Buffalo School District RE-4J
Merino, Colorado

Financial Statements

For the Year ended June 30, 2016

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LAUER, SZABO &
ASSOCIATES, PC

Certified Public Accountants

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Independent Auditors' Report

Board of Education
Buffalo School District RE-4J
Merino, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buffalo School District RE-4J (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 10, 2016

This section of Buffalo School District RE-4J's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2016.

Financial Highlights

- The assets of Buffalo School District RE-4J exceeded its liabilities at the close of the most recent fiscal year by $4,329,551 (net position).
- The district's total net position decreased by $112,647.
- General revenues accounted for $3,195,743 or 88% of the $3,632,630 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for $436,887 or 12% of revenues.
- The general fund ending fund balance reached $1,449,317 with an increase of $174,227 from last year.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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 retiree's early retirement bonuses). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activates:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. Taxes and intergovernmental revenues principally support these activities.

Fund Financial Statements

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

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

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

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the general fund, food service fund and bond redemption fund, which are considered to be major funds. Individual fund data for the nonmajor, other governmental fund is provided elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary Funds

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The basic fiduciary fund financial statements can be found on page 18 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 19-42 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 44-64 of this report.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

83 percent of the School District's assets are its investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net position as of June 30, 2016.

	Governmental Activities		Total Percentage Change
	2016	2015	2015-2016
Current and Other assets	$ 1,921,116	$ 1,734,691	10.75%
Capital assets	9,590,000	9,830,682	-2.45%
Total assets	11,511,116	11,565,373	-.47%
Deferred outflows of resources	778,942	335,236	132.36%
Total assets and deferred outflows of resources	$12,290,058	$11,900,609	3.27%
Long term liabilities	$ 7,321,458	$ 7,124,636	2.76%
Other liabilities	274,111	240,633	13.91%
Total liabilities	7,595,569	7,365,269	3.13%
Deferred inflows of resources	364,938	93,142	291.81%
Net investment in capital assets	8,056,553	8,191,057	-1.64%
Restricted	300,312	292,896	2.53%
Unrestricted	(4,027,314)	(4,041,755)	-.36%
Total net position	4,329,551	4,442,198	-2.54%
Total liabilities, deferred inflows of resources and net position	$12,290,058	11,900,609	3.27%

Following is a summary of the School District's change in net position.

Revenues	Governmental Activities 2016	2015	Total Percentage Change 2015-2016
Program Revenues			
Charges for services	$71,908	$81,711	-12.00%
Operating Grants & Contributions	$364,979	$287,542	26.93%
Capital Grants & Contributions	-	-	-
General Revenue			
Property taxes	$799,856	$729,374	9.66%
State equalization	$2,326,443	$2,293,461	1.44%
Other	$69,444	$53,862	28.93%
Total Revenue	$3,632,630	$3,445,950	5.42%
Expenses			
Instruction	$1,941,533	$1,898,412	2.27%
Pupil & Instructional Services	$141,659	$134,927	4.99%
Administration & Business	$612,274	$642,975	-4.77%
Maintenance & Operations	$550,009	$539,404	1.97%
Transportation	$174,514	$196,806	-11.33%
Other	$325,288	$351,215	-7.38%
Total Expenses	$3,745,277	$3,763,739	-.49%
Change in net position	$(112,647)	$(317,789)	-64.55%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received $9,437 per funded student. In fiscal year 2015-16 the funded pupil count was 312.7. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 74 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated $561,194 and $158,531 in property taxes for general purposes and debt service, respectively, for fiscal year 2015-2016.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of $1,640,675 an increase of $148,697 in comparison with the prior year. The general fund had a fund balance increase of $174,227; the food service had a fund balance decrease of $27,724; the bond redemption had a fund balance increase of $2,182 and the other governmental fund had a fund balance increase of $12, respectively.

