

School District  **51**
MESA COUNTY VALLEY
Every student, every day, learning for life!



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Mesa County Valley School District No. 51
2115 Grand Ave.
Grand Junction, Colorado 81501**

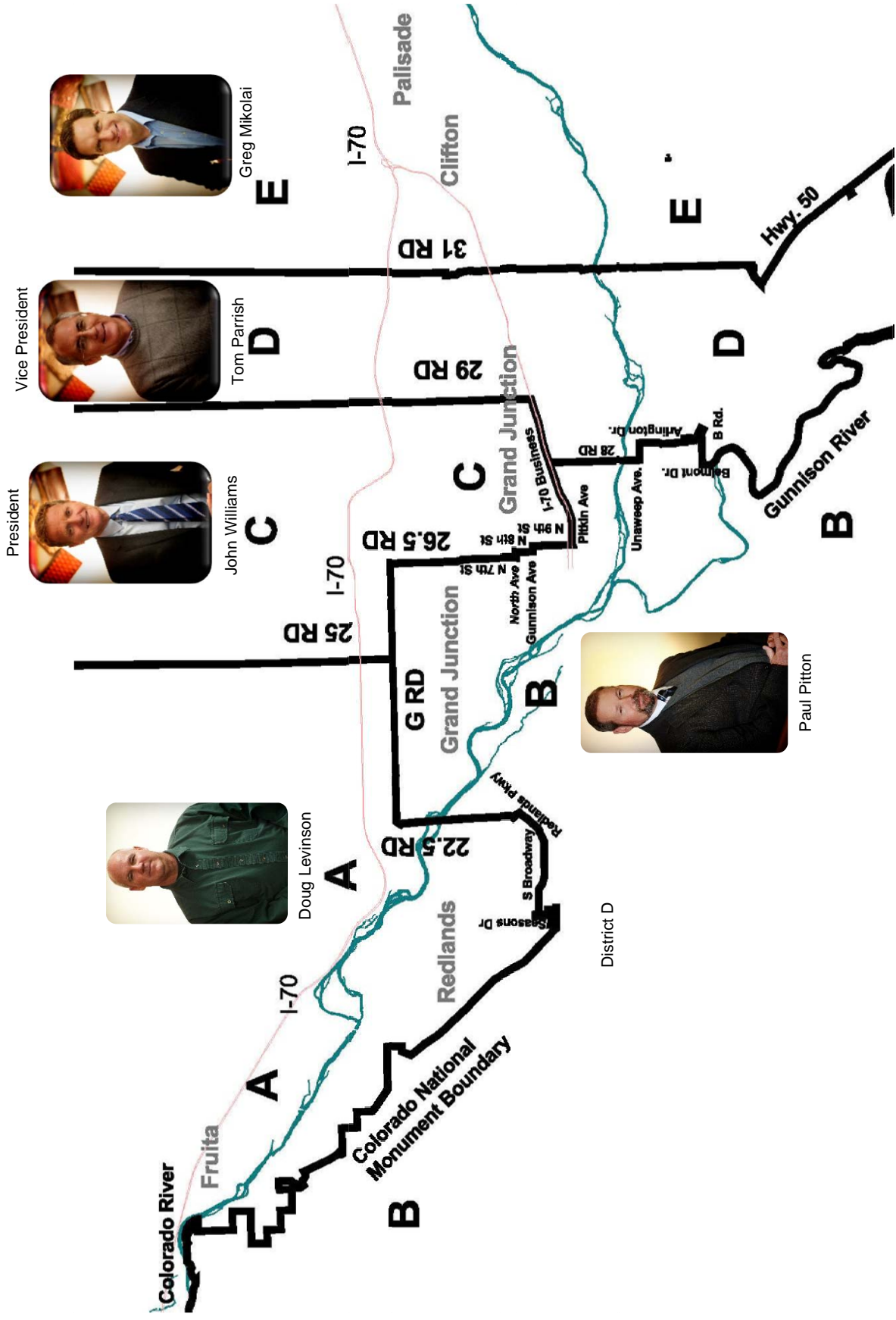
**For the Fiscal Year Ended
June 30, 2016**

**Steven D. Schultz, Superintendent
Phil Onofrio, Chief Operations Officer**

**Prepared by:
District 51 Financial Services Department**

Cover photo by Steve Maylone

District 51 ~ School Board Districts



Mesa County Valley School District No. 51
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2014

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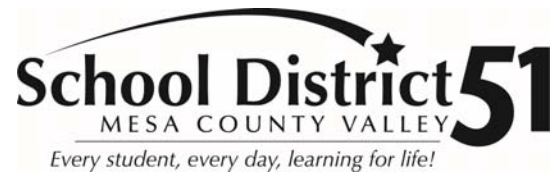
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INTRODUCTORY SECTION





November 18, 2016

To the President and Members of the Board of Education and the Citizens of Mesa County Valley School District No. 51:

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Mesa County Valley School District No. 51 (the District) for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Chadwick, Steinkirchner, Davis, & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the specific rules and regulations of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The District was formed in 1951 from a number of small, independent school districts in Mesa County, Colorado. The major purpose of the District is to provide K-12 public education for those who reside within the boundaries of the District, which cover about one-half of the county's land area, which is approximately 2,200 square miles, and about 95% of the County's population. To accomplish this purpose, the District operates twenty-four (24) elementary schools, eight (8) middle schools, one (1) 8/9 school, five (5) high schools, one (1) career center, four (4) alternative schools and one (1) remote K-12 mountain school. The District is the largest employer in Mesa County, employing 2,483 full-time and 518 part-time and substitute employees during fiscal year 2016. The District served approximately 21,827 students during the 2015-16 school year.

Steven D. Schultz • Superintendent of Schools • 970.254.5193

The District is an independent district governed by a five-member Board of Education (the Board) whose members are elected by the qualified electors within the District's boundaries. Board members serve four year staggered terms, with two or three members elected every two years. General duties which the Board is empowered to perform include the power to employ all personnel necessary to maintain the operations and carry out the educational programs of the District and pay their compensation; to fix attendance boundaries; to establish annual budgets; to determine the educational programs to be carried on in the schools of the District; and to prescribe the curriculum of any course of instruction or study in such educational programs. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding sources.

The annual budget serves as the foundation for the District's financial planning and control. Budgetary controls ensure compliance with legal requirements, Board of Education policies, and District administration guidelines. All activities of the District are budgeted, as required by state statute. Expenditures may not legally exceed appropriations at the fund level. Detailed line item records provide management the capability to monitor budgets for all funds. Budgetary control is also maintained through the use of an encumbrance/purchase order system for materials and capital purchases. Encumbrances outstanding at year end lapse, but are generally re-appropriated as a part of the following year's budget. A proposed budget must be presented to the Board of Education by May 31. The Board of Education makes final adjustments to the budget, and two budget hearings must be held prior to adoption of the budget and formal close of the District's fiscal year. The law allows a re-adoption to occur before January 31 of the fiscal year for which it was adopted, based on finalized student count. The board may authorize supplemental appropriations during the fiscal year in the event unforeseen revenue becomes available to the District.

The District and its Services

This report includes all of the activities of Mesa County Valley School District No. 51 (the Primary Government) as well as its component units. The District has entered into an agreement with three schools, Independence Academy Charter School, Juniper Ridge Community School and Mesa Valley Community School, as allowed under the Colorado Charter Schools Act. The charter schools are publicly funded schools through the District under the school finance act and under the general supervision of the local Board of Education. The schools meet the requirements under Governmental Accounting Standards to be presented as discrete component units.

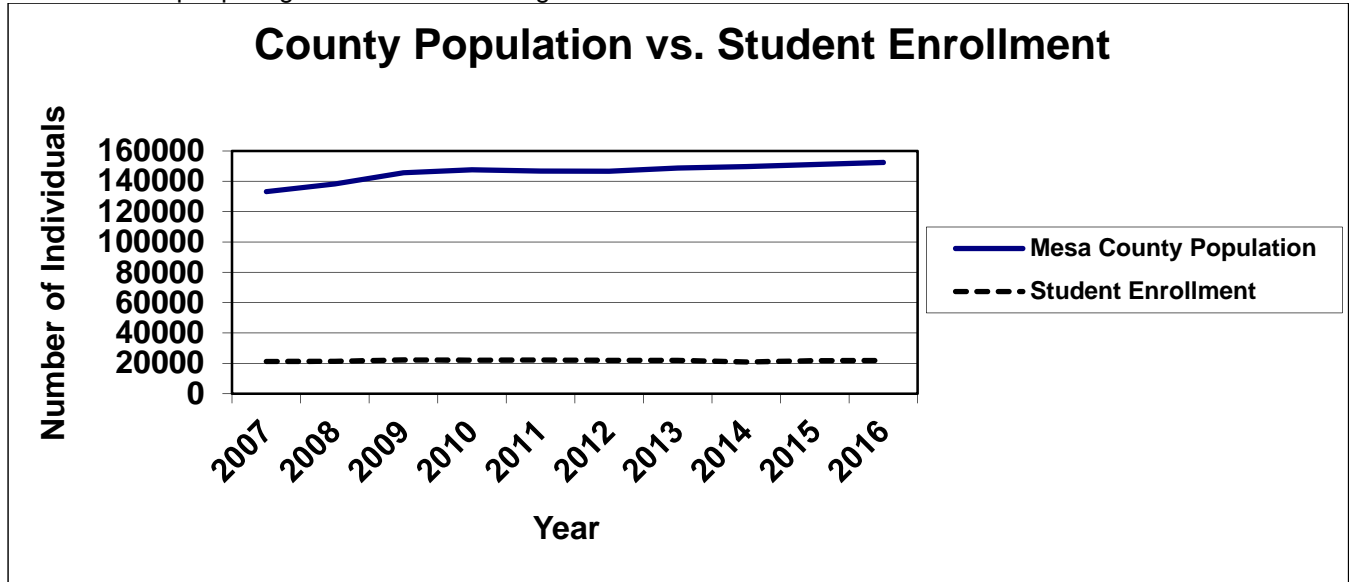
The District 51 Foundation (Foundation) was organized in the fall of 2010, and is a nonprofit, tax-exempt corporation established for the purpose of attracting funding from business, industry and individuals to enhance educational programs and activities for students. The Foundation is not presented as part of the reporting entity for financial reporting purposes because the Foundation's financial operations are not considered to be significant in comparison to the District as a whole.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. Population growth in Mesa County has been moderate over the last ten years. Mesa County's population has grown from 133,651 in 2006 to 152,357 in 2016, or 12.0% for the period. This growth was a reflection of the relatively strong economy and job market that tapered down in 2008, coupled with heavy marketing of the community as an attractive place to live and retire. In 2009, for the first time in more than ten years, growth indicators were down significantly. Beginning in 2014, Mesa County began seeing improvement in economic indicators such as property sales and values, unemployment rates, job growth and sales tax collections. Economic growth indicators show the County's unemployment rate at 4.8% compared to the state of Colorado's rate of 3.7% at June 30, 2016. The County unemployment rate has primarily declined every year since 2011 when the rate peaked at 10.2%. The lower unemployment rate state-wide is a result of recent economic activity on the state level that has not affected the local economy as extensively. The 2016 average residential home value in the County has increased to \$197,000 compared to \$182,000 in 2015, a 8.0% increase (Source: Zillow.com). The number of building permits issued in the County increased 7% in 2015 and reduced 7% in 2016, returning to 2014 levels. 2016 marks the first year of decline following four years of increases. The per capita income continues to lag behind other areas in Colorado, a reflection of the lack of high paying industrial and technical jobs, and a concentration of employment in the service and retail sectors. Economic indicators for the state of Colorado indicate a continued recovery, and overall financial indicators in Mesa County appear to be improving, while at a slower rate than the state as a whole.

The growth in the County’s population is not always mirrored by the growth in the student count of the District. The graph below illustrates the County population and District enrollment trends since 2007. While growth in County population has averaged approximately 1.67% per year from 2007 through 2016, growth in student enrollment has averaged .70% per year. Enrollment growth more closely mirrors employment than population growth, which was attributable to people age 55 and over moving to the area.



Student enrollment in Mesa County has historically reflected employment growth in the County. The pupil count increased in October 2005 by 458.5 FTE (2.4% over prior year), 551 FTE (an additional 2.8%) in October 2006, 35 FTE in October 2007, and 800.8 FTE (an additional 3.9%) in October 2008. The growth in student enrollment was attributable to the influx of working families in response to an increase in oil and gas production and construction employment opportunities. In the seven years following this growth, the October pupil counts have fluctuated with a decrease in one year followed by an increase in the next with a resulting overall decrease for the last seven years of 168 FTE (.017%) The overall decrease is attributed to families moving from the area to find work elsewhere due to the slowdown in oil and gas production coupled with a slower rate of recovery from the nationwide recession than exhibited elsewhere in Colorado.

Long-term financial planning. School Districts in the state of Colorado are funded based on a complex “Total Program Funding Formula”, which is set forth by the School Finance Act of 1994. This formula calculates a per pupil revenue amount that is multiplied by an adjusted pupil count as of October 1 of each fiscal year, and determines approximately 93% of the District’s General Fund revenue. The District has historically been one of the lowest funded of the 178 school districts in the state of Colorado. In November 2000, Amendment 23 was passed by Colorado voters. Amendment 23 required the state to increase its funding of school districts each year by the rate of inflation plus 1% for the next ten years, and thereafter at the rate of inflation. The amendment created a State Education Fund to support this level of funding. Due to economic conditions and state constitutional limitations on revenue growth, there were concerns the fund and other State resources would not be adequate to fund the mandates of the amendment in as early as 2006. A state referendum on the November 2005 ballot passed, which allowed the state to increase its tax revenues without increasing tax rates through 2010 in order to regain fiscal stability. For fiscal years 2011 through 2016, the state could not fund the increases mandated by Amendment 23, and applied a negative statewide “Budget Stabilization Factor” to the funding formula. This negative factor was 6.35% in 2011, 12.97% for 2012, 16.11% for 2013, 15.85% in 2014, 12.93% in 2015, and 16.08% in 2016. As a result, per pupil funding decreased \$251.12 from 2010 to 2011 and \$326 from 2011 to 2012. Per pupil funding levels were not significantly decreased for fiscal years 2013 and 2014. Funding increased slightly in 2015 and, again, in 2016 by \$273 to \$6,940 per pupil.

In the spring of 2007, the Colorado state legislature passed Senate Bill 199, which froze local school district property tax mill levies. The freeze was intended to maintain a level effort of tax support for school district funding from local taxpayers, whose mill levies had declined over the years due to rising property valuations coupled with the

application of the state's legal limitations on increasing tax revenues. Unfortunately, the assessed valuation of properties in Mesa County decreased 7.94% in 2013 as compared to 2010, and reflects a statewide decrease in assessed valuation. This will result in a proportionate decrease in property taxes as mill levies are not adjusted. Because per pupil funding is comprised of local property taxes and state funding, the reduction places additional burden on the state to fund the per pupil amounts.

In 1992, Colorado voters approved TABOR (as Article X, Section 20 of the Colorado constitution). In general, TABOR restricts the ability of the State and local governments to increase revenues. Even though the state's economy has significantly improved this restriction and increased demand from other programs funded by the state have limited revenues available to significantly increase funding to school districts. It is likely, after adjusting for inflation, revenues will decrease in future years.

Budget. The District's budget is developed to support the District's strategic plan as well as the priorities that are established annually by the Board of Education. In particular, the budget is focused on allocating limited resources to support student achievement. The budget is the primary tool to communicate the District's financial plan to citizens and staff. An initial budget is adopted by June 30th every year based on per pupil funding and estimated student enrollment. Actual student enrollment is counted on October 1 every year, and the budget is adjusted through re-adoption prior to January 31.

Fiscal Oversight committee. The District's independent auditor communicates certain matters to upper management and the Board of Education in conjunction with the Fiscal Oversight committee. The Fiscal Oversight committee includes five community members with finance and/or school district expertise, and members of management involved in financial reporting, budget, and investments. Management through the Fiscal Oversight committee and the independent auditor report audit findings and other financial considerations to the Board of Education. The Board is responsible for the oversight of the financial reporting process.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Mesa County Valley School District No. 51 for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the seventeenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government was required to publish an easily readable and efficiently organized CAFR. The CAFR satisfied both GAAP and applicable legal requirements.


The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


In addition, the District also received the Association of School Business Officials International's (ASBO) Meritorious Budget Award for its annual budget document dated January 19, 2016. In order to qualify for the Meritorious Budget Award, the District's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

We would like to express our appreciation to the dedicated staff of the Financial Services Department. The preparation of this report would not have been possible without their professionalism and expertise, not only during the reporting process, but throughout the year.

In closing, we wish to thank the members of the Board of Education for their interest, leadership, and support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,


Steven D. Schultz
Superintendent of Schools


Phil Onofrio
Chief Operations Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Mesa County Valley
School District No. 51, Colorado**

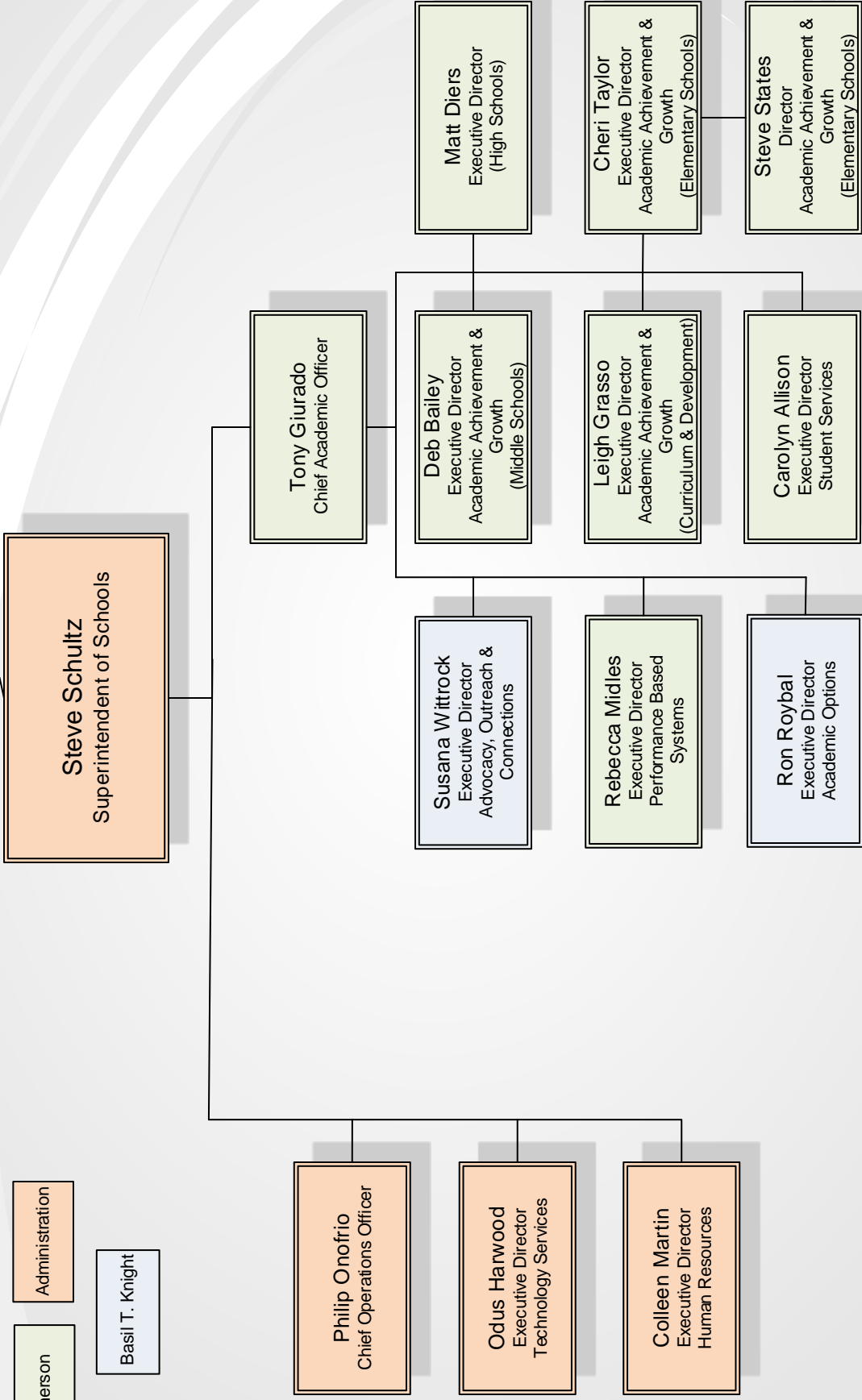
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Mesa County Valley School District 51 Organizational Chart (Executive)

