5,392,156	6,767,519	8,827,276	3,332,400
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	5,392,156	6,767,519	8,827,276	3,332,400
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	48,360	519,694	481,865	86,189
22 Govt Designated-Purpose Grants Fund	0	477,687	477,687	0
23 Pupil Activity Special Revenue Fund	161,582	226,216	212,314	175,484
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,454,855	4,240,707	3,242,653	4,452,909
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	1,547,703	2,529,985	4,077,688	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	227,244	381,290	163,504	445,029
Totals	10,831,901	15,143,098	17,482,986	8,492,012
Proprietary				
50 Other Enterprise Funds	666,392	519,753	118,700	1,067,444
64 (63) Risk-Related Activity Fund	270,363	0	-31,547	301,910
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	936,755	519,753	87,154	1,369,354
Fiduciary				
70 Other Trust and Agency Funds	13,485	-568	50	12,868
72 Private Purpose Trust Fund	622	1,252	1,874	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	14,108	684	1,924	12,868

FINAL

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