General Fund Budget Highlights

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

Difference between the final budget and actual amounts totaled an increase of $1,660,445 and can be briefly summarized as follows:

- $1,333,021 of beginning fund balance increase was set-aside in the contingency reserve.
- $49,566 was allocated higher for instructional and supporting service expenses not purchased by the general fund.
- $260,379 was allocated for transportation, maintenance and operations expenses including utilities not purchased by the general fund.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to $9,590,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and capital leases all with an original cost greater than $5,000.

There was a new Blue Bird bus during the current fiscal year.

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

	Governmental Activities
Land	$220,662
Building Improvements	$9,229,904
Equipment & Furniture	$20,344
Vehicles	$119,090
Total Capital Assets	$9,590,000

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of $7,321,458 consisted of the following.

	Governmental Activities
CDE repayment	$3,256
Bond premium	$80,177
Bonds payable	$1,520,000
Net pension liability	$5,670,582
Compensated absences	$47,443
Total	$7,321,458

Economic Factors

Some uncertainty clouds the prospects for the School District for the next year.

- Enrollment in the school district remained steady over the FY16 year. Projected FTE student count for FY17 is projected to slightly decrease.

- Colorado's economy has seen a terrible decline the last few fiscal years and the future is unknown with so many changes in school finance for FY17. A major concern for FY17 is deflation of the cost of living factor and further rescissions by the Colorado legislature.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Buffalo School District RE-4J, 315 Lee Street, Merino, CO 80741.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

BUFFALO SCHOOL DISTRICT RE-4J
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash	$ 1,681,667
Cash with fiscal agent	203,494
Receivables	30,978
Inventory	4,977
Capital assets, net of depreciation	9,590,000
Total assets	11,511,116
Deferred outflows of resources	
Deferred charges on refundings of bonds	66,731
Pension deferrals	712,211
Total deferred outflows of resources	778,942
Total assets and deferred outflows of resources	$ 12,290,058
Liabilities	
Accounts payable	$ 39,238
Accrued salaries and benefits	230,825
Accrued interest payable	4,048
Noncurrent liabilities	
Due within one year	108,256
Due in more than one year	7,213,202
Total liabilities	7,595,569
Deferred inflows of resources	
Pension deferrals	364,938
Net position	
Net investment in capital assets	8,056,553
Restricted for:	
Emergencies	101,000
Debt service	198,678
Colorado preschool program	634
Unrestricted (deficit)	(4,027,314)
Total net position	4,329,551
Total liabilities, deferred inflows of resources and net position	$ 12,290,058

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

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BUFFALO SCHOOL DISTRICT RE-4J
Statement of Activities
For the Year Ended June 30, 2016

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	$ 1,941,533		$ 206,285	
Supporting services				
Students	74,749		2,400	
Instructional staff	66,910		11,653	
General administration	251,960		6,628	
School administration	357,955		34,453	
Business services	2,359			
Operations and maintenance	550,009			
Student transportation	174,514		33,957	
Central support services	61,776			
Food service operations	201,652	71,908	69,603	
Interest and fiscal charges	50,108			
Unallocated depreciation *	11,752			
Total governmental activities	$ 3,745,277	$ 71,908	$ 364,979	$ -

General revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Specific ownership taxes
Delinquent taxes and interest
State categorical aid
Earnings on investments
Other

Total general revenues

Change in net position

Net position at beginning of year, as restated

Net position at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

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

Net (Expenses) Revenues and Changes in Net Position
Total Governmental Activities
$ (1,735,248)
(72,349)
(55,257)
(245,332)
(323,502)
(2,359)
(550,009)
(140,557)
(61,776)
(60,141)
(50,108)
(11,752)
(3,308,390)
561,194
158,531
78,953
1,178
2,326,443
1,189
68,255
3,195,743
(112,647)
4,442,198
$ 4,329,551