Board of Education



Mesa County Valley School District No. 51
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2016

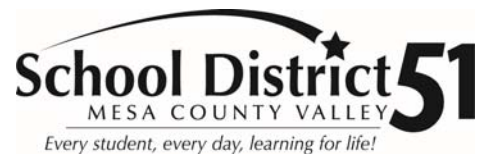
ELECTED OFFICIALS

District A Doug Levinson, Board Member
District B Paul Pitton, Board Member
District C John Williams, Board Vice-President
District D Tom Parrish, Board Member
District E Greg Mikolai, Board President

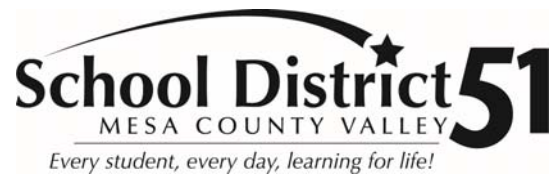
APPOINTED OFFICIALS

Superintendent Steven D. Schultz
Executive Director of Human Resources Colleen Martin
Chief Operations Officer Phil Onofrio
Chief Academic Officer Tony Giurado
Executive Director of Academic Achievement & Growth–
 High Schools Matthew Diers
Executive Director of Academic Achievement & Growth–
 Middle Schools Deb Bailey
Executive Director of Academic Achievement & Growth–
 Elementary Schools Cheryl Taylor and Steven States
Executive Director of Academic Achievement & Growth–
 Curriculum & Instructional Support Leigh Grasso
Executive Director of Advocacy, Outreach,
 & Connections Susanna Wittrock
Executive Director of Academic Options Ron Roybal
Executive Director of Performance Based Systems Rebecca Midles
Executive Director of Student Services Carolyn Allison
Executive Director of Technology Services Odus Harwood

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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

November 18, 2016

The Board of Education
Mesa County Valley School District No. 51

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mesa County Valley School District No. 51 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Independence Academy Charter School, a discretely presented component unit, which represent 81.9 percent, (34.45) percent, and 37.5 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mesa County Valley School District No. 51, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Major Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Education
Mesa County Valley School District No. 51
November 18, 2016
Page Two

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of activity-net pension liability, and schedule of activity-employer pension contributions 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 Mesa County Valley School District No.51's basic financial statements. The introductory section; combining and individual nonmajor fund financial schedules and budgetary comparisons; capital asset schedules; the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Auditors Integrity Report of the Colorado Department of Education (report) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial schedules and budgetary comparisons, capital asset schedules, the schedule of expenditures of federal awards, and the report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of Mesa County Valley School District No. 51's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District's internal control over financial reporting and compliance.

Chadwick, Steinhilber, Davis & Co., P.C.

Management's Discussion and Analysis

As management of the Mesa County Valley School District No. 51 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal found on pages 1-4 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the District were less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$190,018,578 (negative net position). Of this amount, \$106,908,230 is net investment in capital assets, \$5,420,431 is restricted for emergencies as required by an amendment to the State of Colorado's constitution, \$10,871,536 is restricted for debt service, \$8,864,906 is restricted for capital projects, and \$543,776 is restricted for nutrition services. The District ended fiscal year 2015-16 with an unrestricted negative net position of \$322,627,457.
- As of June 30, 2016, fund balance for the general fund was \$9,658,792. The General Fund has recorded a liability of \$13,623,349 for salaries of school personnel who work ten months of the fiscal year and are paid over twelve months. Colorado state law allows the liability to be budgeted and funded in the year in which it is paid. Therefore, these school personnel costs are recorded in 2015-16 to be paid from 2016-17 funds. The goal of the Board and the District is to maintain a General Fund fund balance of five percent of expenditures. As of fiscal-year-end 2016, the fund balance was 6.13 percent of expenditures.
- During the fiscal year, the fund balance in the District's general fund was expected to decrease. The fund balance decreased by \$336,860 for fiscal year 2015-16.
- In 2015-16, the District's first charter school, Independence Academy Charter School, continued into its twelfth year of operations. The charter school served 346.8 full-time-equivalent (FTE) students which increased from 327.1 FTE students the eleventh year. Juniper Ridge Community School continued its third year of operations as a District charter school in 2015-16. Juniper Ridge Community School served 241.42 FTE in 2015-16 and served 144.30 FTE students in 2014-15. Mesa Valley Community School, the District's third operational charter school, began operations in 2014-15. The pupil count at Mesa Valley Community School on October 1, 2015 was 355, down slightly from October 1, 2014, when it was 357.08. In accordance with state law, the District passed through funding on a per student basis to the charter schools during fiscal year 2016. The charter schools are component units of the District, and their separate financial information is reported in the Discretely Presented Component Units Statement of Net Position and Statement of Activities on pages 20 and 21.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the *Statement of Net Position and the Statement of Activities*.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the remainder reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. There was a significant revision in reporting requirements for 2014-15, when Governmental Accounting Standards Board statement 68 (GASB 68) was required to be implemented by the District. The District's net position in 2014-15 and in 2015-16 is negative as a result of GASB 68 reporting requirements. To follow Generally Accepted Accounting Principles (GAAP), the District must report balances related to participation in the cost-sharing defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (COPERA).

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 the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave payout).

The *governmental activities* of the District include instructional services, pupil services, instructional staff services, general administration services, school administration services, business services, maintenance and capital asset services, transportation services, central administrative services, and community services.

The government-wide financial statements include not only the District but also three legally separate charter schools, Independence Academy Charter School, Juniper Ridge Community School and Mesa Valley Community School, for which the District is financially accountable. Financial information for these component units is reported separately from the financial information presented for the District itself on pages 38 and 39 combined in the government-wide *Statement of Net Position and Statement of Activities* on pages 20 and 21.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

For fiscal year 2016, the District maintained ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Governmental Designated Purpose Grants Special Revenue Fund, the Nutrition Services Special Revenue Fund, the Capital Projects Building Fund, the Capital Projects Capital Projects Fund and the Bond Redemption Debt Service Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation in the aforementioned statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* on pages 64 and 65.

The District adopts an annual appropriated budget for all funds. Budgetary comparison statements or schedules have been provided for all funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22-33 of this report.

Proprietary funds. The District maintains one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for risk management services provided to other departments or employees of the District on a cost reimbursement basis. Because these services benefit governmental activities of the District, they have been included within the *governmental activities* column in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide combined information for the three internal service funds of the District. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 74-76. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 37 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 can be found on pages 40-59 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$190,018,578 (negative net position) at the close of the most recent fiscal year.

The District’s net investment in capital assets represents a significant portion of the net position (e.g., land and improvements, buildings, and equipment less accumulated depreciation and any debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District’s net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the indebtedness. Property taxes are levied annually for the restricted purpose of debt service on general obligation bonds. The debt service property tax mill and resulting levy must follow statutory limitations on carryover amounts and collection amounts for any debt service funding.

MESA COUNTY VALLEY SCHOOL DISTRICT NO 51's Net Position				
	<u>Governmental activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 75,190,424	\$ 67,068,494	\$ 75,190,424	\$ 67,068,494
Capital assets	206,793,531	204,777,263	206,793,531	204,777,263
Total assets	281,983,955	271,845,757	281,983,955	271,845,757
Deferred outflows of resources	65,003,501	42,030,069	65,003,501	42,030,069
Long-term liabilities	473,105,942	463,735,985	473,105,942	463,735,985
Other liabilities	36,549,296	33,944,174	36,549,296	33,944,174
Total liabilities	509,655,238	497,680,159	509,655,238	497,680,159
Deferred inflows of	27,350,796	27,115	27,350,796	27,115
Net position:				
Net investment in capital assets	106,908,230	105,874,935	106,908,230	105,874,935
Restricted	25,700,649	28,818,154	25,700,649	28,818,154
Unrestricted	(322,627,457)	(318,524,537)	(322,627,457)	(318,524,537)
Total net position	\$ (190,018,578)	\$ (183,831,448)	\$ (190,018,578)	\$ (183,831,448)

\$25,700,649 of the District’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is negative.

At the end of the current fiscal year, the District reported a negative balance in unrestricted net position and positive balances in the other portions of net position. Current and other assets comprised almost twenty-seven percent of total assets which is an increase of two percent over the prior two years. This two percent increase is primarily a result of accounts, intergovernmental, and property tax receivables increasing 56.0% and a one-time \$1,000,000 note receivable due from real property purchased and conveyed to the City of Grand Junction – Downtown Development Authority in 2015-16. With significant capital asset additions during 2015-16, the current assets ratio increase was limited to two percent. The remaining seventy-three percent of the District’s total assets are its investment in capital assets net of accumulated depreciation. Deferred outflows of resources increased almost 55% over 2014-15 due to an increase in the deferred outflows of resources (costs expected to be expensed in the future) related to pensions. A more involved explanation of GASB 68’s meaning and significance for the District is included in this Management’s Discussion and Analysis under the header Capital Asset and Debt Administration. A smaller percent (40.2) of the District’s current liabilities than in prior years (63.0%) represent accrued salaries and fringe benefits. This liability occurs when teachers and certain other District employees work ten months of the year, but are paid over twelve months. The liability will be paid in the month of July 2016 with state funds received in fiscal year 2017. Although the total accrued salaries and benefits increased from the prior year, the nearly 23 percent decrease in the accrued salaries to current liabilities ratio is attributable to an increase in unearned revenues, retainage payable, and the expected increase in the current portion of long-term liabilities. The net increase in long-term liabilities of \$9,369,957 is mostly a result of the issuance of the 2015 Certificates of Participation, the typical and recurring activities of annual principal payments on long-term (decreases) and entering

into capital leases for equipment (increases). Unrestricted net position decreased \$4,102,920 or approximately 1%, attributable primarily to changes in items related to the net pension liability.

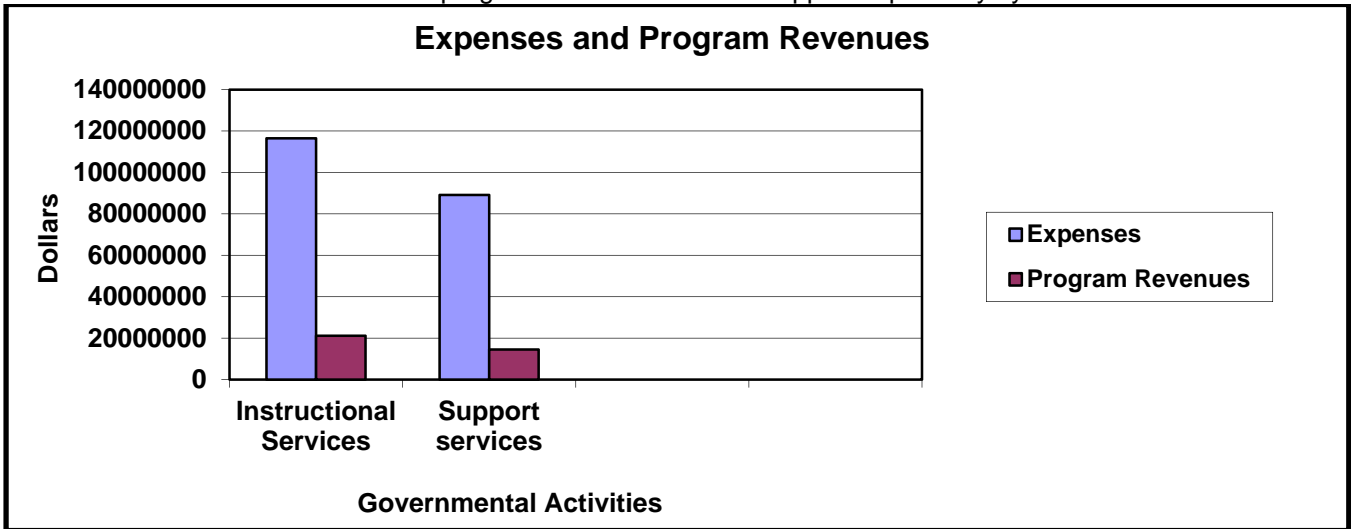
Governmental activities. Governmental activities decreased the District's net position by \$6,078,906. Key elements of these changes are as follows:

MESA COUNTY VALLEY SCHOOL DISTRICT NO 51's Change in Net Position				
	<u>Governmental activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues				
Charges for services	\$ 2,161,530	\$ 2,058,962	\$ 2,161,530	\$ 2,058,962
Operating grants and contributions	33,386,472	38,346,832	33,386,472	38,346,832
Capital grants and contributions	68,217	607,855	68,217	607,855
General revenues			-	-
Property taxes levied for general purposes	49,769,891	48,216,179	49,769,891	48,216,179
Property taxes levied for debt service	10,944,960	11,384,094	10,944,960	11,384,094
restricted to specific programs	93,806,039	90,949,243	93,806,039	90,949,243
Specific ownership taxes	7,972,710	7,889,729	7,972,710	7,889,729
Investment earnings	143,917	89,650	143,917	89,650
Gain on sale of capital assets	676,248	-	676,248	-
Miscellaneous unrestricted revenue	1,168,710	2,397,011	1,168,710	2,397,011
Total revenues	200,098,694	201,939,555	200,098,694	201,939,555
Expenses				
Instructional services	116,995,950	125,766,049	116,995,950	125,766,049
Pupil services	11,104,927	11,689,141	11,104,927	11,689,141
Instructional staff services	10,357,135	8,558,900	10,357,135	8,558,900
General administration services	2,187,709	2,128,667	2,187,709	2,128,667
School administration services	13,828,255	12,764,674	13,828,255	12,764,674
Business services	2,289,277	3,169,113	2,289,277	3,169,113
Operations and maintenance	14,408,219	13,241,380	14,408,219	13,241,380
Transportation services	6,016,818	6,037,842	6,016,818	6,037,842
Central services	18,466,052	18,441,764	18,466,052	18,441,764
Community services	7,165,995	7,355,621	7,165,995	7,355,621
Interest on long-term debt	3,459,246	3,667,809	3,459,246	3,667,809
Depreciation - unallocated	6,241	8,055	6,241	8,055
Total expenses	206,285,824	212,829,015	206,285,824	212,829,015
Increase (decrease) in net position	(6,187,130)	(10,889,460)	(6,187,130)	(10,889,460)
Net position - beginning	(183,831,448)	138,342,536	(183,831,448)	138,342,536
Change in accounting principle	-	(311,284,524)	-	(311,284,524)
Net position - beginning, restated	(183,831,448)	(172,941,988)	(183,831,448)	(172,941,988)
Net position - ending	\$ (190,018,578)	\$ (183,831,448)	\$ (190,018,578)	\$ (183,831,448)

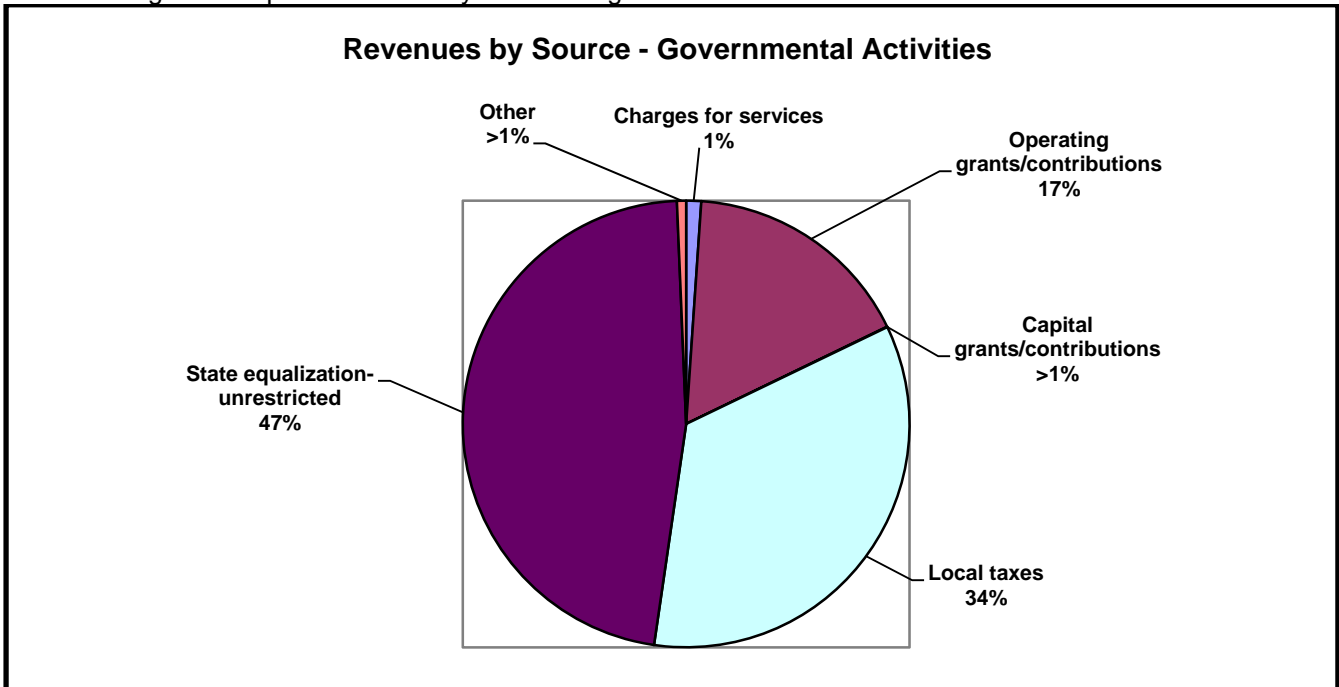
Key elements of the overall decrease in net position are as follows:

- General property tax revenues based on collections increased by \$1,553,712 (3.22%) during the year. Whereas, unrestricted state equalization increased by \$2,856,796 (3.14%) during the year. These factors point to fairly stable revenues from property tax valuations combined with back fill funding from the state.
- In November 2000, Colorado voters passed Amendment 23 to the state constitution. The amendment requires that school funding be increased by the rate of inflation plus an additional 1% for ten years (through 2011) and thereafter at the rate of inflation. For 2016, the State was not able to fund the required increase.
- Although the two primary sources of general revenues increased slightly over the prior year and expenses for governmental activities decreased \$6,543,191, or 3.0%, expenses were still 3.09% greater than total revenues. The decrease in net position as a percent of revenues was 5.39% during the prior fiscal year.
- With over \$35 million of pension expense reported for the current fiscal year, pension expense is an obvious factor in the resulting negative change in net position in the past two fiscal years.

The following chart depicts the expenses and program revenues of the governmental activities by category of the District. Governmental activities and programs of the District are supported primarily by state funds and local taxes.



The following chart depicts revenues by source for governmental activities:



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$36,723,996, an increase of \$1,950,086 (5.61%) in comparison with the prior year. The increase is primarily due to efforts to reduce expenditures to match revenues at the fund level. *Unassigned fund balance* of the General Fund is \$7,676,462. *Assigned fund balance* must be spent for designated purposes including \$8,864,906 to pay for future capital projects, \$624,882 for purposes within the special revenue (nonmajor governmental) funds and \$1,031,711 for subsequent year's expenditures. *Restricted fund balance* reflects resources that are subject to externally enforceable legal restrictions, and includes: 1) \$5,420,431 required by Colorado law to fund defined emergencies, 2) \$1,021,913 to operate the preschool program, 3) \$10,871,536 to pay debt service and 4.) \$543,776 to operate the nutrition services program. *Nonspendable fund balance* represents current assets that will never be converted to cash, and is comprised of \$668,379 in inventory.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total General Fund balance was \$9,658,792, of which \$7,676,462 (79.5%) was unassigned.

The fund balance of the District's General Fund decreased \$336,860 during the current fiscal year. Per the budget for the general fund a decrease in fund balance was expected, although the actual decrease was less than expected. Key factors in this decrease are as follows:

- Actual revenues were 1.65% greater than budgeted revenues. Actual expenditures were 2.26% less than budgeted expenditures excluding appropriated contingencies.
- The Board of Education adopted budget parameters to ensure additional fiscal responsibility of the District. The readopted 2016 budget anticipated General Fund negative net change in fund balance of almost \$2,000,000, excluding appropriated contingencies.
- Employee benefits were increased with an additional mandated employer contribution to the Public Employee's Retirement Association of Colorado (PERA) of .8 percent of PERA wages. Salaries and benefits comprise approximately 80% of the general fund budget.

The Bond Redemption Debt Service Fund has a total fund balance of \$10,871,536, all of which is restricted for the payment of debt service. The mill levy is adjusted annually to maintain adequate resources to meet scheduled debt payments without accumulating an excessive fund balance. The District may levy to collect a maximum of \$3,754,170 per year for the 2004 Series General Obligation Refunding Bonds and a maximum of \$12,000,000 per year for the 2004A Series General Obligation Bonds. The mill levy was set at 6.659 mills for 2016, a decrease of 4.74% from 2015, which resulted in current year property tax revenues of \$10,944,960.

The District has restricted \$5,420,431 of fund balance in its Capital Projects Capital Projects Fund for emergencies. The restriction is required by an amendment to the Colorado Constitution, known as the TABOR Amendment. The amendment requires local government units to set aside three percent of fiscal year eligible expenditures for certain emergencies. The funds may not be used to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

Proprietary funds. The District's proprietary funds financial statements act as a summary of the internal service fund financial statements contained elsewhere in this report.

General Fund Budgetary Highlights

An increased appropriation of \$4,810,031 from the original budget to the final amended budget is attributed to adjustments for the following increases and decreases in anticipated revenue and expenditures:

- The District appropriates for all anticipated revenues and ending fund balance. The original budget, developed in June 2015 prior to fiscal-year-end accruals and final issuance of the 2015 CAFR, was based on an anticipated decrease to 2015 ending fund balance. The ending fund balance for 2015 actually increased. This increase was reflected in the 2016 re-adopted budget.

- The District's actual current expenditures were \$3,590,370 less than the 2016 final budgeted appropriations. The primary factor attributed to the positive net change in fund balance is conservative spending on the part of the District along with a greater than \$2 million positive revenue variance from budget.

Capital Asset and Debt Administration

Capital assets. The District's capital assets for its governmental activities as of June 30, 2016 amount to \$206,793,531 (net of accumulated depreciation). These capital assets include land and improvements such as parking lots and sidewalks, buildings and building improvements, and equipment. The total increase in the District's capital assets for the current year was .9%, and is primarily attributable to new construction costs for the R5/Summit School Program complex, disposal of a year old phone system that was not fully depreciated, and posting of \$7,864,439 of depreciation expense.

Additional information on the District's capital assets can be found in the Note 4 – Capital Assets.

Long-term debt. At the end of the current fiscal year, the District had total outstanding long-term debt of \$111,060,209 and a net pension liability of \$375,508,406. Of the long-term debt amount, \$80,835,000 represents general obligation bonds that are backed by the full faith and credit of the District, \$8,108,680 represents unamortized premiums on 2004, 2004A and 2011 Series general obligation bonds and 2015 Certificates of Participation, and \$10,670,887 represents capital lease obligations collateralized by computers, photocopiers and phone systems under lease. The remainder consists of compensated absences and claims payable.

State statutes limit the amount of general obligation debt a governmental entity may issue to 20 percent of its total assessed valuation. The current debt limitation for the District is \$329,945,400, which is in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 5 – Long-Term Debt of this report.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), establishes accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for pensions that are provided to the employees of state and local governmental employers through pension plans. GASB 68 was implemented prospectively and resulted in the beginning balance of net position being restated for the year ended June 30, 2015 to reflect the implementation of GASB 68. GASB 68 was not required to be implemented as of and for the year ended June 30, 2014. Accordingly, the District's financial statements as of and for the year ended June 30, 2014 do not reflect the effects of GASB 68. This should be considered when comparing District's fiscal years ended June 30, 2016 and 2015 financial statements to prior years. More information on the District's pension related items can be found in Note 8.

Economic Factors and Next Year's Budgets

Colorado economy continues to improve at a faster rate than the national economy. State tax revenues are increasing faster than allowed under TABOR which will require refunds to taxpayers.

- Based on preliminary figures, TABOR revenue exceeded the cap by \$150.0 million in FY 2014-15 and by \$116.7 million in FY 2015-16; TABOR revenue is projected to exceed \$398.0 million in FY 2016-17, and \$474.5 million in FY 2017-18.
- The assessed valuation of properties in Mesa County was stable for 2016 for collection in next fiscal year. This results in a proportionate decrease in general fund property taxes as mill levies are not adjusted. Because per pupil funding is comprised of local property taxes and state funding, the reduction places additional burden on the state to fund the per pupil amounts. While the economy is improving, it is expected that the state will increase per pupil funding but not enough to offset inflation due to restrictions of the TABOR amendment on state revenue.

In November 2000 voters in Colorado approved Amendment 23 to the Colorado constitution providing that K-12 funding would increase at pupil growth plus inflation plus one percent for 10 years (through 2011) and thereafter, growth plus inflation. This provision was intended to stabilize and remove funding from the political process. In 2013 and 2014, due to continued state budget shortfalls, the state applied a negative "state budget stabilization factor" to the required funding. Funding for schools increased in 2014-15 by the rate of inflation. Due to required

increases in program costs at the state level, funding of K-12 education for 2017 and beyond is not expected to increase at the rate of inflation as envisioned in Amendment 23 for the foreseeable future. Funding will increase but not at a level to maintain current programming.

Component Units

Only summary information regarding component units appears in the District's financial statements. The District has three component units, which are charter schools. Their financial information is presented in a separate column in the Government-wide Statement of Net Position and in the Statement of Activities.

Complete financial statements for each charter school are available at each school's administrative office.

Independence Academy
Charter School
675 29 Road
Grand Junction, CO 81504
Phone: 970-254-6850

Juniper Ridge
Community School
640 24 ½ Road
Grand Junction, CO 81505
Phone: 970-986-8219

Mesa Valley
Community School
2387 Patterson Road
Grand Junction, CO 81505
Phone: 970-254-7202

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, 2115 Grand Avenue, Grand Junction, Colorado 81501.

BASIC FINANCIAL STATEMENTS

Mesa County Valley School District No. 51
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		Discretely Presented Component Units
	Governmental Activities	Total	
ASSETS			
Cash and investments	\$ 65,481,750	\$ 65,481,750	\$ 4,029,530
Receivables:			
Accounts	480,912	480,912	252,052
Intergovernmental	3,036,065	3,036,065	-
Property taxes	4,523,318	4,523,318	-
Inventories	668,379	668,379	5,332
Note receivable on sale of property	1,000,000	1,000,000	-
Other assets	-	-	14,384
Capital assets (net of accumulated depreciation):			
Construction in process	7,292,558	7,292,558	-
Land and improvements	16,994,022	16,994,022	650,620
Buildings and improvements	175,858,330	175,858,330	5,401,491
Equipment	6,648,621	6,648,621	535,950
Total assets	281,983,955	281,983,955	10,889,359
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	56,531,770	56,531,770	2,929,764
Deferred charge on refunding	8,471,731	8,471,731	-
Total deferred outflows of resources	65,003,501	65,003,501	2,929,764
LIABILITIES			
Accounts payable	2,430,448	2,430,448	68,214
Due to agency fund	-	-	17,456
Retainage payable	634,261	634,261	-
Accrued salaries and benefits	14,688,463	14,688,463	226,172
Accrued interest payable	483,641	483,641	78,837
Unearned revenue	4,849,810	4,849,810	37,268
Noncurrent liabilities:			
Due within one year	13,462,673	13,462,673	157,690
Due in more than one year	97,597,536	97,597,536	6,011,603
Net pension liability	375,508,406	375,508,406	8,578,262
Total liabilities	509,655,238	509,655,238	15,175,502
DEFERRED INFLOWS OF RESOURCES			
Related to pension liability	27,350,796	27,350,796	130,288
Total deferred outflows of resources	27,350,796	27,350,796	130,288
NET POSITION			
Net investment in capital assets	106,908,230	106,908,230	1,045,202
Restricted for:			
Emergencies	5,420,431	5,420,431	225,537
Nutrition services	543,776	543,776	-
Debt service	10,871,536	10,871,536	580,881
Capital projects	8,864,906	8,864,906	-
Unrestricted	(322,627,457)	(322,627,457)	(3,338,287)
Total net position	\$ (190,018,578)	\$ (190,018,578)	\$ (1,486,667)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government:						
Governmental activities:						
Instructional services	\$ 116,995,950	\$ 736,313	\$ 20,334,449	\$ 68,217	\$ (95,856,971)	\$ (4,540,209)
Support services:						
Pupil services	11,104,927	-	1,338,865	-	(9,766,062)	(876,579)
Instructional staff services	10,357,135	-	877,998	-	(9,479,137)	-
General administration services	2,187,709	-	125,428	-	(2,062,281)	-
School administration services	13,828,255	-	250,856	-	(13,577,399)	(886,488)
Business services	2,289,277	-	745,871	-	(1,543,406)	(111,476)
Operations and maintenance	14,408,219	-	-	-	(14,408,219)	(314,327)
Transportation services	6,016,818	-	1,406,655	-	(4,610,163)	-
Central services	18,466,052	117,385	3,763,258	-	(14,585,409)	-
Community services	7,165,995	1,307,832	4,543,092	-	(1,315,071)	-
Interest on long-term debt	3,459,246	-	-	-	(3,459,246)	(259,943)
Depreciation - unallocated	6,241	-	-	-	(6,241)	-
Total support services	89,289,874	1,425,217	13,052,023	-	(74,812,634)	(2,448,813)
Total governmental activities	206,285,824	2,161,530	33,386,472	68,217	(170,669,605)	(6,989,022)
Total primary government	\$ 206,285,824	\$ 2,161,530	\$ 33,386,472	\$ 68,217	\$ (170,669,605)	\$ (6,989,022)
Component units						
	\$ 7,576,433	\$ 155,103	\$ 187,983	\$ 244,325		
General revenues:						
Property taxes levied for general purposes					49,769,891	-
Property taxes levied for debt service					10,944,960	-
State equalization not restricted to specific programs					93,806,039	6,697,124
Specific ownership taxes					7,972,710	-
Investment earnings					143,917	1,373
Gain on disposal of capital assets					676,248	-
Miscellaneous unrestricted revenue					1,168,710	212,948
Total general revenues					164,482,475	6,911,445
Change in net position					(6,187,130)	(77,577)
Net position - beginning					(183,831,448)	(1,409,090)
Net position - ending					(190,018,578)	(1,486,667)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51

**BALANCE SHEET
GOVERNMENTAL FUNDS**

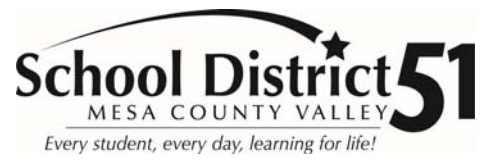
June 30, 2016

	<u>General</u>	<u>Governmental Designated Purpose Grants Special Revenue</u>	<u>Nutrition Services Special Revenue</u>
ASSETS			
Cash and investments	\$ 21,706,831	\$ 2,693,055	\$ 667,973
Due from other funds	50,564	-	-
Receivables:			
Accounts	67,660	-	87,549
Intergovernmental	-	3,036,065	-
Property tax	3,730,761	-	-
Inventories	<u>279,559</u>	<u>-</u>	<u>388,820</u>
Total assets	<u>\$ 25,835,375</u>	<u>\$ 5,729,120</u>	<u>\$ 1,144,342</u>
LIABILITIES			
Accounts payable	\$ 934,625	\$ 25,433	\$ 3,512
Due to other funds	-	-	-
Retainage payable	-	-	-
Accrued salaries and benefits	13,623,349	884,758	180,062
Unearned revenue	<u>-</u>	<u>4,818,929</u>	<u>25,856</u>
Total liabilities	<u>14,557,974</u>	<u>5,729,120</u>	<u>209,430</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>1,618,609</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	279,559	-	388,820
Restricted for:			
TABOR emergency reserve	-	-	-
Preschool	1,021,913	-	-
Debt service	-	-	-
Nutrition services	-	-	543,776
Assigned to:			
Capital projects	-	-	-
Special revenue funds	-	-	-
Subsequent year's expenditures	680,858	-	2,316
Unassigned	<u>7,676,462</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>9,658,792</u>	<u>-</u>	<u>934,912</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,835,375</u>	<u>\$ 5,729,120</u>	<u>\$ 1,144,342</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects Building Fund	Capital Projects Capital Projects	Bond Redemption Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 2,202,002	\$ 14,274,388	\$ 10,403,415	\$ 526,343	\$ 52,474,007
-	-	-	-	50,564
-	171,281	-	154,422	480,912
-	-	-	-	3,036,065
-	-	792,557	-	4,523,318
-	-	-	-	668,379
<u>\$ 2,202,002</u>	<u>\$ 14,445,669</u>	<u>\$ 11,195,972</u>	<u>\$ 680,765</u>	<u>\$ 61,233,245</u>
\$ 1,339,012	\$ 40,524	\$ -	\$ -	\$ 2,343,106
-	-	-	50,564	50,564
634,261	-	-	-	634,261
-	-	-	294	14,688,463
-	-	-	5,025	4,849,810
<u>1,973,273</u>	<u>40,524</u>	<u>-</u>	<u>55,883</u>	<u>22,566,204</u>
-	-	324,436	-	1,943,045
-	-	-	-	668,379
-	5,420,431	-	-	5,420,431
-	-	-	-	1,021,913
-	-	10,871,536	-	10,871,536
-	-	-	-	543,776
143,734	8,721,172	-	-	8,864,906
-	-	-	624,882	624,882
84,995	263,542	-	-	1,031,711
-	-	-	-	7,676,462
<u>228,729</u>	<u>14,405,145</u>	<u>10,871,536</u>	<u>624,882</u>	<u>36,723,996</u>
<u>\$ 2,202,002</u>	<u>\$ 14,445,669</u>	<u>\$ 11,195,972</u>	<u>\$ 680,765</u>	<u>\$ 61,233,245</u>

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Mesa County Valley School District No. 51
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2016

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

Total fund balance - governmental funds	\$	36,723,996
Receivables that are not available soon enough to pay for the current year's expenditures are deferred inflows in the funds and reported as an increase in net position.		1,943,045
Note receivables that are not available revenues under the current resources measurement focus but are recorded as an increase in net position.		1,000,000
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of these assets is \$299,903,748 and the accumulated depreciation is \$93,110,217.		206,793,531

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

<u>Long-term debt:</u>	<u>Amount</u>	<u>Accumulated Amortization</u>	<u>Net effect</u>	
February 2004 bond premium	(2,315,587)	2,211,682	(103,905)	
December 2004 bond premium	(6,651,477)	6,651,477	-	
September 2011 bond premium	(11,811,544)	4,315,756	(7,495,788)	
September 2011 bond refunding loss	12,432,228	(4,485,044)	7,947,184	
July 2012 bond premium	(388,658)	126,854	(261,804)	
July 2012 bond refunding loss	766,250	(241,703)	524,547	
2015 Certificates of Participation premium	(257,930)	10,747	(247,183)	363,051

Internal service funds are used by management to account for the costs of employee medical and dental insurance, workman compensation insurance, and other industrial coverage. The assets (\$13,007,743) and liabilities (\$1,957,488) of the internal service funds are included in governmental activities in the statement of net position. 11,050,255

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (see note 5).

Long-term liabilities	\$	(111,060,209)	
Bond premium payable		8,108,680	
Internal service funds claims payable		1,850,220	
Internal service funds compensated absences		<u>19,926</u>	(101,081,383)

The amount by which deferred outflows of resources are greater than deferred inflows of resources related to pensions, both are not recorded in the funds (\$56,531,770 - \$27,350,796). 29,180,974

Net pension liability is not due and payable in the current period and, therefore, is not reported in the funds. (375,508,406)

Interest accrued on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (483,641)

Total net position - governmental activities (page 20) \$ (190,018,578)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2016

	<u>General</u>	<u>Governmental Designated Purpose Grants Special Revenue</u>	<u>Nutrition Services Special Revenue</u>
REVENUES			
Local sources	\$ 58,579,236	\$ 750,950	\$ 1,309,782
State sources	102,967,868	1,845,931	104,981
Federal sources	<u>781,385</u>	<u>12,328,192</u>	<u>4,438,111</u>
Total revenues	<u>162,328,489</u>	<u>14,925,073</u>	<u>5,852,874</u>
EXPENDITURES			
Current:			
Instructional services	97,311,552	6,856,952	-
Instructional support	31,709,726	7,116,361	-
Business support	26,198,196	21,845	-
Community services	53,070	539,257	-
Physical activities	-	-	-
Nutrition services	-	-	5,516,887
Capital outlay:	63,214	390,658	-
Debt Service:			
Principal	1,992,701	-	-
Interest and fiscal charges	<u>190,527</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>157,518,986</u>	<u>14,925,073</u>	<u>5,516,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,809,503</u>	<u>-</u>	<u>335,987</u>
OTHER FINANCING SOURCES (USES)			
Transfers in from other funds	-	-	-
Transfers out to other funds	(5,146,363)	-	-
Proceeds from sale of real property	-	-	-
Proceeds from sale of capital assets	-	-	-
Issuance of capital lease debt	-	-	-
Issuance of certificates of participation	-	-	-
Premium on certificates of participation	-	-	-
Total other financing sources (uses)	<u>(5,146,363)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(336,860)	-	335,987
Fund balances - beginning	<u>9,995,652</u>	<u>-</u>	<u>598,925</u>
Fund balances - ending	<u>\$ 9,658,792</u>	<u>\$ -</u>	<u>\$ 934,912</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects Building Fund	Capital Projects Capital Projects	Bond Redemption Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 21,286	\$ 458,752	\$ 10,920,202	\$ 778,314	\$ 72,818,522
-	-	-	-	104,918,780
-	-	-	-	17,547,688
<u>21,286</u>	<u>458,752</u>	<u>10,920,202</u>	<u>778,314</u>	<u>195,284,990</u>
-	-	-	101,302	104,269,806
-	-	-	5,527	38,831,614
-	-	-	11,522	26,231,563
-	-	-	-	592,327
-	-	-	700,554	700,554
-	-	-	-	5,516,887
7,292,557	4,118,457	-	7,408	11,872,294
-	-	7,365,000	-	9,357,701
112,930	-	3,620,113	-	3,923,570
<u>7,405,487</u>	<u>4,118,457</u>	<u>10,985,113</u>	<u>826,313</u>	<u>201,296,316</u>
<u>(7,384,201)</u>	<u>(3,659,705)</u>	<u>(64,911)</u>	<u>(47,999)</u>	<u>(6,011,326)</u>
-	3,076,173	-	120,190	3,196,363
-	-	-	-	(5,146,363)
-	350,000	-	-	350,000
-	1,500	-	-	1,500
-	1,946,982	-	-	1,946,982
7,355,000	-	-	-	7,355,000
257,930	-	-	-	257,930
<u>7,612,930</u>	<u>5,374,655</u>	<u>-</u>	<u>120,190</u>	<u>7,961,412</u>
228,729	1,714,950	(64,911)	72,191	1,950,086
-	12,690,195	10,936,447	552,691	34,773,910
<u>\$ 228,729</u>	<u>\$ 14,405,145</u>	<u>\$ 10,871,536</u>	<u>\$ 624,882</u>	<u>\$ 36,723,996</u>

Mesa County Valley School District No. 51
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds \$ 1,950,086

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capitalized assets from capital outlays in the current period.