BUFFALO SCHOOL DISTRICT RE-4J
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Food Service Fund	Bond Redemption Fund	Other Governmental Fund
Assets				
Cash	$ 1,665,800	$ 3,984		$ 11,883
Cash with fiscal agent	10,116		$ 193,378	
Property taxes receivable	24,139		6,839	
Inventory		4,977		
Total assets	$ 1,700,055	$ 8,961	$ 200,217	$ 11,883
Liabilities				
Accounts payable	$ 11,074	$ 28,164		
Accrued salaries and benefits	230,825			
Total liabilities	241,899	28,164	$ -	$ -
Deferred inflows of resources				
Deferred property tax revenues	8,839		1,539	
Total deferred inflows of resources	8,839	-	1,539	-
Fund balance				
Nonspendable for inventory		4,977		
Restricted for:				
Emergencies	101,000			
Debt service			198,678	
Colorado preschool program	634			
Assigned to capital projects	14,941			11,883
Unassigned	1,332,742	(24,180)		
Total fund balance	1,449,317	(19,203)	198,678	11,883
Total liabilities, deferred inflows of resources and fund balance	$ 1,700,055	$ 8,961	$ 200,217	$ 11,883

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

Total Governmental Funds
$ 1,681,667
203,494
30,978
4,977
$ 1,921,116
$ 39,238
230,825
270,063
10,378
10,378
4,977
101,000
198,678
634
26,824
1,308,562
1,640,675
$ 1,921,116

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

Total fund balance - governmental funds	$ 1,640,675
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	9,590,000
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	10,378
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(4,048)
Long-term liabilities and related deferred outflows and inflows of resources, including payments to the Colorado Department of Education, bonds payable, bond premium, deferred amounts on refunding, accrued compensated absences and net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,907,454)
Net position of the governmental activities	$ 4,329,551

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

BUFFALO SCHOOL DISTRICT RE-4J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Food Service Fund	Bond Redemption Fund	Other Governmental Fund
Revenues				
Local sources	$ 703,037	$ 74,235	$ 158,820	$ 12
Intermediate sources	1,206			
State sources	2,570,031	3,291		
Federal sources	51,788	66,312		
Total revenues	3,326,062	143,838	158,820	12
Expenditures				
Instruction	1,853,601			
Supporting services	1,268,144	201,652		
Debt service				
Principal retirement			105,000	
Interest and fiscal charges			51,638	
Total expenditures	3,121,745	201,652	156,638	-
Excess of revenues over (under) expenditures	204,317	(57,814)	2,182	12
Other financing sources (uses)				
Transfers in		30,090		
Transfers out	(30,090)			
Total other financing sources (uses)	(30,090)	30,090	-	-
Excess of revenues and other sources over (under) other (uses) and expenditures	174,227	(27,724)	2,182	12
Fund balance at beginning of year	1,275,090	8,521	196,496	11,871
Fund balance (deficit) at end of year	$ 1,449,317	$ (19,203)	$ 198,678	$ 11,883

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

Total Governmental Funds
$ 936,104
1,206
2,573,322
118,100
3,628,732
1,853,601
1,469,796
105,000
51,638
3,480,035
148,697
30,090
(30,090)
-
148,697
1,491,978
$ 1,640,675

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental funds	$ 148,697
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(240,682)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	3,898
Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	105,000
In the statement of activities, certain expenses related to the pension liabilities and related deferred outflows and inflows, as well as compensated absences and accrued interest payable, are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(129,560)
Change in net position of governmental activities	$ (112,647)

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

BUFFALO SCHOOL DISTRICT RE-4J
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Fund
Assets	
Cash	$ 136,332
Total assets	$ 136,332
Liabilities	
Due to student groups	$ 136,332
Total liabilities	$ 136,332

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

Note A – Summary of significant accounting policies

This summary of the Buffalo School District RE-4J's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Buffalo School District RE-4J is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, risk-related transactions, debt service, food service operations and pupil activities.

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

The following is the District's nonmajor governmental fund:

Building Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Revenues and other financing sources are primarily derived from the issuance of debt or transfers from other funds.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District has one agency fund, the Pupil Activity Fund.