Capital outlays capitalized		\$ 11,038,751	
Depreciation expense - governmental activities	(7,858,198)		
Depreciation expense - unallocated	<u>(6,241)</u>	<u>(7,864,439)</u>	3,174,312

Governmental funds do not report capital assets and, therefore, do not report the net book value of capital assets and any gain or loss on their disposal. 324,748

The governmental funds report debt issuance proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt is as follows:

Debt principal payments	\$ 9,357,701		
Amortization of debt premiums	1,129,838		
Amortization of deferred loss on refunding	(1,005,931)		
Certificates of participation proceeds	(7,355,000)		
Certificates of participation premium proceeds	(257,930)		
Capital lease proceeds	(1,946,982)		
Accrued interest payable - beginning	437,802		
Accrued interest payable - ending	<u>(483,641)</u>		(124,143)

In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas, in the statement of activities, they are measured as the benefits are earned by employees during the year. During the year, the liability for related compensated absences increased by \$335,753. (335,753)

Internal service funds are used by management to account for the costs of employee medical and dental insurance, workman compensation insurance, and other industrial coverage. The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities less \$4,156 of changes in compensated absences liability.

Revenues	\$ 17,966,805		
Expenses	<u>13,791,176</u>		4,175,629

Property tax receivables that will not be collected soon enough for reporting as available revenue in the funds and are reported as revenue in the statement of activities. This is the change in current deferred inflow from prior year. 365,337

In the governmental funds, expenditures related to pension obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas, in the statement of activities, they are measured on the full accrual basis. This is the amount of the increase in deferred outflows of resources (\$56,531,770 - \$32,552,407), the increase in net pension liability (\$363,135,378 - \$375,508,406) and the increase in deferred inflows of resources during the year (\$27,115 - \$27,350,796) and amortization related to prior year amounts. (15,717,346)

Change in net position of governmental activities (page 21) \$ (6,187,130)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Property taxes	\$ 46,663,528	\$ 48,162,848	\$ 49,284,552	\$ 1,121,704
Delinquent taxes	190,000	190,000	40,739	(149,261)
Specific ownership tax	8,428,508	7,928,508	7,972,710	44,202
Interest and penalties on taxes	210,000	210,000	104,021	(105,979)
Tuition	25,000	25,000	32,625	7,625
Investment income	33,105	33,905	66,953	33,048
District services to charter school	-	-	5,503	5,503
Miscellaneous	917,198	917,198	1,072,133	154,935
	<u>56,467,339</u>	<u>57,467,459</u>	<u>58,579,236</u>	<u>1,111,777</u>
State sources:				
State equalization entitlement	96,038,089	95,178,009	94,173,161	(1,004,848)
Special education	3,911,791	3,911,791	4,774,955	863,164
Transportation	1,362,229	1,362,229	1,406,655	44,426
Vocational education	1,468,088	1,468,088	2,176,052	707,964
Small attendance center	91,548	91,548	260,547	168,999
English language proficiency	140,880	140,880	176,498	35,618
	<u>103,012,625</u>	<u>102,152,545</u>	<u>102,967,868</u>	<u>815,323</u>
Federal sources:				
Mineral leases	345,458	345,458	689,664	344,206
Other	85,991	85,991	91,721	5,730
	<u>431,449</u>	<u>431,449</u>	<u>781,385</u>	<u>349,936</u>
 Total revenues	 <u>159,911,413</u>	 <u>160,051,453</u>	 <u>162,328,489</u>	 <u>2,277,036</u>

(Continued)

Mesa County Valley School District No. 51
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Instructional services:				
Elementary education	27,720,187	28,457,585	27,191,683	1,265,902
Middle school education	15,155,873	15,173,836	14,608,780	565,056
High school education	16,489,003	16,519,792	16,048,027	471,765
Vocational education/WCCC	1,917,452	1,791,959	1,938,909	(146,950)
High school programs	2,267,519	2,347,674	2,199,458	148,216
Integrated educational programs	2,107,580	2,329,351	1,854,354	474,997
Preschool/extended day programs	2,718,221	2,664,375	2,570,083	94,292
Extended enrichment education	1,058,871	1,075,601	1,067,483	8,118
Library	325,493	326,029	310,689	15,340
General instruction	6,980,930	6,720,782	5,853,117	867,665
Music activities	3,882,745	3,916,885	3,653,664	263,221
Physical activities	3,473,280	3,476,880	3,302,539	174,341
Special education	15,048,674	15,102,112	15,059,000	43,112
Cocurricular activities	1,540,411	1,541,412	1,653,766	(112,354)
Total instructional services	<u>100,686,239</u>	<u>101,444,273</u>	<u>97,311,552</u>	<u>4,132,721</u>
Instructional support:				
Instructional:				
Social work/attendance	966,648	965,048	921,556	43,492
Counseling	4,187,918	4,239,477	4,375,440	(135,963)
Nursing/mental health	2,209,956	2,210,026	2,270,758	(60,732)
Psychologists	1,847,626	1,847,626	1,852,686	(5,060)
Audiologists/therapists	195,704	195,704	130,633	65,071
Assessment/staff development	3,167,077	3,548,551	3,558,418	(9,867)
Media services	1,475,726	1,475,626	1,511,640	(36,014)
Instructional technology	397,874	397,874	358,467	39,407
Program administration	1,900,986	2,234,240	2,075,578	158,662
	<u>16,349,515</u>	<u>17,114,172</u>	<u>17,055,176</u>	<u>58,996</u>
General administration:				
Board of Education	148,323	148,323	92,996	55,327
Legal services	290,000	290,000	257,907	32,093
Treasurer's fee	135,000	135,000	269,656	(134,656)
Audit services	32,000	32,000	32,363	(363)
Office of the superintendent	476,512	428,066	519,138	(91,072)
Community relations services	990,211	990,211	912,309	77,902
Other executive administration services	23,543	58,622	41,332	17,290
School administration	11,473,595	11,875,719	12,528,849	(653,130)
	<u>13,569,184</u>	<u>13,957,941</u>	<u>14,654,550</u>	<u>(696,609)</u>
Total instructional support	<u>29,918,699</u>	<u>31,072,113</u>	<u>31,709,726</u>	<u>(637,613)</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Business support:				
Business:				
Business fiscal services	1,252,689	1,216,818	1,201,864	14,954
Indirect cost reimbursements	(450,000)	(700,000)	(865,370)	165,370
Purchasing	287,447	309,563	252,915	56,648
Warehouse	410,575	490,619	454,854	35,765
Print shop	145,790	163,037	162,104	933
Maintenance	841,079	886,397	928,411	(42,014)
Custodial	8,862,813	9,717,479	9,391,479	326,000
Grounds maintenance	1,033,719	1,198,499	1,181,966	16,533
Craftsmen	2,194,124	2,267,517	2,378,582	(111,065)
Transportation	5,470,506	5,462,517	6,243,322	(780,805)
	<u>20,048,742</u>	<u>21,012,446</u>	<u>21,330,127</u>	<u>(317,681)</u>
Central:				
Communication	442,716	713,413	727,872	(14,459)
Human resources	786,349	1,808,978	1,723,647	85,331
Information technology	1,915,633	2,588,841	2,202,221	386,620
Other support services	303,719	246,807	214,329	32,478
	<u>3,448,417</u>	<u>5,358,039</u>	<u>4,868,069</u>	<u>489,970</u>
Total business support	<u>23,497,159</u>	<u>26,370,485</u>	<u>26,198,196</u>	<u>172,289</u>
Community Services:	14,000	39,257	53,070	(13,813)
Capital outlay:	-	-	63,214	(63,214)
Total current expenditures	<u>154,116,097</u>	<u>158,926,128</u>	<u>155,335,758</u>	<u>3,590,370</u>
Contingency	<u>7,869,961</u>	<u>6,469,327</u>	<u>-</u>	<u>6,469,327</u>
Debt Service:				
Principal	-	-	1,992,701	(1,992,701)
Interest and fiscal charges	<u>2,500</u>	<u>2,500</u>	<u>190,527</u>	<u>(188,027)</u>
Total debt service expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,183,228</u>	<u>(2,180,728)</u>
Total expenditures	<u>161,988,558</u>	<u>165,397,955</u>	<u>157,518,986</u>	<u>7,878,969</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,077,145)</u>	<u>(5,346,502)</u>	<u>4,809,503</u>	<u>10,156,005</u>
OTHER FINANCING USES				
Transfers out	<u>6,250,477</u>	<u>3,646,363</u>	<u>5,146,363</u>	<u>(1,500,000)</u>
Total other financing uses	<u>6,250,477</u>	<u>3,646,363</u>	<u>5,146,363</u>	<u>(1,500,000)</u>
Net change in fund balances	(8,327,622)	(8,992,865)	(336,860)	8,656,005
Fund balances - beginning	<u>8,327,622</u>	<u>8,992,865</u>	<u>9,995,652</u>	<u>1,002,787</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,658,792</u>	<u>\$ 9,658,792</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
GOVERNMENTAL DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,068,088	\$ 1,024,178	\$ 750,950	\$ (273,228)
State sources	2,509,894	3,352,788	1,845,931	(1,506,857)
Federal sources	15,935,963	17,177,182	12,328,192	(4,848,990)
Total revenues	19,513,945	21,554,148	14,925,073	(6,629,075)
EXPENDITURES				
Current:				
Instructional services:				
Salaries	5,613,064	4,598,873	4,084,985	513,888
Fringe benefits	1,729,784	1,571,134	1,373,618	197,516
Contracted services	636,389	1,358,937	1,129,190	229,747
Supplies	552,581	558,176	269,159	289,017
	8,531,818	8,087,120	6,856,952	1,230,168
Instructional support:				
Salaries	6,732,322	8,128,985	3,713,884	4,415,101
Fringe benefits	1,252,879	1,418,809	1,135,620	283,189
Contracted services	1,664,863	2,390,945	1,964,261	426,684
Supplies	357,422	394,057	302,596	91,461
	10,007,486	12,332,796	7,116,361	5,216,435
Business support:				
Salaries	166,573	24,020	11,975	12,045
Fringe benefits	46,067	6,133	3,953	2,180
Contracted services	56,704	300,923	1,746	299,177
Supplies	5,000	6,007	4,171	1,836
	274,344	337,083	21,845	315,238
Community services:				
Salaries	171,050	170,651	167,883	2,768
Fringe benefits	63,745	71,677	57,082	14,595
Contracted services	399,645	487,190	280,844	206,346
Supplies	65,857	67,631	33,448	34,183
	700,297	797,149	539,257	257,892
Total current	19,513,945	21,554,148	14,534,415	7,019,733
Capital outlay	-	-	390,658	(390,658)
Total expenditures	19,513,945	21,554,148	14,925,073	6,629,075
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
NUTRITION SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,486,574	\$ 1,486,574	\$ 1,309,374	\$ (177,200)
State sources	102,470	102,470	104,981	2,511
Federal sources	4,406,875	4,406,875	4,438,111	31,236
Miscellaneous revenue	27,000	27,000	408	(26,592)
Total revenues	<u>6,022,919</u>	<u>6,022,919</u>	<u>5,852,874</u>	<u>(170,045)</u>
EXPENDITURES				
Current:				
Food service direction:				
Salaries	348,833	348,833	135,618	213,215
Fringe benefits	102,577	102,577	36,231	66,346
Contracted services and supplies	478,276	478,276	203,475	274,801
	<u>929,686</u>	<u>929,686</u>	<u>375,324</u>	<u>554,362</u>
Food service preparation/serving				
Salaries	1,624,994	1,624,994	1,681,028	(56,034)
Fringe benefits	664,812	664,812	640,225	24,587
Contracted services and supplies	2,502,350	2,502,350	2,495,074	7,276
	<u>4,792,156</u>	<u>4,792,156</u>	<u>4,816,327</u>	<u>(24,171)</u>
Food delivery				
Salaries	171,108	171,108	183,021	(11,913)
Fringe benefits	47,623	47,623	48,391	(768)
Contracted services and supplies	25,000	25,000	35,957	(10,957)
	<u>243,731</u>	<u>243,731</u>	<u>267,369</u>	<u>(23,638)</u>
Catering				
Salaries	6,500	6,500	3,641	2,859
Fringe benefits	1,357	1,357	556	801
Contracted services and supplies	15,200	15,200	9,358	5,842
	<u>23,057</u>	<u>23,057</u>	<u>13,555</u>	<u>9,502</u>
Support services:				
Administration	34,500	34,500	44,312	(9,812)
	<u>34,500</u>	<u>34,500</u>	<u>44,312</u>	<u>(9,812)</u>
Total current	<u>6,000,073</u>	<u>6,000,073</u>	<u>5,516,887</u>	<u>496,741</u>
Capital outlay	22,846	22,846	-	22,846
Total expenditures	<u>6,022,919</u>	<u>6,022,919</u>	<u>5,516,887</u>	<u>519,587</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	335,987	349,542
Fund balances - beginning	<u>274,057</u>	<u>598,925</u>	<u>598,925</u>	<u>-</u>
Fund balances - ending	<u>\$ 274,057</u>	<u>\$ 598,925</u>	<u>\$ 934,912</u>	<u>\$ 349,542</u>

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	<u>Governmental Activities-- Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and investments	\$ 13,007,743
Total current assets	<u>13,007,743</u>
Total assets	<u>13,007,743</u>
LIABILITIES	
Current liabilities:	
Accounts payable	87,342
Claims payable	1,510,220
Compensated absences payable	17,426
Total current liabilities	<u>1,614,988</u>
Noncurrent liabilities:	
Claims payable	340,000
Future compensated absences payable	2,500
Total noncurrent liabilities	<u>342,500</u>
Total liabilities	<u>1,957,488</u>
NET POSITION	
Unrestricted	11,050,255
Total net position	<u>\$ 11,050,255</u>

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the fiscal year ended June 30, 2016

	Governmental Activities-- Internal Service Funds
Operating revenues:	
Charges for sales and services:	
Charges for premiums and claims	\$ 113,150
Employee paid premiums	15,859,949
Total operating revenues	15,973,099
Operating expenses:	
Worker compensation	672,263
Insurance premiums	43,267
Losses or claims	10,600,122
Other operating expenses	2,479,680
Total operating expenses	13,795,332
Operating income (loss)	2,177,767
Non-operating revenues (expenses):	
Investment income	43,706
Total nonoperating revenues	43,706
Income before other financing sources	2,221,473
Other financing sources (uses)	
Transfers in (out)	1,950,000
Change in net position	4,171,473
Total net position - beginning	6,878,782
Total net position - ending	\$ 11,050,255

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Governmental Activities-- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 15,973,099
Payments to employees	(2,611)
Payments to vendors	(14,471,740)
Net cash provided (used) by operating activities	1,498,748
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,950,000
Net cash provided by investing activities	1,950,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received	43,706
Net cash provided by investing activities	43,706
Net increase (decrease) in cash and cash equivalents	3,492,454
Cash and cash equivalents, July 1	9,515,289
Cash and cash equivalents, June 30	\$ 13,007,743
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 2,177,767
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	(33,114)
Increase (decrease) in accrued salaries and benefits	(6,766)
Increase (decrease) in claims payable	(643,294)
Increase (decrease) in compensated absences	4,155
Total adjustments	(679,019)
Net cash provided (used) by operating activities	\$ 1,498,748

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF FIDUCIARY NET POSITON
STUDENT BODY ACTIVITY AGENCY FUND
June 30, 2016

ASSETS

Cash and investments \$ 2,201,895

LIABILITIES

Due to student groups \$ 2,201,895

Total liabilities \$ 2,201,895

Mesa County Valley School District No. 51
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
June 30, 2016

	Independence Academy Charter School	Juniper Ridge Community School	Mesa Valley Community School	Total Discretely Presented Component Units
ASSETS				
Cash and investments	\$ 2,101,581	\$ 524,288	\$ 822,780	\$ 3,448,649
Restricted cash and investments	580,881	-	-	580,881
Accounts receivable (less allowance)	80,203	82,950	88,899	252,052
Inventory	-	5,332	-	5,332
Other assets	-	5,000	9,384	14,384
Capital assets (net of accumulated depreciation)	<u>6,151,224</u>	<u>436,837</u>	<u>-</u>	<u>6,588,061</u>
 Total assets	 <u>8,913,889</u>	 <u>1,054,407</u>	 <u>921,063</u>	 <u>10,889,359</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	<u>615,771</u>	<u>945,229</u>	<u>1,368,764</u>	<u>2,929,764</u>
LIABILITIES				
Accounts payable	47,589	10,198	10,427	68,214
Due to agency fund	17,456	-	-	17,456
Interest payable	76,392	2,445	-	78,837
Accrued salaries and benefits	123,414	18,670	84,088	226,172
Unearned revenue	-	37,268	-	37,268
Current portion of long-term liabilities	<u>110,000</u>	<u>47,690</u>	<u>-</u>	<u>157,690</u>
Total current liabilities	<u>374,851</u>	<u>116,271</u>	<u>94,515</u>	<u>585,637</u>
Long term liabilities due more than one year:				
Compensated absences payable	-	-	45,553	45,553
Notes payable	5,586,241	379,809	-	5,966,050
Net pension liability	<u>3,013,670</u>	<u>2,893,389</u>	<u>2,671,203</u>	<u>8,578,262</u>
Total liabilities	<u>8,974,762</u>	<u>3,389,469</u>	<u>2,811,271</u>	<u>15,175,502</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	<u>42,714</u>	<u>40,978</u>	<u>46,596</u>	<u>130,288</u>
NET POSITION				
Net investment in capital assets	1,035,864	9,338	-	1,045,202
Restricted for:				
Emergencies	86,000	58,733	80,804	225,537
Debt service	580,881	-	-	580,881
Unrestricted	<u>(1,190,561)</u>	<u>(1,498,882)</u>	<u>(648,844)</u>	<u>(3,338,287)</u>
 Total net position	 <u>\$ 512,184</u>	 <u>\$ (1,430,811)</u>	 <u>\$ (568,040)</u>	 <u>\$ (1,486,667)</u>

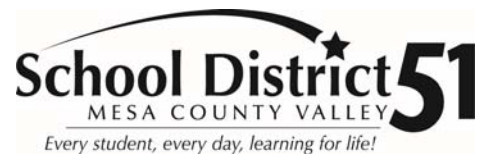
The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Independence Academy Charter School	Juniper Ridge Community School	Mesa Valley Community School	Total
Independence Academy Charter School:								
Governmental activities:								
Instructional services:								
Interest expense on long-term debt	\$ 1,537,026	\$ 58,683	\$ 46,832	\$ -	\$ (1,431,511)	\$ -	\$ -	\$ (1,431,511)
Support services:	229,175	-	-	-	(229,175)	-	-	(229,175)
School administration services	885,713	-	-	89,644	(796,069)	-	-	(796,069)
Total support services	885,713	-	-	89,644	(796,069)	-	-	(796,069)
Total - Independence Academy Charter School	2,651,914	58,683	46,832	89,644	(2,456,755)	-	-	(2,456,755)
Juniper Ridge Community School:								
Governmental activities:								
Instructional services:								
Interest expense on long-term debt	\$ 1,653,663	\$ 92,996	\$ 94,638	\$ 62,400	\$ -	\$ (1,403,629)	\$ -	\$ (1,403,629)
Support services:	30,768	-	-	-	-	(30,768)	-	(30,768)
Student support	110,597	-	-	-	-	(110,597)	-	(110,597)
School administration services	29,721	-	-	-	-	(29,721)	-	(29,721)
Business services	35,698	-	-	-	-	(35,698)	-	(35,698)
Operations and maintenance	175,308	-	-	-	-	(175,308)	-	(175,308)
Total support services	351,324	-	-	-	-	(351,324)	-	(351,324)
Total - Juniper Ridge Community School	2,035,755	92,996	94,638	62,400	-	(1,785,721)	-	(1,785,721)
Mesa Valley Community School:								
Governmental activities:								
Instructional services:								
Support services:								
Student support	\$ 1,847,287	\$ 3,424	\$ 46,513	\$ 92,281	\$ -	\$ -	\$ (1,705,069)	\$ (1,705,069)
School administration services	765,982	-	-	-	-	-	(765,982)	(765,982)
Business services	60,698	-	-	-	-	-	(60,698)	(60,698)
Operations and maintenance	75,778	-	-	-	-	-	(75,778)	(75,778)
Total support services	139,019	-	-	-	-	-	(139,019)	(139,019)
Total - Mesa Valley Community School	1,041,477	3,424	46,513	92,281	-	-	(1,041,477)	(1,041,477)
Total component units	2,888,764	155,103	187,983	244,325	(2,456,755)	(1,785,721)	(2,746,546)	(6,989,022)
	\$ 7,576,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General revenues:								
State equalization not restricted to specific programs					2,406,625	1,739,241	2,551,258	6,697,124
Investment earnings					1,030	343	-	1,373
Miscellaneous unrestricted revenue					212,948	-	-	212,948
Total general revenues					2,620,603	1,739,584	2,551,258	6,911,445
Change in net position					163,848	(46,137)	(195,288)	(77,577)
Net position - beginning					348,336	(1,384,674)	(372,752)	(1,409,090)
Net position - ending					\$ 512,184	\$ (1,430,811)	\$ (568,040)	\$ (1,486,667)

The notes to the financial statements are an integral part of this statement.

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Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mesa County Valley School District No. 51 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

The following is a summary of the District's significant accounting policies:

A. Reporting Entity

The District is governed by a five member Board of Education and is organized and operates in accordance with Colorado statutes. Board of Education members are elected by the citizens of Mesa County, not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District independently issues debt for short and long-term financing. The District meets the criteria of a primary government: its' Board is the publicly elected governing body; it is a legally separate entity; and, it is fiscally independent. The District is not included in any other governmental reporting entity.

Discretely Presented Component Units. The Legislature of the State of Colorado enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the District's Board of Education must approve all charter school applications and budgets. There are three charter schools in the District: Independence Academy Charter School (IACS), Juniper Ridge Community School (JRCS), and Mesa Valley Community School (MVCS). The charter schools are discretely presented component units because the District is accountable for their financial reporting.

Complete financial statements for each charter school are available at each school's administrative office.

Independence Academy Charter School 675 29 Road Grand Junction, CO 81504 Phone: 970-254-6850	Juniper Ridge Community School 640 24 ½ Road Grand Junction, CO 81505 Phone: 970-986-8219	Mesa Valley Community School 2387 Patterson Road Grand Junction, CO 81505 Phone: 970-254-7202
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B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Likewise, the *primary government* is reported separately from its legally separate *component units* for which the primary government is financially accountable.

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

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The agency fund does not have a measurement focus, as it is merely a custodial fund.

Property taxes, interest and expended grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *Governmental Designated Purpose Grants Special Revenue Fund* accounts for revenue and expenditures of funds as proscribed by various federal, state and local grantors as awarded to the District.

The *Nutrition Services Special Revenue Fund* accounts for revenue and expenditures of nutrition services related funds as proscribed by various federal, state and local grantors as awarded to the District.

The *Building Capital Projects Fund* accounts for revenues and expenditures for acquisition of capital sites, buildings and equipment.

The *Capital Projects Capital Projects Fund* accounts for revenues allocated to fund ongoing capital needs, such as site acquisition, building additions and renovations, and equipment purchases.

The *Bond Redemption Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Additionally, the government reports the following fund types:

Internal Service Funds account for insurance provided to other departments or employees of the District on a cost reimbursement basis.

The *Student Body Activity Agency Fund* accounts for assets held by the District for student and teacher clubs and organizations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Generally, this means that direct expenses for employee benefits are not eliminated from the various functional categories, whereas indirect expenses have been eliminated. Interfund activity is not eliminated in the fund financial statements.

The only proprietary funds at the District are the Internal Service funds. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are for industrial insurance, workmen's compensation and employee dental and health insurance provided to other funds. Operating expenses for the internal service funds include salaries, employee benefits, purchased services, supplies and insurance premiums and claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Investments

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

State statutes authorize the government and the District to invest in obligations of the U.S. Treasury, obligations unconditionally guaranteed by U.S. agencies, certain international agency securities, certain types of bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, and guaranteed investment contracts.

Investments for the District are reported at fair value.

2. Interfund Receivables and Payables

Receivables and payables classified as "due from other funds" or "due to other funds" on the balance sheet arise from negative equity in pooled cash and investments. As of June 30, 2016, the Career Center Grant Non-Major Fund has a due to other funds balance of \$50,564.

3. Inventories

Inventories of expendable supplies and materials are valued at cost using the weighted average basis. Inventory items are charged to expenditures when they are consumed. United States Department of Agriculture commodity inventories are valued using Federal guidelines.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

4. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., parking lots, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Modular buildings and improvements	25
Building improvements	20
Land improvements and infrastructure	15
Grounds and shop equipment	12
Instructional equipment and phone systems	10
Vehicles and software	7
Office equipment and computers	5
Leased computers and servers	4

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net 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 future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District only has two items that qualify for reporting in this category. The first is the deferred charge on long-term debt refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflow of resources related to the cost-sharing, multiple employer defined benefit pension plan that it is affiliated with the Public Employees' Retirement Association. See Note 8 for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District reports unavailable property taxes in this category. The property tax deferral is recognized as revenues in the period when received or within the subsequent fiscal year. The District also reports a deferred inflow of resources related to the cost-sharing, multiple employer defined benefit pension plan that it is affiliated with the Public Employees' Retirement Association. See Note 8 for additional information.

6. *Future Compensated Absences*

Future compensated absences consist of accumulated vacation and sick leave. The District's policy is to permit twelve-month employees to accumulate a limited amount of earned but unused vacation, which will be taken after June 30, 2016 or paid upon separation from District service. All employees will be compensated for unused accumulated leave based on various formulas, depending upon the employee's position.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements. As of June 30, 2016, current compensated absences of \$187,676 are recorded in the general fund for contract employees who opted to cash for personal time greater than a union selected minimum.

7. Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net position. Long-term debt premiums and discounts and loss on defeasance are deferred and amortized over the life of the related debt using the straight-line method, which approximates the effective interest method.

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

8. Net Position Flow Assumption

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

9. Fund Balance Policies and Flow Assumptions

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications and by clarifying the definitions of existing governmental fund types.

Fund balances in the fund financial statements are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. In accordance with the statement, fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned and 5) unassigned. Nonspendable fund balance represents assets that will never be converted to cash. Restricted fund balances reflect resources that are subject to externally enforceable legal restrictions. Committed fund balance is the portion that is limited in use by the Board of Education. The Board of Education is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Education. Assigned fund balances represent resources intended for a certain use by the District that do not meet the criteria to be classified as restricted or committed. Only the Board of Education assigns amounts for specific purposes. Unassigned fund balance for the general fund represents the net resource balances in excess of the prior classifications.

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

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

10. Property Taxes

The District's property taxes certified by the Board of Education by December 15 and levied on assessed valuation by the Mesa County Commissioners by December 22 are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. The taxes are payable under two methods: 1) in full on or before April 30, 2) one-half on or before February 28 and the remaining one-half on or before June 15. The Mesa County Treasurer collects all property taxes. The District portion of property taxes collected are received by the 10th of the month following the month of collection, except for the months of March, May and June, when two payments are received.

11. 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for all funds on a basis consistent with GAAP, with two exceptions. Proceeds and subsequent payment to bond escrow agents of any bond refinancing transaction are not budgeted in the Bond Redemption Debt Service fund, as applicable. The Nutrition Services Special Revenue Fund budget differs from GAAP in that revenue and expenditures for commodities received from the U.S. Department of Agriculture are not budgeted as they are non-cash items.

In June, the Board of Education adopts the budget for the following fiscal year. In accordance with Colorado statutes, the Board makes final changes, if any, when it "re-adopts" the budget on or before January 31. The Board may amend or adopt supplemental budgets during the budget year.

B. Budgeted level of expenditures

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Education. At year-end, all appropriations lapse in accordance with Colorado statutes.

Encumbrance accounting is employed in the governmental funds and proprietary funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. At June 30, 2016, the District had outstanding encumbrances of \$680,858 in General Fund, \$84,995 in Capital Projects Building Fund, \$263,542 in Capital Projects Capital Projects Fund, and \$2,316 in Nutrition Services Special Revenue Fund. These are reported in assigned fund balance in the category subsequent years' expenditures.

The Capital Projects Capital Projects Fund expenditures are made pursuant to an annual resolution adopted by the Board of Education. Appropriations for capital expenditures are carried forward until such time as the project is completed or terminated. At year end, appropriations for any incomplete projects will be carried into the next year and added to the new year budget. This procedure allows for accurate presentation of budget to actual expenditures.

Mesa County Valley School District No. 51
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Appropriations for the Governmental Designated Purpose Grants Special Revenue Fund are made by the Board of Education as new grants are approved during the year. Many of the grants have fiscal year ends that differ from the District. In these circumstances, appropriations for these grants are carried into the next fiscal year and added to the new fiscal year's budget. This allows for accurate presentation of budget to actual expenditures.

C. Proprietary and fiduciary funds appropriations

The schedule below is presented to demonstrate compliance with School District Budget Law.

	<u>Appropriations</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Internal Service Funds:			
Insurance Reserve	\$ 2,396,626	\$ 927,097	\$1,469,529
Dental Insurance	1,281,786	1,089,754	192,032
Medical Insurance	13,856,426	11,778,481	2,077,945
Student Body Activity Agency Fund	12,000,000	6,824,599	5,175,401

NOTE 3 – CASH AND INVESTMENTS

Cash Deposits

The District's deposits are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. All deposits of the District and the component units are insured or collateralized with securities held by or for the entity.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2016, the District's cash deposits had a bank balance and a carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Cash on hand	\$ -	\$ 3,597
Cash held by County Treasurer	-	648,496
Insured deposits	250,000	250,000
Certificates of deposit	3,294,004	3,294,004
Deposits collateralized in single institution pools	<u>10,441,496</u>	<u>10,131,618</u>
	<u>\$13,985,500</u>	<u>\$14,327,715</u>

Investments

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

<u>Investment</u>	<u>Fair Value</u>
Local government investment pools	\$53,355,930
Total cash and investments	<u>\$67,683,645</u>

Interest rate risk. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Colorado statutes do not allow investment maturities to exceed five years.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

The District voluntarily participates in local government investment pools, CSAFE and COLOTRUST, that exist under the laws of the State of Colorado and are registered with the Securities Commissioner of the State of Colorado. The pools are similar to money market funds, with each share valued at \$1. Assets of the pools are limited to those authorized by state statute, have a maximum slated maturity and weighted average maturity in accordance with Federal Securities Regulation 2a-7, and have a rating of AAAM by S&P. The fair value of the position in the investment pools approximates the value of the District's investment in the pools. The weighted average maturity of the pool's investments is less than sixty days which indicates the District's ability to withdraw money based on cash flow needs rather than when investments mature.

Credit Risk. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which Colorado school districts may invest, which include:

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

The District's investment policy is to apply the "prudent investor" rule, which states "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculations, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Concentration of Credit Risk. The District places no limit on the amount the district may invest in any one issuer. More than five percent of the District's investments are in public entity investment pools. These investments are 100% of the District's total investments.

NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,347,804	\$ –	\$ (5,750)	\$ 14,342,054
Construction in Progress	–	7,292,558	–	7,292,558
Capital assets, being depreciated:				
Buildings and building improvements	249,258,720	1,301,060	(746,459)	249,813,321
Land improvements	11,727,882	–	(63,204)	11,664,678
Equipment	<u>16,117,657</u>	<u>2,445,133</u>	<u>(1,771,653)</u>	<u>16,791,137</u>
Total capital assets being depreciated	<u>277,104,259</u>	<u>3,746,193</u>	<u>(2,581,316)</u>	<u>278,269,136</u>
Less accumulated depreciation for:				
Buildings and building improvements	(68,843,033)	(5,374,512)	262,554	(73,954,991)
Land improvements	(8,555,078)	(511,889)	54,257	(9,012,710)
Equipment	<u>(9,276,689)</u>	<u>(1,978,038)</u>	<u>1,112,211</u>	<u>(10,142,516)</u>
Total accumulated depreciation	<u>(86,674,800)</u>	<u>(7,864,439)</u>	<u>1,429,022</u>	<u>(93,110,217)</u>
Total capital assets being depreciated, net	<u>190,429,459</u>	<u>(4,118,246)</u>	<u>(1,152,294)</u>	<u>185,158,919</u>
Governmental activities capital assets, net	<u>\$ 204,777,263</u>	<u>\$ 3,174,312</u>	<u>\$ (1,158,044)</u>	<u>\$206,793,531</u>

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

Governmental activities:	
Instructional services	\$ 5,666,183
Pupil services	85,551
Instructional staff services	19,566
General administration services	2,900
School administration services	173,106
Business services	121,291
Maintenance and capital asset services	110,602
Transportation services	39,610
Central services	561,637
Community services	1,077,752
Depreciation – unallocated	<u>6,241</u>
Total depreciation expense – governmental activities	<u>\$ 7,864,439</u>

NOTE 5 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$88,200,000	\$ –	\$(7,365,000)	\$ 80,835,000	\$7,625,000
Certificates of Participation	–	7,355,000	–	7,355,000	215,000
Debt issuance premiums	8,980,588	257,930	(1,129,838)	8,108,680	1,131,987
Capital leases	11,199,402	1,946,982	(2,475,497)	10,670,887	1,769,912
Claims payable	2,493,514	11,147,322	(11,790,616)	1,850,220	1,510,220
Compensated absences	<u>1,904,669</u>	<u>1,441,052</u>	<u>(1,105,299)</u>	<u>2,240,422</u>	<u>1,210,554</u>
Governmental activities					
Long-term liabilities	<u>\$112,778,173</u>	<u>\$ 22,148,286</u>	<u>\$(23,866,250)</u>	<u>\$ 111,060,209</u>	<u>\$13,462,673</u>

Internal service funds serve the governmental funds. Accordingly, long-term liabilities for them are included as \$1,850,220 of claims payable and \$19,926 of compensated absences in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

General Obligation Bonds

In July 2012, the District issued \$7,560,000 of General Obligation Refunding Bonds, Series 2012 to partially refund the Series 2004A General Obligation Bonds.

In September 2011, the District issued \$76,575,000 of General Obligation Refunding Bonds, Series 2011 to advance refund \$76,710,000 of the 2004A General Obligation Bonds.

In February 2004, the District issued \$28,760,000 of General Obligation Refunding Bonds, Series 2004 to advance refund \$27,830,000 the General Obligation Bonds, series 1996 issuance.

Debt service for the 2004, 2011 and 2012 series bonds is accounted for in the Bond Redemption fund. The bond registrar and paying agent for the 2004, 2011, and 2012 bonds is Wells Fargo Bank, N.A., Denver, Colorado.

Mesa County Valley School District No. 51
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Bonds of the advance refunding 2004 issue are dated February 15, 2004 and bear interest payable semi-annually on June 1 and December 1. Interest rates range from 2.5% to 5.0%, depending on maturity date. The bonds mature on December 1, 2004 through December 1, 2016 and are not subject to redemption prior to their respective maturities.

Bonds of the 2011 issue are dated September 22, 2011 and bear interest payable semi-annually on June 1 and December 1. Interest rates range from 2.0% to 5.0%, depending on maturity date. The bonds mature on December 1, 2012 through December 1, 2024 and are not subject to redemption prior to their respective maturities.

Bonds of the 2012 refunding issue are dated July 25, 2012 and bear interest payable semi-annually on June 1 and December 1. Interest rates range from 2.0% to 4.0%, depending on maturity date. The bonds mature on December 1, 2024 and are not subject to redemption prior to their maturity.

The District participates in the Colorado State Treasurer intercept program, in which the State of Colorado guarantees payment of principal and interest if the District defaults as such payments come due. As a condition of participation in the program, the Mesa County Treasurer is assigned to act as the third party trustee of the cash and investments in the Bond Redemption Debt Service Fund.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
Maturity – June 30,				
2017	\$ 7,625,000	\$ 3,312,613	\$10,937,613	2.0 - 5.00%
2018	7,980,000	3,002,450	10,982,450	2.0 - 5.00%
2019	8,265,000	2,731,988	10,996,988	2.0 - 5.00%
2020	8,535,000	2,449,275	10,984,275	4.0 - 5.00%
2021	8,825,000	2,092,975	10,917,975	4.0 - 5.00%
2022-2025	<u>39,605,000</u>	<u>3,997,231</u>	<u>43,602,231</u>	4.0 - 5.00%
	<u>\$ 80,835,000</u>	<u>\$17,586,532</u>	<u>\$ 98,421,532</u>	

Certificates of Participation

On September 15, 2015, the District issued \$7,355,000 in Certificates of Participation for construction of an alternative secondary school building that replaced existing sites. The Certificates were issued with an interest rate ranging from 2.00% to 4.25% with Nisley Elementary School acting as collateral for the Certificates. The first optional call date for the Certificates is on November 15, 2020 and the initial principal plus interest payment is due November 15, 2016.

Debt service requirements to maturity for certificates of participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
Maturity – June 30,				
2017	\$ 215,000	\$ 263,669	\$ 478,669	2.00%
2018	275,000	257,394	532,394	3.00%
2019	280,000	249,069	529,069	3.00%
2020	290,000	240,519	530,519	3.00%
2021	300,000	231,669	531,669	3.00%
2022-2026	1,640,000	1,008,919	2,648,919	3.00-4.00%
2027-2031	1,975,000	670,034	2,645,034	3.25-4.00%
2032-2035	<u>2,380,000</u>	<u>259,300</u>	<u>2,639,300</u>	3.50-4.25%
	<u>\$ 7,355,000</u>	<u>\$ 3,180,573</u>	<u>\$ 10,535,573</u>	

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Capitalized Lease Obligations

During 2009 through 2011, the District entered into leases for energy improvements with a capitalized value of \$9,506,583. Payments on the leases began in August, 2011. The final lease payments are due in May, 2027.