Pupil Activity Agency Fund – This fund is an agency fund used to record transactions related to school-sponsored pupil organizations and activities.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

Note A – Summary of significant accounting policies (Continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

Note A – Summary of significant accounting policies (Continued)

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

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

Note A – Summary of significant accounting policies (Continued)

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

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture's assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

Note A – Summary of significant accounting policies (Continued)

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than $5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	7-10 years

A.9 – Compensated absences

District employees are entitled to certain compensated absences based on their length of employment. All employees are allowed ten days leave per year for sick leave which may be accumulated to a maximum of ninety-five days. Any instructional staff member who has served a minimum of ten years in the District and who is in good standing with the District upon leaving employment shall be paid one-half of the current substitute wage for any unused accumulated sick leave.

The entire compensated absence liability is reported on the government-wide financial statements.

Note A – Summary of significant accounting policies (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.11 – Fund balance

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

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

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Note A – Summary of significant accounting policies (Continued)

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority).

Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note A – Summary of significant accounting policies (Continued)

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 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 total deposits of $1,868,353, of which $250,000 was insured and $1,618,353 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Note B – Cash and investments (Continued)

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the District had no investments.

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Activities
Property taxes receivable	$ 30,978

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. The Counties of Logan, Morgan and Washington bill and collect property taxes for all taxing entities within the Counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

Note D – Interfund transactions

	Transfers In	Transfers Out
Governmental funds		
General fund	$ -	$ 30,090
Food service fund	30,090	-
Total	$ 30,090	$ 30,090

Note D – Interfund transactions (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of $30,090 from the General fund to the Food service fund to subsidize the costs of maintaining the District's food service operations.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 220,662	$ -	$ -	$ 220,662
Total capital assets, not being depreciated	220,662	-	-	220,662
Capital assets, being depreciated:				
Buildings and improvements	12,285,029	-	-	12,285,029
Furniture and equipment	166,932	-	-	166,932
Licensed vehicles	625,051	23,175	(14,900)	633,326
Total capital assets, being depreciated	13,077,012	23,175	(14,900)	13,085,287
Total capital assets	13,297,674	23,175	(14,900)	13,305,949
Less accumulated depreciation for:				
Buildings and improvements	(2,816,296)	(238,829)	-	(3,055,125)
Furniture and equipment	(139,323)	(7,265)	-	(146,588)
Licensed vehicles	(511,373)	(17,763)	14,900	(514,236)
Total accumulated depreciation	(3,466,992)	(263,857)	14,900	(3,715,949)
Governmental activities capital assets, net	$ 9,830,682	$ (240,682)	$ -	$ 9,590,000

Note E – Capital assets (Continued)

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
School administration	$ 10,398
Operations and maintenance	231,196
Student transportation	10,511
Unallocated	11,752
Total depreciation expense	$ 263,857

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be $230,825. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	Beginning Balances	Additions	Reductions	Ending Balances	Due within one year
Governmental activities					
Compensated absences	$ 52,029	$ -	$ (4,586)	$ 47,443	$ -
CDE repayment	3,256	-	-	3,256	3,256
Bonds payable	1,625,000	-	(105,000)	1,520,000	105,000
Bond premium	87,200	-	(7,023)	80,177	-
Net pension liability	5,357,151	313,431	-	5,670,582	-
Total	$ 7,124,636	$ 313,431	$ (116,609)	$ 7,321,458	$ 108,256

Payments on the bonds payable are made in the Bond Redemption Fund, while the compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported. The CDE repayment will be made by the General Fund. The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Note G – Long-term debt (Continued)

Colorado Department of Education repayments

On July 3, 2012 the District received the results of an audit for fiscal years 2007 through 2011, which resulted in an amount due and payable to the Colorado Department of Education of $3,256. In accordance with Colorado Revised Statutes 22-2-113(II)(A)&(B), audits that begin on or after July 1, 2007 shall not recover an interest fee for the period that is equal to the number of years and any fraction of a year between the settlement date of the current audit and the settlement date of the proceeding audit. The District intends to make payment in satisfaction of the audit on or before fiscal year 2017 as allowed by the statute.