In June, 2015, the District entered into a \$451,170 lease agreement for copiers. Payments on the lease began in July, 2015. The lease term is five years.

In July, 2015, the District entered into a \$1,168,522 lease agreement for telephones to replace the obsolete analog phone system. Monthly payments on the lease began in July, 2015. The District disposed of the equipment and cancelled the lease due to issues with the operation and support received with the phone system. No further obligations were incurred under the cancelled lease as of June 30, 2016, which resulted in debt forgiveness of \$482,792.

In June, 2016, the District entered into a \$1,543,930 lease agreement for telephones to replace the aforementioned phone lease that did not meet the operating requirements of the District. The phones were installed and operational as of June 30, 2016; however, payments on the lease do not begin until July 2016. Lease payments are annual.

In June 2013, the District entered into two lease agreements for \$525,307 of desktop and laptop computers for use in schools. The final payments on the two leases were made in August, 2015.

In May and June, 2014, the District entered into two lease agreements in the amounts of \$1,029,725 and \$1,111,242, respectively, for desktop computers. Payments on the leases began in August, 2014.

In July, 2014, the District entered into two lease agreements in the amounts of \$141,711 and \$935,472 for additional computers. Payments on the leases began in August, 2014.

In June, 2016, the District entered into two lease agreements in the amounts of \$112,458 and \$290,595 for replacement computers. Payments on the leases commenced August, 2016.

Debt Service payments on all leases are subject to annual appropriation.

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 5,030,368
Building improvements	9,506,583
Less: Accumulated depreciation	<u>(5,249,609)</u>
Total	<u>\$ 9,287,342</u>

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

	<u>Governmental Activities</u>
2017	\$ 2,262,464
2018	2,121,239
2019	1,837,553
2020	1,490,305
2021	1,242,796
2022-2026	<u>3,794,169</u>
	12,748,526
Less amount representing interest	<u>(2,077,639)</u>
Present value of net minimum lease payments	<u>\$10,670,887</u>

NOTE 6 – FUND BALANCES

The Capital Projects Capital Projects Fund has a restricted fund balance for TABOR emergency reserve of \$5,420,431. The reserve is required by an amendment to the State Constitution, Article X, Section 20, known as the Tabor Amendment, which requires local government units to establish emergency reserves. The designation is three percent of fiscal year 2016 eligible expenditures. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers during fiscal year 2016 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Physical Activities Special Revenue Fund	\$ 120,190	\$ –
Capital Projects Capital Projects Fund	3,076,173	–
General Fund	–	5,146,363
Insurance Reserve Fund	<u>1,950,000</u>	<u>–</u>
	<u>\$5,146,363</u>	<u>\$5,146,363</u>

The \$120,190 transfer from the General Fund to the Physical Activities Special Revenue Fund was made to fund costs in excess of revenues for sports programs of the District.

The \$3,076,173 transfer from the General Fund to the Capital Projects Capital Projects Fund was made to fund capital projects and building maintenance.

The \$1,950,000 transfer from the General Fund to the Insurance Reserve Fund was made to fund risk management services for the District.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

Contributions. Eligible employees and Mesa County Valley School District No. 51 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. §

Mesa County Valley School District No. 51
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 June 30, 2016

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$19,376,687 for the year ended June 30, 2016.

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

At June 30, 2016, the District's reported a liability of \$375,508,406 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 2.45 percent, which was a decrease of 0.22 percent from its proportion measured as of December 31, 2014.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$35,094,033. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience (net of amortization)	\$4,958,631	\$17,068
Changes in assumptions or other inputs (net of amortization)	-	5,306,600
Net difference between projected and actual earnings on pension plan investments (net of amortization)	32,452,558	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions (net of amortization)	9,141,916	22,027,128
Contributions subsequent to the measurement date	9,978,664	-
Total	<u>\$56,531,770</u>	<u>\$27,350,796</u>

\$9,978,664 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31st:	
2016	\$5,527,215
2017	3,916,964
2018	3,210,789
2019	6,547,342

Mesa County Valley School District No. 51
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 June 30, 2016

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

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

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

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

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

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement to directly value certain and life, modified cash refund and pop-up benefits 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.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reached 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.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$486,768,642	\$375,508,406	\$282,960,646

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.

Other Post-Employment Benefits

Health Care Trust Fund

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

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014 the District contributions to the HCTF were \$1,114,548, \$1,071,887 and \$1,153,155, respectively, equal to their required contributions for each year.

NOTE 9 – RISK MANAGEMENT

The District has established an Insurance Reserve Internal Service Fund to account for insuring against loss or damage to property; payment of premiums on loss insurances; and payment of judgments, administrative and legal claims.

The District is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the District's participation as a member of the Colorado School District Self-Insurance Pool (the Pool), which operates as a risk-sharing public entity risk pool comprised of various school districts and other related public educational entities within the State of Colorado. The Pool provides the District with general, property and vehicle liability insurance. During the year ended June 30, 2016, the District paid \$354,678 in premiums to the Pool. In the event of the impairment or insolvency of the Pool, the District may be assessed such amounts as may be necessary to ensure the solvency of the Pool. The likelihood of an event of this type occurring is remote.

Commercial insurance companies are used to provide coverage for life insurance and other insurance programs maintained by the District. For each of the past three years, no settlements have exceeded the amount of insurance coverage. The District self-insures for vehicle comprehensive and collision coverage and worker's compensation coverage. Health, vision and life employee benefit insurances are not included in this fund and such premiums are recorded as employee benefits in the same funds as the salary expenditure.

The District had established a self-insured employee benefit dental insurance plan in 2002. In January, 2004 the District established a self-insured employee benefit medical insurance plan. Premiums paid by employees and District contributions are remitted to the Medical Insurance Internal Service Fund and the Dental Insurance Internal Service Fund by the fund that pays the salary expenditure. Payments of medical and dental claims and administrative costs are an expense of the internal service funds and these transactions are accounted for in the respective internal service funds.

Claims liabilities of \$638,760 in the Insurance Reserve Internal Service Fund, \$1,152,555 in the Medical Insurance Internal Service Fund and \$58,905 in the Dental Insurance Internal Service Fund were recorded at June 30, 2016 for the District's share of estimated ultimate losses for claims made and claims incurred but not reported, where information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

Changes in the claims liability amounts in 2016 and 2015 were:

	<u>July 1</u> <u>Claims Payable</u>	<u>Claims</u> <u>and Changes</u> <u>in Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>June 30</u> <u>Claims Payable</u>
Dental coverage:				
<u>Year</u>				
2015	\$ 138,525	\$ 1,125,589	\$ (1,209,850)	\$ 54,264
2016	54,264	1,001,789	(997,148)	58,905
Medical coverage:				
<u>Year</u>				
2015	\$ 1,410,000	\$10,069,202	\$ (10,193,339)	\$ 1,285,863
2016	1,285,863	9,334,132	(9,467,440)	1,152,555
District coverage:				
<u>Year</u>				
2015	\$ 1,332,169	\$ 986,594	\$ (1,165,376)	\$1,153,387
2016	1,153,387	811,401	(1,326,028)	638,760

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants – The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. Based on prior experience, the District administration believes such disallowance, if any, would be immaterial.

Litigation – The District is involved in various litigations. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the District.

Tabor Amendment – Colorado voters passed an amendment to the State Constitution, Article X, Section 20, known as the Tabor Amendment, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. In a general election held on November 2, 1999, voters approved a ballot issue which allows the school district to exceed the revenue limitations for the year ended June 30, 1999 and in future years.

Mesa County Valley School District No. 51

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2016

<u>Measurement Date</u>	<u>Employer proportion of NPL</u>	<u>Employer proportionate share of NPL</u>	<u>Employer covered payroll</u>	<u>Employer proportionate share of NPL as a percentage of covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of total pension liability</u>
December 31, 2015	2.4552%	\$ 375,508,406	\$ 106,992,550	351%	59%
December 31, 2014	2.6793%	\$ 363,135,378	\$ 104,046,561	349%	63%

Mesa County Valley School District No. 51

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2016

	Required employer contribution	Employer contribtuions recognized by the plan	Difference	Employer covered payroll	Contribution as a percentage of employer covered payroll
June 30, 2016	\$ 19,376,687	\$ 19,376,687	\$ -	\$ 109,269,410	17.73%
June 30, 2015	\$ 18,812,548	\$ 18,812,548	\$ -	\$ 105,086,978	17.90%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.
Additional years will be presented once available.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Career Center Grant Fund – accounts for the use of donations and revenues generated by the building construction projects of the students in the career center program. Due to the depressed housing market, the program did not construct a house this year.

Physical Activities Fund – accounts for most of the revenue and expenditures associated with the athletic programs at the high schools.

Beverage Fund – accounts for the money received from a “Sponsorship Agreement” entered into with Swire Pacific Holding, Inc. and expenditure of the funds as per management directives.

Adult Education/Local Projects Fund – accounts for the tuition and fees received from students of adult education and online programs and expenditures related to conducting the programs and miscellaneous grant revenues and expenditures from non-government grantors.

Major Governmental Funds

Capital Projects Fund

Capital Projects Funds are used to account for the financial resources used for the acquisition or construction of major capital equipment or facilities.

Building Fund – accounts for funds from Certificates of Participation proceeds and related expenditures for construction of a new R5/Summit School facility.

Capital Projects – accounts for funds transferred from the General Fund and proceeds of capital leases and related expenditures for capital acquisitions, capital maintenance, and capital projects.

Debt Service Fund

Debt service funds are used to account for the accumulation of resources and payment of principal and interest related to the District’s general obligation bond debt.

Bond Redemption Fund – accounts for the property taxes received and the payment of principal and interest on the District’s General Obligation bonds: Series 1996 approved by the voters in November, 1996 and the related partial refunding issue Series 2004, and Series 2004A approved by the voters in November, 2004 and the related partial refunding issue Series 2011.

Mesa County Valley School District No. 51
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue				Total Nonmajor Governmental Funds
	Career Center Grant	Physical Activities	Beverage	Adult Education/ Local Projects	
ASSETS					
Cash and investments	\$ -	\$ 278,800	\$ 189,096	\$ 58,447	\$ 526,343
Accounts receivable	<u>130,481</u>	<u>615</u>	<u>23,326</u>	<u>-</u>	<u>154,422</u>
Total assets	<u>\$ 130,481</u>	<u>\$ 279,415</u>	<u>\$ 212,422</u>	<u>\$ 58,447</u>	<u>\$ 680,765</u>
LIABILITIES					
Due to others	\$ 50,564	\$ -	\$ -	\$ -	\$ 50,564
Accrued salaries and benefits	-	-	-	294	294
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,025</u>	<u>5,025</u>
Total liabilities	<u>50,564</u>	<u>-</u>	<u>-</u>	<u>5,319</u>	<u>55,883</u>
FUND BALANCES					
Assigned to:					
Special revenue funds	<u>79,917</u>	<u>279,415</u>	<u>212,422</u>	<u>53,128</u>	<u>624,882</u>
Total fund balances	<u>79,917</u>	<u>279,415</u>	<u>212,422</u>	<u>53,128</u>	<u>624,882</u>
Total liabilities and fund balances	<u>\$ 130,481</u>	<u>\$ 279,415</u>	<u>\$ 212,422</u>	<u>\$ 58,447</u>	<u>\$ 680,765</u>

Mesa County Valley School District No. 51
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2016

	Career Center Grant	Physical Activities	Special Revenue Beverage	Adult Education/ Local Projects	Total Nonmajor Governmental Funds
REVENUES					
Local sources	\$ 68,223	\$ 613,348	\$ 85,949	\$ 10,794	\$ 778,314
Total revenues	<u>68,223</u>	<u>613,348</u>	<u>85,949</u>	<u>10,794</u>	<u>778,314</u>
EXPENDITURES					
Current:					
Instructional services	68,217	-	17,843	15,242	101,302
Instructional support	-	-	5,527	-	5,527
Business support	-	-	11,522	-	11,522
Community services	-	-	-	-	-
Physical activities	-	700,554	-	-	700,554
Capital outlay	-	-	7,408	-	7,408
Total expenditures	<u>68,217</u>	<u>700,554</u>	<u>42,300</u>	<u>15,242</u>	<u>826,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6</u>	<u>(87,206)</u>	<u>43,649</u>	<u>(4,448)</u>	<u>(47,999)</u>
OTHER FINANCING SOURCES					
Transfer in	-	120,190	-	-	120,190
Net change in fund balances	6	32,984	43,649	(4,448)	72,191
Fund balances - beginning	<u>79,911</u>	<u>246,431</u>	<u>168,773</u>	<u>57,576</u>	<u>552,691</u>
Fund balances - ending	<u>\$ 79,917</u>	<u>\$ 279,415</u>	<u>\$ 212,422</u>	<u>\$ 53,128</u>	<u>\$ 624,882</u>

Mesa County Valley School District No. 51
CAREER CENTER GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Career Center grant	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Project sales	200,000	200,000	68,217	(131,783)
Investment income	4,000	4,500	6	(4,494)
Total revenues	<u>234,000</u>	<u>234,500</u>	<u>68,223</u>	<u>(166,277)</u>
EXPENDITURES				
Current:				
Instructional services:				
Supplies	200,000	200,000	68,217	131,783
Total current	<u>200,000</u>	<u>200,000</u>	<u>68,217</u>	<u>131,783</u>
Capital outlay:				
Land purchase	40,000	40,000	-	40,000
Total expenditures	<u>240,000</u>	<u>240,000</u>	<u>68,217</u>	<u>171,783</u>
Excess (deficiency) of revenues over (under) expenditures	(6,000)	(5,500)	6	5,506
Fund balances - beginning	<u>74,273</u>	<u>79,911</u>	<u>79,911</u>	<u>-</u>
Fund balances - ending	<u>\$ 68,273</u>	<u>\$ 74,411</u>	<u>\$ 79,917</u>	<u>\$ 5,506</u>

Mesa County Valley School District No. 51
PHYSICAL ACTIVITIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Athletic fees	\$ 308,000	\$ 308,000	\$ 339,309	\$ 31,309
Gate receipts	230,000	230,000	226,698	(3,302)
Contributions	60,000	60,000	47,341	(12,659)
Total revenues	598,000	598,000	613,348	15,348
EXPENDITURES				
Current:				
Physical activities:				
Playoffs	105,500	105,500	109,205	(3,705)
Basketball, girls	33,000	33,000	40,145	(7,145)
Cheerleader/Poms	7,700	7,700	7,527	173
Golf, girls	4,500	4,500	4,138	362
Soccer, girls	10,500	10,500	12,228	(1,728)
Softball, girls	22,750	22,750	22,790	(40)
Swimming, girls	7,000	7,000	7,184	(184)
Tennis, girls	3,500	3,500	2,494	1,006
Volleyball	25,500	25,500	35,454	(9,954)
LaCrosse, girls	20,500	20,500	22,806	(2,306)
Baseball	21,250	21,250	27,215	(5,965)
Basketball, boys	31,300	31,300	44,852	(13,552)
Football	76,000	76,000	106,551	(30,551)
Golf, boys	4,500	4,500	6,895	(2,395)
Soccer, boys	10,500	10,500	14,161	(3,661)
Swimming, boys	3,000	3,000	5,188	(2,188)
Tennis, boys	3,500	3,500	3,328	172
Wrestling	21,300	21,300	32,490	(11,190)
LaCrosse, boys	20,500	20,500	29,627	(9,127)
Cross country	5,500	5,500	6,165	(665)
Track	17,000	17,000	16,223	777
Contingency	10,000	10,000	-	10,000
Van usage	159,700	159,700	135,604	24,096
Other	16,000	16,000	8,284	7,716
Appropriated reserve	103,183	207,780	-	207,780
Total expenditures	743,683	848,280	700,554	147,726
Excess (deficiency) of revenues over (under) expenditures	(145,683)	(250,280)	(87,206)	163,074
Other financing sources:				
Transfer in	20,190	20,190	120,190	100,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(125,493)	(230,090)	32,984	263,074
Fund balances - beginning	125,493	246,432	246,431	(1)
Fund balances - ending	\$ -	\$ 16,342	\$ 279,415	\$ 263,073

Mesa County Valley School District No. 51
BEVERAGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Program revenue	\$ 46,000	\$ 46,000	\$ 85,044	\$ 39,044
Investment income	<u>7,308</u>	<u>7,308</u>	<u>905</u>	<u>(6,403)</u>
Total revenues	<u>53,308</u>	<u>53,308</u>	<u>85,949</u>	<u>32,641</u>
EXPENDITURES				
Current:				
Instructional services:				
Student programs	<u>35,000</u>	<u>35,000</u>	<u>17,843</u>	<u>17,157</u>
Instructional support:				
Staff development	<u>7,000</u>	<u>7,000</u>	<u>5,527</u>	<u>1,473</u>
Business support:				
Supplies	<u>4,000</u>	<u>4,000</u>	<u>11,522</u>	<u>(7,522)</u>
Total current	<u>46,000</u>	<u>46,000</u>	<u>34,892</u>	<u>11,108</u>
Capital outlay	<u>7,308</u>	<u>7,308</u>	<u>7,408</u>	<u>(100)</u>
Total expenditures	<u>53,308</u>	<u>53,308</u>	<u>42,300</u>	<u>11,008</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	43,649	43,649
Fund balances - beginning	<u>139,784</u>	<u>168,773</u>	<u>168,773</u>	<u>-</u>
Fund balances - ending	<u>\$ 139,784</u>	<u>\$ 168,773</u>	<u>\$ 212,422</u>	<u>\$ 43,649</u>

Mesa County Valley School District No. 51
ADULT EDUCATION/LOCAL PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Tuition and fees	\$ 50,000	\$ 50,000	\$ 8,775	\$ (41,225)
Donations	9,942	7,044	2,019	(5,025)
	59,942	57,044	10,794	(46,250)
EXPENDITURES				
Current:				
Instructional services:				
Salaries	22,707	22,707	6,485	16,222
Employee benefits	6,676	6,293	2,651	3,642
Supplies	16,559	16,044	6,106	9,938
	45,942	45,044	15,242	29,802
Instructional support:				
Staff development	2,000	2,000	-	2,000
Community services:				
Supplies	2,000	-	-	-
Total current	49,942	47,044	15,242	31,802
Total expenditures	49,942	47,044	15,242	31,802
Excess (deficiency) of revenues over (under) expenditures	10,000	10,000	(4,448)	(14,448)
Fund balances - beginning	68,138	66,138	57,576	(8,562)
Fund balances - ending	\$ 78,138	\$ 76,138	\$ 53,128	\$ (23,010)

Mesa County Valley School District No. 51
CAPITAL PROJECTS BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Investment income	\$ -	\$ -	\$ 17,811	\$ 17,811
Miscellaneous	-	-	3,475	3,475
Total revenues	<u>-</u>	<u>-</u>	<u>21,286</u>	<u>21,286</u>
EXPENDITURES				
Capital outlay:				
New Construction	7,500,000	7,500,000	6,342,610	1,157,390
Equipment	-	-	119,323	(119,323)
Furniture and fixtures	-	-	135,545	(135,545)
Other professional services	-	-	695,079	(695,079)
Debt service - issuance costs			112,930	(112,930)
Total expenditures	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,405,487</u>	<u>207,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,500,000)</u>	<u>(7,500,000)</u>	<u>(7,384,201)</u>	<u>228,729</u>
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of participation	7,500,000	7,500,000	7,355,000	(145,000)
Premium on certificates of participation	-	-	257,930	257,930
Total other financing sources (uses)	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,612,930</u>	<u>112,930</u>
Net change in fund balances	-	-	228,729	341,659
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,729</u>	<u>\$ 341,659</u>