Bonds payable

General obligation bonds payable consist of the following individual issues:

$2,000,000 general obligation bonds, dated December 7, 2007. The District issued $1,355,000 in general obligation refunding bonds on November 25, 2014 to advance refund bonds maturing on and after December 1, 2017. Series 2007 bonds maturing in fiscal year 2015-2018, with an outstanding aggregate principal amount of $270,000, are not part of the District's refunding plan.	$	185,000
$1,355,000 general obligation refunding bonds, dated November 25, 2014, due in annual installments beginning in fiscal year 2015 ranging from $20,000 to $150,000; varying annual interest rates ranging from 2.00% to 3.50%, payable semi-annually on December 1st and June 1st.		1,335,000
Total general obligation bonds	$	1,520,000

Note G – Long-term debt (Continued)

The following schedule represents the District's debt service requirements to maturity for all outstanding bonded indebtedness:

Year ended June 30,	Principal	Interest	Total
2017	$ 105,000	$ 46,400	$ 151,400
2018	115,000	41,888	156,888
2019	115,000	38,400	153,400
2020	115,000	36,100	151,100
2021	120,000	33,150	153,150
2022-2026	655,000	107,613	762,613
2027-2028	295,000	10,412	305,412
Totals	$ 1,520,000	$ 313,963	$ 1,833,963

Note H – Defined benefit pension plan

Summary of significant accounting policies

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

General information about the pension plan

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

Note H – Defined benefit pension plan (Continued)

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. Section 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the

Note H – Defined benefit pension plan (Continued)

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% of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

Contributions. Eligible employees and 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. Section 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411	4.00%	4.50%
Total employer contribution rate to the SCHDTF	17.33%	18.13%

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 $300,205 for the year ended.

Note H – Defined benefit pension plan (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the District reported a liability of $5,670,582 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 0.0371 percent, which was a decrease of 0.0024 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of $435,881. At year-end, 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	$ 74,881	$ 236
Changes of assumptions or other inputs	-	80,135
Net difference between projected and actual earnings on pension plan investments	482,159	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	284,567
Contributions subsequent to the measurement date	155,171	-
Total	$ 712,211	$ 364,938

$155,171 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note H – Defined benefit pension plan (Continued)

Year Ended June 30,	Amount
2017	$ 7,517
2018	16,259
2019	69,453
2020	98,873
Totals	$ 192,102

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

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.

Note H – Defined benefit pension plan (Continued)

- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

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

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

As of the November 15, 2013 adoption of the long-term expected real 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:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. equity – large cap	26.76%	5.00%
U.S. equity – small cap	4.40%	5.19%
Non U.S. equity – developed	22.06%	5.29%
Non U.S. equity – emerging	6.24%	6.76%
Core fixed income	24.05%	0.98%
High yield	1.53%	2.64%
Long duration government credit	0.53%	1.57%
Emerging market bonds	0.43%	3.04%
Real estate	7.00%	5.09%
Private equity	7.00%	7.15%
Total	100.00%	

<u>Note H – Defined benefit pension plan</u> (Continued)

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimate 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 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

Note H – Defined benefit pension plan (Continued)

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 (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 7,350,732	$ 5,670,582	$ 4,273,011

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.

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Note I – Defined contribution pension plan (Continued)

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 of the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Voluntary Investment Program

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. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year, program members contributed $21,883 for the Voluntary Investment Program.

Note J – Other postemployment benefits

Health Care Trust Fund

Plan description. The District contributed 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 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 contributes 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 fiscal years ended June 30, 2016, 2015 and 2014, the District's contributions to the HCTF were $16,327, $16,137 and $16,812, respectively, equal to their required contributions for each year.

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverage's through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverage's. The District's contribution for the year was $50,293. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has restricted funds in the General Fund in the amount of $101,000 for the emergency reserve.

Note L – Commitments and contingencies (Continued)

Budget law

Expenditures in the Food Service Fund exceeded appropriations by $3,792 and may be in violation of Colorado Local Government Budget Laws.