Mesa County Valley School District No. 51
CAPITAL PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Investment income	\$ 26,000	\$ 26,000	\$ 57,833	\$ 31,833
Miscellaneous	65,000	65,000	400,919	335,919
Total revenues	91,000	91,000	458,752	367,752
EXPENDITURES				
Capital outlay:				
Ground improvements/land	175,000	175,180	91,276	83,904
Buildings	950,000	1,070,154	806,776	263,378
Equipment	1,509,400	1,509,400	3,220,405	(1,711,005)
Other capital outlay	364,398	364,398	-	364,398
Contingency	9,068,983	11,570,363	-	11,570,363
Total capital outlay	12,067,781	14,689,495	4,118,457	10,571,038
Debt service:				
Principal	967,873	967,873	-	967,873
Total debt service	967,873	967,873	-	967,873
Total expenditures	13,035,654	15,657,368	4,118,457	11,538,911
Excess (deficiency) of revenues over (under) expenditures	(12,944,654)	(15,566,368)	(3,659,705)	11,906,663
OTHER FINANCING SOURCES (USES)				
Transfers in	2,576,173	2,576,173	3,076,173	500,000
Proceeds from sale of real property	-	-	350,000	350,000
Proceeds from sale of capital assets	-	-	1,500	1,500
Issuance of capital lease debt	300,000	300,000	1,946,982	1,646,982
Total other financing sources (uses)	2,876,173	2,876,173	5,374,655	2,498,482
Net change in fund balances	(10,068,481)	(12,690,195)	1,714,950	14,405,145
Fund balances - beginning	10,068,481	12,690,195	12,690,195	-
Fund balances - ending	\$ -	\$ -	\$ 14,405,145	\$ 14,405,145

Mesa County Valley School District No. 51
BOND REDEMPTION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Property taxes	\$ 11,074,531	\$ 10,985,532	\$ 10,892,766	\$ (92,766)
Delinquent taxes	<u>60,000</u>	<u>60,000</u>	<u>27,436</u>	<u>(32,564)</u>
Total revenues	<u>11,134,531</u>	<u>11,045,532</u>	<u>10,920,202</u>	<u>(125,330)</u>
EXPENDITURES				
Debt service:				
Principal	7,365,000	7,365,000	7,365,000	-
Interest and fiscal charges	3,620,113	3,620,113	3,620,113	-
Contingency	<u>11,078,081</u>	<u>10,887,286</u>	<u>-</u>	<u>10,887,286</u>
Total expenditures	<u>22,063,194</u>	<u>21,872,399</u>	<u>10,985,113</u>	<u>10,887,286</u>
Net change in fund balances	(10,928,663)	(10,826,867)	(64,911)	10,761,956
Fund balances - beginning	<u>10,928,663</u>	<u>10,826,867</u>	<u>10,936,447</u>	<u>109,580</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,871,536</u>	<u>\$ 10,871,536</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Insurance Reserve Fund – accounts for the cost of District insurance services provided to schools and departments in the District, including property, liability, and worker's compensation coverage.

Dental Insurance Fund – accounts for the premiums collected from employees and District contributions and costs of administration and dental claims of a self-insured employee benefit dental plan.

Medical Insurance Fund – accounts for the premiums collected from employees and District contributions and costs of administration and medical claims of a self-insured employee benefit medical plan.

Mesa County Valley School District No. 51
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2016

	<u>Insurance Reserve Fund</u>	<u>Dental Insurance Fund</u>	<u>Medical Insurance Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 4,226,834	\$ 1,024,817	\$ 7,756,092	\$ 13,007,743
Total current assets	<u>4,226,834</u>	<u>1,024,817</u>	<u>7,756,092</u>	<u>13,007,743</u>
LIABILITIES				
Current liabilities:				
Accounts payable	42,138	37,333	7,871	87,342
Claims payable	298,760	58,905	1,152,555	1,510,220
Compensated absences payable	17,426	-	-	17,426
Total current liabilities	<u>358,324</u>	<u>96,238</u>	<u>1,160,426</u>	<u>1,614,988</u>
Noncurrent liabilities:				
Claims payable	340,000	-	-	340,000
Future compensated absences payable	2,500	-	-	2,500
Total noncurrent liabilities	<u>342,500</u>	<u>-</u>	<u>-</u>	<u>342,500</u>
Total liabilities	<u>700,824</u>	<u>96,238</u>	<u>1,160,426</u>	<u>1,957,488</u>
NET POSITION				
Unrestricted	<u>\$ 3,526,010</u>	<u>\$ 928,579</u>	<u>\$ 6,595,666</u>	<u>\$ 11,050,255</u>

Mesa County Valley School District No. 51
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the fiscal year ended June 30, 2016

	Insurance Reserve Fund	Dental Insurance Fund	Medical Insurance Fund	Total
Operating revenues:				
Charges for premiums and claims	\$ 113,150	\$ -	\$ -	\$ 113,150
Employee paid premiums and copays	-	1,183,879	14,676,070	15,859,949
Total operating revenues	<u>113,150</u>	<u>1,183,879</u>	<u>14,676,070</u>	<u>15,973,099</u>
Operating expenses:				
Worker compensation	672,263	-	-	672,263
Insurance premiums	43,267	-	-	43,267
Losses or claims	139,138	1,001,789	9,459,195	10,600,122
Other operating expenses	72,429	87,965	2,319,286	2,479,680
Total operating expenses	<u>927,097</u>	<u>1,089,754</u>	<u>11,778,481</u>	<u>13,795,332</u>
Operating income (loss)	(813,947)	94,125	2,897,589	2,177,767
Non-operating revenues:				
Investment income	17,127	-	26,579	43,706
Transfers in(out)	1,950,000	-	-	1,950,000
Total non-operating revenues	<u>1,967,127</u>	<u>-</u>	<u>26,579</u>	<u>1,993,706</u>
Change in net position	1,153,180	94,125	2,924,168	4,171,473
Total net position - beginning	<u>2,372,830</u>	<u>834,454</u>	<u>3,671,498</u>	<u>6,878,782</u>
Total net position - ending	<u>\$ 3,526,010</u>	<u>\$ 928,579</u>	<u>\$ 6,595,666</u>	<u>\$ 11,050,255</u>

Mesa County Valley School District No. 51
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2016

	Insurance Reserve Fund	Dental Insurance Fund	Medical Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 113,150	\$ 1,183,879	\$ 14,676,070	\$ 15,973,099
Payments to employees	(2,611)	-	-	(2,611)
Payments to vendors	<u>(1,490,510)</u>	<u>(1,076,679)</u>	<u>(11,904,551)</u>	<u>(14,471,740)</u>
Net cash provided (used) by operating activities	<u>(1,379,971)</u>	<u>107,200</u>	<u>2,771,519</u>	<u>1,498,748</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>1,950,000</u>	<u>-</u>	<u>-</u>	<u>1,950,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>17,127</u>	<u>-</u>	<u>26,579</u>	<u>43,706</u>
Net cash provided by investing activities	<u>17,127</u>	<u>-</u>	<u>26,579</u>	<u>43,706</u>
Net increase (decrease) in cash and cash equivalents	587,156	107,200	2,798,098	3,492,454
Cash and cash equivalents, July 1	<u>3,639,678</u>	<u>917,617</u>	<u>4,957,994</u>	<u>9,515,289</u>
Cash and cash equivalents, June 30	<u>\$ 4,226,834</u>	<u>\$ 1,024,817</u>	<u>\$ 7,756,092</u>	<u>\$ 13,007,743</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (813,947)	\$ 94,125	\$ 2,897,589	\$ 2,177,767
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Increase (decrease) in accounts payable	(48,786)	8,434	7,238	(33,114)
(Decrease) in accrued salaries and benefits	(6,766)	-	-	(6,766)
Increase (decrease) in claims payable	(514,627)	4,641	(133,308)	(643,294)
Increase in liability for future compensated absences	<u>4,155</u>	<u>-</u>	<u>-</u>	<u>4,155</u>
Total adjustments	<u>(566,024)</u>	<u>13,075</u>	<u>(126,070)</u>	<u>(679,019)</u>
Net cash provided (used) by operating activities	<u>\$ (1,379,971)</u>	<u>\$ 107,200</u>	<u>\$ 2,771,519</u>	<u>\$ 1,498,748</u>

Fiduciary Fund

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Student Body Activity Agency Fund – accounts for assets held by the District for student and teacher clubs and organizations.

Mesa County Valley School District No. 51
STUDENT BODY ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2016

	<u>Balances</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2016</u>
Assets				
Cash and investments	\$ <u>2,126,893</u>	\$ <u>6,899,601</u>	\$ <u>6,824,599</u>	\$ <u>2,201,895</u>
Liabilities				
Accounts payable	\$ 5,392	\$ (5,392)	\$ -	\$ -
Due to student groups	<u>2,121,501</u>	<u>6,904,993</u>	<u>6,824,599</u>	<u>2,201,895</u>
Total liabilities	<u>\$ 2,126,893</u>	<u>\$ 6,899,601</u>	<u>\$ 6,824,599</u>	<u>\$ 2,201,895</u>

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

Mesa County Valley School District No. 51
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE

June 30, 2016

Governmental funds capital assets:	
Land and improvements	\$ 26,069,936
Buildings	256,742,984
Equipment	<u>17,090,828</u>
Total governmental funds capital assets	<u>\$ 299,903,748</u>
Investment in governmental funds capital assets by source:	
Assets acquired prior to January 1, 1988 not categorized by source	\$ 18,953,525
General fund	7,431,531
Special revenue funds	40,954,904
Capital projects funds	229,753,684
Agency funds	729,783
Donations and other	<u>2,080,321</u>
Total governmental funds capital assets	<u>\$ 299,903,748</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Mesa County Valley School District No. 51
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2016

<u>Function and Activity</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Instructional services	\$ 15,230,335	\$ 226,364,537	\$ 6,672,569	\$ 248,267,441
Pupil services	153,651	2,427,656	322,249	2,903,556
Instructional staff services	-	469,888	26,938	496,826
General administration services	-	78,266	-	78,266
School administration services	734,413	7,412,675	97,504	8,244,592
Business services	438,290	282,905	290,175	1,011,370
Maintenance services	-	300,652	2,034,555	2,335,207
Transportation services	378,287	200,000	662,450	1,240,737
Central services	83,816	227,757	2,804,164	3,115,737
Community services	-	-	3,574,928	3,574,928
Unallocated	9,051,144	18,978,648	605,296	28,635,088
	<u>\$ 26,069,936</u>	<u>\$ 256,742,984</u>	<u>\$ 17,090,828</u>	<u>\$ 299,903,748</u>

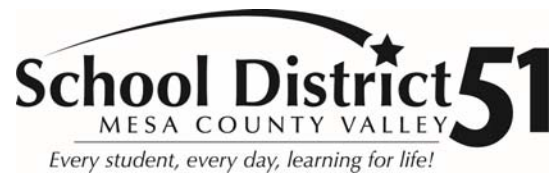
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Mesa County Valley School District No. 51
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the fiscal year ended June 30, 2016

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	Governmental Funds Capital Assets <u>June 30, 2016</u>
Instructional services	\$ 248,742,051	\$ 838,900	\$ (1,313,510)	\$ 248,267,441
Pupil services	2,855,956	47,600	-	2,903,556
Instructional staff services	496,826	-	-	496,826
General administration services	78,266	-	-	78,266
School administration services	8,244,592	-	-	8,244,592
Business services	1,011,370	-	-	1,011,370
Maintenance services	2,328,301	6,906	-	2,335,207
Transportation services	1,232,089	59,935	(51,287)	1,240,737
Central services	1,811,903	2,526,103	(1,222,269)	3,115,737
Community services	3,308,179	266,749	-	3,574,928
Unallocated	<u>21,342,530</u>	<u>7,292,558</u>	<u>-</u>	<u>28,635,088</u>
	<u>\$ 291,452,063</u>	<u>\$ 11,038,751</u>	<u>\$ (2,587,066)</u>	<u>\$ 299,903,748</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION



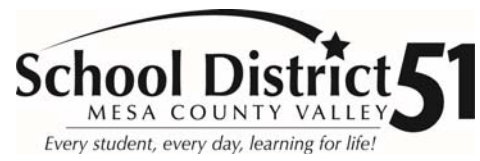
Statistical Section

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	85-89
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	91-96
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	97-100
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	101-102
Operating Information These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	103-108

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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SCHEDULE 1

Mesa County Valley School District No. 51

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 106,908,230	\$ 96,397,273	\$ 100,323,737	\$ 86,566,794	\$ 91,141,569	\$ 87,339,112	\$ 84,253,141	\$ 85,581,070	\$ 79,353,155	\$ 68,250,789
Restricted	25,700,649	28,818,154	23,049,475	21,852,846	24,842,142	20,586,912	19,206,492	18,573,858	21,787,700	19,678,911
Unrestricted	(322,627,457)	(309,046,875)	14,969,324	17,282,076	5,261,769	5,425,790	4,045,265	4,962,551	5,520,290	12,158,302
Total governmental activities net position	\$ (190,018,578)	\$ (183,831,448)	\$ 138,342,536	\$ 125,701,716	\$ 121,245,480	\$ 113,351,814	\$ 107,504,898	\$ 109,117,479	\$ 106,661,145	\$ 100,088,002
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ 1,068,385	\$ 1,045,893	\$ 1,152,578	\$ 1,170,705	\$ 1,204,842	\$ 1,263,517	\$ 1,324,221	\$ 1,465,190
Restricted	-	-	468,640	690,476	491,954	364,003	90,422	68,238	475,194	1,078,976
Total business-type activities net position	\$ -	\$ -	\$ 1,537,025	\$ 1,736,369	\$ 1,644,532	\$ 1,534,708	\$ 1,295,264	\$ 1,331,755	\$ 1,799,415	\$ 2,544,166
Primary government										
Net investment in capital assets	\$ 106,908,230	\$ 96,397,273	\$ 101,392,122	\$ 87,612,687	\$ 92,294,147	\$ 88,509,817	\$ 85,457,983	\$ 86,844,587	\$ 80,677,376	\$ 69,715,979
Restricted	25,700,649	28,818,154	23,518,115	22,543,322	25,334,096	20,950,915	19,296,914	18,642,096	22,262,894	20,757,887
Unrestricted	(322,627,457)	(309,046,875)	14,969,324	17,282,076	5,261,769	5,425,790	4,045,265	4,962,551	5,520,290	12,158,302
Total primary government net position	\$ (190,018,578)	\$ (183,831,448)	\$ 139,879,561	\$ 127,438,085	\$ 122,890,012	\$ 114,886,522	\$ 108,800,162	\$ 110,449,234	\$ 108,460,560	\$ 102,632,168

SCHEDULE 2

Mesa County Valley School District No. 51

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
Instructional services	\$ 116,995,950	\$ 125,766,049	\$ 103,736,456	\$ 102,104,939	\$ 102,556,880	\$ 109,308,814	\$ 116,471,307	\$ 109,865,090	\$ 104,085,439	\$ 98,650,418
Support services:										
Pupil services:	11,104,927	11,689,141	11,304,103	12,548,235	11,055,506	11,219,069	10,849,093	10,099,341	8,696,798	8,167,287
Instructional staff services	10,357,135	8,558,900	8,791,412	6,219,763	7,758,296	8,869,080	8,871,305	8,843,863	7,427,839	6,715,221
General administration services	2,187,709	2,128,667	1,905,190	1,831,525	1,668,985	1,663,922	1,812,916	2,077,216	2,005,431	1,617,949
School administration services	13,628,255	12,764,674	10,877,332	11,434,213	11,377,157	12,642,438	12,706,008	12,462,718	11,443,198	10,710,008
Business services	2,289,277	3,169,113	3,012,228	5,965,398	4,827,250	1,131,949	1,360,811	1,479,320	1,381,095	1,211,513
Maintenance and capital asset services	14,408,219	13,241,380	17,459,417	14,651,378	16,478,042	16,516,848	17,799,397	17,063,964	18,434,704	13,621,606
Transportation services	6,016,818	6,037,842	5,548,008	5,641,820	5,799,980	5,732,643	5,389,153	5,366,130	5,203,215	4,914,731
Central services	18,466,052	18,441,764	7,111,686	3,409,459	1,818,481	4,628,731	5,287,452	5,901,430	3,041,725	4,841,257
Community services	7,165,995	7,355,621	621,274	424,227	455,491	415,628	359,432	817,000	326,583	358,089
Interest on long-term debt	3,459,246	3,667,809	3,296,778	3,289,755	(160,704)	5,616,219	5,496,888	5,643,789	5,820,529	5,997,839
Depreciation - unallocated	6,241	8,055	259,894	261,013	314,650	293,700	302,312	314,467	310,160	286,411
Total governmental activities expenses	206,285,824	212,829,015	173,923,778	173,378,574	163,930,014	178,039,041	186,706,074	179,454,328	168,176,716	157,092,329
Business-type activities:										
Food services	206,285,824	212,829,015	173,923,778	173,378,574	163,930,014	178,039,041	186,706,074	179,454,328	168,176,716	157,092,329
Total primary government expenses	\$ 206,285,824	\$ 212,829,015	\$ 173,923,778	\$ 173,378,574	\$ 163,930,014	\$ 184,382,158	\$ 193,708,413	\$ 186,536,231	\$ 175,039,904	\$ 163,614,427
Program Revenues										
Governmental activities:										
Charges for services:										
Instructional	\$ 736,313	\$ 712,469	\$ 658,031	\$ 699,615	\$ 646,441	\$ 507,784	\$ 469,412	\$ 529,017	\$ 576,872	\$ 581,298
Business services	117,385	-	35,175	319,774	305,062	202,672	289,013	295,152	298,856	212,228
Central services	-	-	46,892	20,918	67,850	158,138	269,575	293,446	215,252	1,992,730
Community services	1,307,832	1,346,493	-	-	-	-	-	-	-	-
Operating grants and contributions	33,386,472	38,346,832	22,705,890	20,593,476	20,670,657	29,341,309	21,705,000	20,887,739	19,449,930	19,922,743
Capital grants and contributions	68,217	607,855	295,176	321,771	11,074	940,143	338,641	4,621,848	4,912,003	5,282,250
Total governmental activities program revenues	35,616,219	41,013,649	23,741,164	21,955,554	21,700,984	31,150,046	23,071,641	26,827,202	25,462,913	27,991,249
Business-type activities:										
Charges for services:										
Food services	-	-	1,332,813	1,563,188	1,876,413	2,217,233	2,495,743	2,780,653	2,560,765	2,271,945
Operating grants and contributions	-	-	4,058,872	4,123,948	4,171,313	4,364,847	4,469,655	3,831,646	3,528,845	3,279,145
Total business-type activities program revenues	-	-	5,391,685	5,687,136	6,047,726	6,582,080	6,965,398	6,612,299	6,089,610	5,551,090
Total primary government program revenues	\$ 35,616,219	\$ 41,013,649	\$ 29,132,849	\$ 27,642,690	\$ 27,748,710	\$ 37,732,126	\$ 30,037,039	\$ 33,239,501	\$ 31,542,523	\$ 33,542,339

SCHEDULE 3

Mesa County Valley School District No. 51

Fund Balance, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

General Fund	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Nonspendable	\$ 279,559	\$ 287,481	\$ 269,092	\$ 239,452	\$ 260,025	\$ 222,019	\$ 297,501	\$ 274,055	\$ 302,436	\$ 286,380
Restricted	1,021,913	809,507	333,669	307,707	260,180	257,269	224,988	181,407	119,568	187,761
Assigned	680,858	52,113	179,644	-	243,829	548,238	232,891	151,813	75,793	610,612
Unassigned	7,676,462	8,846,551	8,304,944	8,425,937	8,004,030	7,380,886	7,703,342	7,668,790	7,457,713	6,770,425
Total general fund	\$ 9,658,792	\$ 9,995,652	\$ 9,087,349	\$ 8,973,096	\$ 8,768,064	\$ 8,408,412	\$ 8,458,722	\$ 8,276,065	\$ 7,955,510	\$ 7,855,178
All Other Governmental Funds										
Nonspendable	\$ 388,820	\$ 340,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	16,835,743	16,127,959	15,459,895	15,290,706	14,842,387	16,277,929	16,694,695	16,098,441	15,181,857	11,632,351
Assigned	9,840,641	8,309,650	8,054,292	7,022,282	5,977,936	4,762,938	2,993,370	3,010,031	7,262,084	17,504,506
Total all other governmental funds	\$ 27,065,204	\$ 24,778,261	\$ 23,514,187	\$ 22,312,988	\$ 20,820,323	\$ 21,040,867	\$ 19,688,065	\$ 19,108,472	\$ 22,443,941	\$ 29,136,857

Note: In fiscal year 2011, the District adopted GASB Statement No. 54. Fund Balance Reporting and Fund Type Definitions, changing the titles and classifications of fund balances.