Note M – Joint venture

The District participates in the Northeast Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitles to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. This board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Northeast Colorado Board of Cooperative Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's contribution was $98,667.

Note N – Deficit Net Position

The Food Service Fund reported a deficit fund balance at year-end of $19,203, which will be eliminated in future years with reduction of expenses and possible subsidies from the General Fund.

Note O – Prior-year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, $1,225,000 of bonds outstanding are considered defeased.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Food Service Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability
- Schedule of District Contributions
- Notes to the Required Supplementary Information

BUFFALO SCHOOL DISTRICT RE-4J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources	$ 583,941	$ 619,594	$ 703,037	$ 83,443
Intermediate sources	990	957	1,206	249
State sources	2,522,217	2,626,594	2,570,031	(56,563)
Federal sources	57,414	58,652	51,788	(6,864)
Total revenues	3,164,562	3,305,797	3,326,062	20,265
Expenditures				
Instruction	1,832,368	1,902,942	1,853,601	49,341
Supporting services	1,322,194	1,526,052	1,268,144	257,908
Appropriated reserves	1,424,097	1,333,021		1,333,021
Total expenditures	4,578,659	4,762,015	3,121,745	1,640,270
Excess of revenues over (under) expenditures	(1,414,097)	(1,456,218)	204,317	1,660,535
Other financing uses				
Transfers out	(30,000)	(30,000)	(30,090)	(90)
Excess of revenues over (under) expenditures and other financing uses	$ (1,444,097)	$ (1,486,218)	174,227	$ 1,660,445
Fund balance at beginning of year			1,275,090	
Fund balance at end of year			$ 1,449,317	

BUFFALO SCHOOL DISTRICT RE-4J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources	$ 94,416	$ 100,386	$ 74,235	$ (26,151)
State sources	2,447	2,447	3,291	844
Federal sources	60,309	60,309	66,312	6,003
Total revenues	157,172	163,142	143,838	(19,304)
Expenditures				
Salaries and benefits	4,965			-
Purchased services	172,242	183,177	116,386	66,791
Supplies and materials	9,965	9,965	85,266	(75,301)
Appropriated reserves		4,718		4,718
Total expenditures	187,172	197,860	201,652	(3,792)
Excess of revenues over (under) expenditures	(30,000)	(34,718)	(57,814)	(23,096)
Other financing sources				
Transfers in	30,000	30,000	30,090	90
Excess of revenues and other financing sources over (under) expenditures	$ -	$ (4,718)	(27,724)	$ (23,006)
Fund balance at beginning of year			8,521	
Fund balance (deficit) at end of year			$ (19,203)	

BUFFALO SCHOOL DISTRICT RE-4J
Schedule of the District's Proportionate Share of the Net Pension Liability [1]
June 30, 2016

	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.0370764556%	0.0395263725%
District's proportionate share of the net pension liability	$ 5,670,582	$ 5,357,151
District's covered-employee payroll	$ 1,600,666	$ 1,582,095
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	354.26%	338.61%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.84%

[1] Information is not available prior to the current year. In future reports, additional years will be added until 10 years of historical data are presented.

BUFFALO SCHOOL DISTRICT RE-4J
Schedule of District Contributions [1]
June 30, 2016

	June 30, 2016	June 30, 2015
Contractually required contribution	$ 300,205	$ 293,627
Contributions in relation to the contractually required contribution	(300,205)	(293,627)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 1,600,666	$ 1,582,095
Contributions as a percentage of covered-employee payroll	18.76%	18.56%

[1] Information is not available prior to the current year. In future reports, additional years will be added until 10 years of historical data are presented.

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exits which was not known at the time the budget was adopted. Supplemental appropriations were not made during the year.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

BUFFALO SCHOOL DISTRICT RE-4J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources				
Property taxes	$ 493,453	$ 493,453	$ 557,445	$ 63,992
Specific ownership taxes	63,038	63,038	78,953	15,915
Delinquent taxes and interest	2,000	2,000	899	(1,101)
Earnings on investments	1,000	1,000	1,010	10
Other local sources	24,450	60,103	64,730	4,627
Total local sources	583,941	619,594	703,037	83,443
Intermediate sources	990	957	1,206	249
State sources				
Equalization	2,382,717	2,387,992	2,326,443	(61,549)
Vocational education	40,300	40,300	38,031	(2,269)
Transportation	29,600	32,619	33,957	1,338
READ Act	8,800	8,153	8,153	-
State grants to libraries		3,500	3,500	-
National board certified educators	1600	1,600	1,600	1,600
Small rural schools funding		75,000	82,069	80,469
Additional at-risk funding			904	(74,096)
Services within the BOCES	59,200	77,430	75,374	(2,056)
Total state sources	2,522,217	2,626,594	2,570,031	(56,563)
Federal sources				
Title II Part A	7,618	7,597		(7,597)
Race to the top	150	188	188	-
REAP	26,300	27,033	27,033	-
Services within the BOCES	23,346	23,834	24,567	733
Total federal sources	57,414	58,652	51,788	(6,864)
Total revenues	$ 3,164,562	$ 3,305,797	$ 3,326,062	$ 20,265

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BUFFALO SCHOOL DISTRICT RE-4J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Expenditures				
Instruction				
Salaries	$ 1,152,245	$ 1,154,457	$ 1,158,713	$ (4,256)
Employee benefits	398,195	404,172	389,162	15,010
Purchased services	149,615	187,298	163,131	24,167
Supplies and materials	116,133	109,192	95,071	14,121
Property	9,000	40,723	39,893	830
Other	7,180	7,100	7,631	(531)
Total instruction	1,832,368	1,902,942	1,853,601	49,341
Supporting services				
Students				
Salaries	48,929	48,936	48,932	4
Employee benefits	17,986	18,329	18,334	(5)
Purchased services	1,125	1,125	1,053	72
Supplies and materials	450	450	123	327
Property		2,709	2,400	309
Total students	68,490	71,549	70,842	707
Instructional staff				
Salaries	34,725	34,025	33,779	246
Employee benefits	15,108	15,345	14,601	744
Supplies and materials	7,000	10,500	11,972	(1,472)
Other	3,610	3,861	3,861	-
Total instructional staff	60,443	63,731	64,213	(482)
General administration				
Salaries	128,132	124,370	123,805	565
Employee benefits	41,687	44,895	45,028	(133)
Purchased services	48,450	50,950	49,734	1,216
Supplies and materials	200	600	670	(70)
Other	18,300	18,300	22,838	(4,538)
Total general administration	236,769	239,115	242,075	(2,960)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
School administration				
Salaries	183,687	183,277	181,625	1,652
Employee benefits	61,066	62,256	60,464	1,792
Purchased services	36,800	36,850	29,939	6,911
Supplies and materials	10,722	20,692	33,079	(12,387)
Property	26,300	27,033	27,033	-
Other	2,425	2,425	915	1,510
Total school administration	321,000	332,533	333,055	(522)
Supporting services				
Business				
Other	1,600	2,352	2,359	(7)
Total business	1,600	2,352	2,359	(7)
Operations and maintenance				
Salaries	92,001	92,001	81,701	10,300
Employee benefits	34,806	35,564	33,233	2,331
Purchased services	164,750	164,000	121,961	42,039
Supplies and materials	65,000	65,000	57,575	7,425
Property	2,665	184,450	11,937	172,513
Other	2,000	5,900	5,883	17
Total operations and maintenance	361,222	546,915	312,290	234,625
Student transportation services				
Salaries	81,605	81,151	70,676	10,475
Employee benefits	32,472	33,137	29,853	3,284
Purchased services	8,000	8,000	3,833	4,167
Supplies and materials	60,000	60,000	53,997	6,003
Property	25,000	25,000	23,175	1,825
Total student transportation services	207,077	207,288	181,534	25,754

(Continued)

BUFFALO SCHOOL DISTRICT RE-4J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2016

(Continued)	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Central supporting services				
Purchased services	65,593	62,569	61,776	793
Total central supporting services	65,593	62,569	61,776	793
Total supporting services	1,322,194	1,526,052	1,268,144	257,908
Appropriated reserves	1,424,097	1,333,021		1,333,021
Total expenditures	$ 4,578,659	$ 4,762,015	$ 3,121,745	$ 1,640,270

Budgetary Comparison Schedules – Nonmajor Governmental Fund

The District reports the following nonmajor governmental fund:

Capital Projects Funds – These funds account for financial resources to be used for the acquisition or construction of major capital facilities.

- Building Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Revenues and other financing sources are primarily derived from the issuance of debt or transfers from other funds.

BUFFALO SCHOOL DISTRICT RE-4J
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources				
Earnings on investments	$ -	$ 12	$ 12	$ -
Expenditures				
Property		11,883		11,883
Appropriated reserves	11,900			-
Total expenditures	11,900	11,883	-	11,883
Excess of revenue over (under) expenditures	$ (11,900)	$ (11,871)	12	$ 11,883
Fund balance at beginning of year			11,871	
Fund balance at end of year			$ 11,883	

Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

BUFFALO SCHOOL DISTRICT RE-4J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources				
Property taxes	$ 168,000	$ 168,000	$ 158,382	$ (9,618)
Delinquent taxes and interest	1,500	250	279	29
Earnings on investments	15	15	159	144
Total revenues	169,515	168,265	158,820	(9,445)
Expenditures				
Debt service				
Principal	85,000	105,000	105,000	-
Interest and fiscal charges	55,300	51,338	51,638	(300)
Appropriated reserves	196,415	202,623		202,623
Total expenditures	336,715	358,961	156,638	202,323
Excess of revenues over (under) expenditures	$ (167,200)	$ (190,696)	2,182	$ 192,878
Fund balance at beginning of year			196,496	
Fund balance at end of year			$ 198,678	

Budgetary Comparison Schedule - Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Agency funds – These funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities). These funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities. These activities are self-supporting and do not receive any direct or indirect support within the fund.

BUFFALO SCHOOL DISTRICT RE-4J
Pupil Activity Agency Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Additions				
Fundraising and other events	$ 135,000	$ 135,000	$ 167,745	$ 32,745
Deductions				
Pupil activity expenditures	135,000	135,000	158,599	(23,599)
Appropriated reserves	115,397	127,186		127,186
Total deductions	250,397	262,186	158,599	103,587
Excess of additions over (under) deductions	$ (115,397)	$ (127,186)	9,146	$ 136,332
Due to student groups at beginning of year			127,186	
Due to student groups at end of year			$ 136,332	

Colorado Department of Education
Supplementary Schedule

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Buffalo School District RE-4J
Merino, Colorado

We have audited the financial statements of the Buffalo School District RE-4J (the District) as of and for the year ended June 30, 2016, and our report thereon dated October 10, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 10, 2016

Colorado Department of Education

Auditors Integrity Report

District: 1860 - BUFFALO RE-4J
Fiscal Year 2015-16
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental					
10	General Fund	1,274,893	3,248,790	3,075,000	1,448,683
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	197	47,183	46,746	634
	Sub- Total	1,275,090	3,295,973	3,121,746	1,449,317
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	0	0	0	0
21	Food Service Spec Revenue Fund	8,521	173,929	201,652	-19,202
22	Govt Designated-Purpose Grants Fund	0	0	0	0
23	Pupil Activity Special Revenue Fund	0	0	0	0
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	196,496	156,820	156,638	196,678
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	11,871	12	0	11,883
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	0	0	0	0
	Totals	1,491,970	3,629,732	3,480,035	1,640,675
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	0	0	0	0
	Totals	0	0	0	0
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	127,186	167,745	158,599	136,332
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
	Totals	127,186	167,745	158,599	136,332

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.