SCHEDULE 4

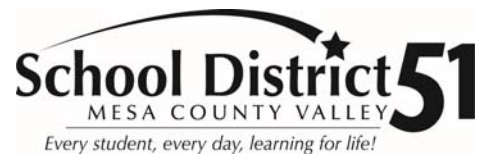
Mesa County Valley School District No. 51

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Local sources	\$ 72,818,522	\$ 70,695,150	\$ 69,530,584	\$ 71,901,862	\$ 71,372,053	\$ 80,464,592	\$ 78,791,462	\$ 73,576,152	\$ 75,160,056	\$ 63,817,455
State sources	104,918,780	106,398,938	95,041,524	88,020,683	86,636,336	80,533,133	91,698,390	96,468,824	88,128,437	91,388,191
Federal sources	17,547,688	17,313,559	13,185,496	12,999,367	13,740,234	22,776,343	14,289,286	11,636,071	10,651,581	10,847,480
Total revenues	195,284,990	194,407,647	177,757,604	172,921,912	171,748,623	183,774,068	184,779,138	181,681,047	173,940,074	166,053,126
Expenditures										
Instructional services	104,269,806	100,008,691	99,409,868	98,378,215	97,138,297	104,039,748	105,740,516	102,827,372	97,560,739	94,754,526
Instructional support	38,831,614	33,949,186	33,555,814	31,195,729	31,713,700	34,162,383	33,957,685	33,131,936	29,263,137	26,977,624
Business support	26,231,563	25,371,253	25,566,053	24,891,735	25,711,656	26,332,923	26,467,808	25,930,025	25,172,161	23,040,633
Community services	592,327	476,040	386,463	432,899	453,326	415,627	367,314	815,876	346,255	358,088
Physical activities	700,554	659,900	650,108	556,619	640,211	615,667	610,834	617,255	601,881	513,890
Nutrition services	5,516,887	5,719,817	-	-	-	-	-	-	-	-
Capital outlay	11,872,294	7,532,147	5,891,025	3,117,871	4,344,355	11,699,428	8,608,627	8,217,811	16,259,497	28,067,998
Debt service:										
Principal	9,357,701	9,331,776	8,595,848	8,292,093	7,593,866	7,297,975	6,917,929	7,353,072	7,060,043	4,323,291
Interest and fiscal charges	3,923,570	4,466,814	4,547,940	4,884,361	4,320,465	6,117,478	6,035,453	6,180,070	6,351,915	6,520,658
Total expenditures	201,296,316	187,515,024	178,603,119	171,749,522	171,915,876	190,681,229	188,706,166	185,073,417	182,615,628	184,556,708
Excess of revenues over (under) expenditures	(6,011,326)	6,892,023	(845,515)	1,172,390	(167,253)	(6,907,161)	(3,927,028)	(3,392,370)	(8,675,554)	(18,503,582)
Other financing sources (uses)										
Proceeds from issuance of bonds/ COPS	7,355,000	-	-	7,560,000	76,575,000	-	-	-	-	-
Bond/ COPS premium	257,930	-	-	388,658	11,811,544	-	-	-	-	-
Bond issuance costs	-	-	-	(117,408)	(522,816)	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(7,831,250)	(89,142,228)	-	-	-	-	-
Proceeds from sale of capital assets	351,500	-	20,000	-	-	-	-	-	-	318,785
Issuance of capital lease debt	1,946,982	2,696,875	2,140,967	525,307	1,584,861	14,998,993	4,689,278	377,456	2,082,970	2,446,700
Refinanced capital lease debt payoff	-	-	-	-	-	(6,789,340)	-	-	-	-
Charter school allocations	-	(5,585,158)	-	-	-	-	-	-	-	-
Transfers in	3,196,363	3,587,829	3,218,890	3,242,021	3,397,166	11,477,122	185,190	194,600	188,097	258,000
Transfers out	(5,146,363)	(5,887,832)	(3,218,890)	(3,242,021)	(3,397,166)	(11,477,122)	(185,190)	(194,600)	(188,097)	(258,000)
Total other financing sources (uses)	7,961,412	(5,188,286)	2,160,967	525,307	306,361	8,209,653	4,689,278	377,456	2,082,970	2,765,485
Net change in fund balances	\$ 1,950,086	\$ 1,703,737	\$ 1,315,452	\$ 1,697,697	\$ 139,108	\$ 1,302,492	\$ 762,250	\$ (3,014,914)	\$ (6,592,584)	\$ (15,738,097)
Debt service as a percentage of noncapital expenditures	6.98%	7.60%	7.50%	7.77%	7.04%	7.40%	7.09%	7.55%	7.91%	6.92%

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SCHEDULE 5

Mesa County Valley School District No. 51

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Mesa County-Wide Valuations										Estimated Actual District Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Commercial/Industrial Property	Agricultural Property	Residential Property	Total Taxable Assessed Value	Tax-Exempt Property	Total Assessed Value	District Taxable Assessed Value	Total Direct Tax Rate	District Taxable Assessed Value	Total Assessed Value		
2007	\$ 662,670,980	\$ 20,455,490	\$ 646,159,340	\$ 1,329,285,810	\$ 172,559,630	\$ 1,501,845,440	\$ 1,222,932,180	38.053	\$ 9,975,445,099	12.26%		
2008	927,235,110	21,064,910	830,135,290	1,778,435,310	288,785,770	2,067,221,080	1,616,010,920	38.350	12,999,296,897	12.43%		
2009	995,028,040	21,496,170	864,463,010	1,880,987,220	301,079,980	2,182,067,200	1,671,286,730	36.171	13,504,019,270	12.38%		
2010	1,325,381,440	23,332,170	1,046,962,400	2,395,676,010	378,504,710	2,774,180,720	2,028,064,470	34.266	16,108,743,670	12.59%		
2011	1,232,962,680	23,758,270	1,057,712,590	2,314,433,540	390,774,200	2,705,207,740	2,082,515,800	33.549	16,653,865,680	12.50%		
2012	1,160,101,560	25,467,880	846,491,630	2,032,061,070	462,550,440	2,494,611,510	1,737,738,630	34.823	13,564,865,060	12.81%		
2013	1,138,499,380	25,680,910	853,052,530	2,017,232,820	473,074,220	2,490,307,040	1,721,134,040	36.094	13,551,487,970	12.70%		
2014	1,064,212,210	27,249,000	734,716,840	1,826,178,050	381,085,680	2,207,263,730	1,610,605,670	36.693	12,129,218,540	13.28%		
2015	1,032,666,110	27,839,710	744,510,470	1,805,016,290	449,483,850	2,254,500,140	1,584,339,243	36.572	12,119,081,320	13.07%		
2016	1,017,803,470	32,936,330	838,018,250	1,888,758,050	452,929,650	2,341,687,700	1,649,727,000	36.845	13,184,337,400	12.51%		

Source: Mesa County Assessor's Office
 Summary of Levies published on their website
 Actual Value per December certification of values

SCHEDULE 6

Mesa County Valley School District No. 51

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Levy Year	Collection Year	School District No. 51 Direct Rates				Overlapping Rates		
		General Fund	Debt Service	Special Capital Fund	School District No. 51 Total	Mesa County	Cities and Towns	Other Special Districts
2006	2007	30.432	7.621	0.000	38.053	18.991	36.210	95.689
2007	2008	29.030	9.32	0.000	38.350	13.260	36.906	87.597
2008	2009	28.956	7.215	0.000	36.171	14.890	35.646	94.783
2009	2010	28.356	5.91	0.000	34.266	11.335	35.646	88.711
2010	2011	28.249	5.30	0.000	33.549	12.202	35.646	115.130
2011	2012	29.183	5.64	0.000	34.823	12.273	35.646	119.740
2012	2013	29.454	6.64	0.000	36.094	12.281	35.646	121.749
2013	2014	29.743	6.95	0.000	36.693	12.272	35.646	120.025
2014	2015	29.582	6.99	0.000	36.572	12.214	35.646	112.600
2015	2016	30.186	6.659	0.000	36.845	12.297	35.646	116.674

Source: Mesa County Assessor's Office
Summary of Levies published on their website

SCHEDULE 7

Mesa County Valley School District No. 51

Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2016				2007			
	Type of Business	Taxable Assessed Value	Rank	Percentage of Total District Assessed Taxable Value	Type of Business	Taxable Assessed Value	Rank	Percentage of Total District Assessed Taxable Value
Public Service Co of Colorado- Xcel Energy	Utility	\$ 49,894,200	1	3.02 %	Utility	\$ 33,432,530	1	2.73 %
OXY USA Inc.	Oil & Gas	38,850,180	2	2.35	**	**	**	**
Piceance Energy, LLC	Utility	32,533,200	3	1.97	**	**	**	**
Union Pacific Corporation	Railroad	24,530,500	4	1.49	Railroad	7,430,130	6	0.61
Encana Oil & Gas Inc	Oil & Gas	24,009,330	6	1.46	**	**	**	**
Qwest Corporation	Utility	18,825,600	5	1.14	Utility	13,559,215	2	1.11
Grand Valley Power Lines	Utility	15,432,600	7	0.94	**	**	**	**
Halliburton Energy Services Inc	Oil & Gas	12,993,090	8	0.79	**	**	**	**
Collbran Valley Gas Gathering LLC	Oil & Gas	10,707,970	9	0.65	**	**	**	**
Enterprise Gas Processing LLC	Oil & Gas	10,698,430	10	0.65	**	**	**	**
SDG Macerich Property LP - Mesa Mall	*	*	*	*	Shopping Center	9,871,630	3	0.81
Walmart/Sam's Club	*	*	*	*	Retail	9,510,640	4	0.78
Bresnan Communication	*	*	*	*	Cable	9,051,250	5	0.74
Grand Mesa Center	*	*	*	*	Retail	4,383,250	7	0.36
Coorsteck, Inc	*	*	*	*	Manufacturing	4,241,650	8	0.35
Dillon Real Estate Co., Inc (City Market)	*	*	*	*	Grocery Chain	3,565,080	9	0.29
Lowe's HIW Inc.	*	*	*	*	Retail	3,422,680	10	0.28
Total Principal Taxpayers Assessed Valuation		238,475,100			98,458,055			
Total Other Taxpayers Assessed Valuation		1,411,251,900			1,124,474,125			
Total Assessed Valuation		\$ 1,649,727,000			\$ 1,222,932,180			

Source: Mesa County Assessor's Office.

* Not in the Top 10 in 2016

** Not in the Top 10 2007

SCHEDULE 8

Mesa County Valley School District No. 51

History of Assessed and Statutory "Actual" Valuations for the District

Last Ten Fiscal Years
(Unaudited)

Levy/ Collection Year	Assessed Valuation	(1) Percentage Change	Statutory "Actual" Valuation	(1) Percentage Change
2006/2007	\$ 1,222,932,180	3.50%	\$ 9,975,445,099	3.92%
2007/2008	1,616,010,920	32.14%	12,999,296,897	30.31%
2008/2009	1,671,286,730	3.42%	13,504,019,270	3.88%
2009/2010	2,028,064,470	21.35%	16,108,743,670	19.29%
2010/2011	2,082,515,800	2.68%	16,653,885,680	3.38%
2011/2012	1,737,738,630	-16.56%	13,564,865,060	-18.55%
2012/2013	1,721,134,040	-0.96%	13,551,487,970	-0.10%
2013/2014	1,610,605,670	-6.42%	12,129,218,540	-10.50%
2014/2015	1,584,339,243	-1.63%	12,119,081,320	-0.08%
2016/2017	1,649,727,000	4.13%	13,184,337,400	8.79%

(1) Assessed Value and Statutory "Actual" Value are taken from Certification of Values dated December of each year from the Mesa County Assessors Office and used to certify the levies for the following year.

SCHEDULE 9

Mesa County Valley School District No. 51

Property Tax Levies and Collections

Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ^(a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ^(c)	Total Collections to Date	
		Amount ^(b)	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 46,536,238 ⁽¹⁾	\$ 46,210,873 ⁽²⁾	99.30 %	\$ 52,466	\$ 46,263,339	99.41
2008	61,974,019	60,725,602	97.99	19,505	60,745,107	98.02
2009	60,452,112	59,695,625	98.75	93,456	59,789,081	98.90
2010	69,493,657	67,869,419	97.66	449,078	68,318,497	98.31
2011	69,866,323	69,488,226	99.46	312,986	69,801,212	99.91
2012	60,513,272	60,730,621	100.36	78	60,730,699	100.36
2013	62,871,372	61,915,577	98.48	228	61,915,805	98.48
2014	59,097,954	57,594,080	97.46	9,233	57,603,313	97.47
2015	57,942,632	57,946,869	100.01	-	57,946,869	100.01
2016	60,784,527	60,170,315	98.99		60,170,315	98.99

wait for FS

⁽¹⁾ Additional mill levy approved by voters for operations of new school buildings

⁽²⁾ Includes \$4,003,679 collected and recorded as deferred revenue.

Note: The county treasurer provides collection data in "current" and "delinquent" categories. Collections of delinquent taxes are presented as collected for the prior year, which may result in total collections to appear in excess of 100%. Data for reporting delinquent taxes in the year of assessment rather than year of collection is unavailable prior to 2013.

Source:

- ^(a) Mesa County Assessor's Office
- ^(b) Mesa County Treasurer
- ^(c) Mesa County Treasurer

SCHEDULE 10

Mesa County Valley School District No. 51

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	School District #51					Mesa County	Cities and Towns	Other Special Districts	Totals
		General Fund	Debt Service	Special Capital Fund	School District #51 Total					
2006	2007	30.432	7.62	0.000	38.053	18.991	36.210	95.689	188.943	
2007	2008	29.030	9.32	0.000	38.350	13.260	36.906	87.597	176.113	
2008	2009	28.956	7.22	0.000	36.171	14.890	35.646	94.783	181.490	
2009	2010	28.356	5.91	0.000	34.266	11.335	35.646	88.711	169.958	
2010	2011	28.249	5.30	0.000	33.549	12.202	35.646	115.130	196.527	
2011	2012	29.183	5.64	0.000	34.823	12.273	35.646	119.740	202.482	
2012	2013	29.454	6.64	0.000	36.094	12.281	35.646	121.749	205.770	
2013	2014	29.743	6.95	0.000	36.693	12.272	35.646	120.025	204.636	
2014	2015	29.582	6.99	0.000	36.572	12.214	35.646	112.600	197.032	
2015	2016	30.186	6.659	0.000	36.845	12.297	35.646	116.674	201.462	

PROPERTY TAX LEVY

2006	2007	\$ 37,216,272	\$ 9,319,966	\$ -	\$ 46,536,238	\$ 24,961,409	\$ 5,816,703	\$ 11,542,056	\$ 88,856,406
2007	2008	46,912,797	15,061,222	-	61,974,019	23,279,346	8,638,138	13,248,996	107,140,499
2008	2009	48,393,778	12,058,334	-	60,452,112	27,639,939	8,893,917	14,211,174	111,197,142
2009	2010	57,507,796	11,985,861	-	69,493,657	26,831,594	10,897,420	16,578,415	123,801,086
2010	2011	58,828,988	11,037,334	-	69,866,322	27,900,366	11,232,613	16,889,635	125,888,936
2011	2012	50,712,427	9,800,846	-	60,513,273	24,638,833	9,572,878	15,127,485	109,852,469
2012	2013	51,305,297	11,566,075	-	62,871,372	24,646,254	9,434,809	15,252,567	112,205,002
2013	2014	47,904,244	11,193,709	-	59,097,954	22,410,858	9,050,361	15,686,145	106,245,318
2014	2015	46,868,101	11,074,531	-	57,942,632	21,922,758	8,884,212	17,758,672	106,508,274
2015	2016	49,798,995	10,985,532	-	60,784,527	23,226,058	8,978,166	16,046,844	109,035,595

Source: Mesa County Assessor's Office

SCHEDULE 11

Mesa County Valley School District No. 51

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Total Primary Government	(1) Estimated Population	Debt Per Capita	(1) Per Capita Income	Percentage of Personal Income
	General Obligation Bonds	COP	Capital Leases						
2007	\$ 135,570,000	\$	N/A	3,567,967	\$ 139,137,967	128,999	1079%	\$ 32,113	3.36%
2008	130,470,000		N/A	3,690,894	134,160,894	133,128	1008%	34,823	2.89%
2009	125,180,000		N/A	2,005,278	127,185,278	137,390	926%	37,600	2.46%
2010 *	125,692,243		N/A	5,268,297	130,960,540	140,680	931%	34,006	2.74%
2011 *	119,516,547		N/A	11,844,977	131,361,524	144,795	907%	33,330	2.72%
2012 *	111,344,936		N/A	11,730,972	123,075,908	146,587	840%	34,681	2.42%
2013	113,579,488		N/A	10,429,185	124,008,673	148,742	834%	35,726	2.33%
2014	105,611,443		N/A	10,754,304	116,365,747	149,617	778%	37,222	2.09%
2015	97,180,588		N/A	11,199,402	108,379,990	150,986	718%	38,074	1.89%
2016	88,696,497	7,602,183		10,670,887	106,969,567	150,232	712%	Not Available	Not Available

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

* Restated for comparability to current year required presentation.

Sources:

(1) Mesa County, CO 2014 Comprehensive Annual Financial Report

SCHEDULE 12

Mesa County Valley School District No. 51

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Debt Service Monies Available	Net Bonded Debt	(1)	
				Percentage of Actual Taxable Value of Property	(2) Per Capita
2007	\$ 135,570,000	\$ 7,119,397	\$ 128,450,603	1.29 %	\$ 996
2008	130,470,000	10,406,656	120,063,344	0.92	902
2009	125,180,000	11,123,468	114,056,532	0.84	830
2010 *	125,692,243	11,549,532	114,142,711	0.71	811
2011 *	119,516,547	11,362,638	108,153,909	0.65	747
2012 *	111,344,936	10,158,985	101,185,951	0.75	690
2013	113,579,488	10,653,242	102,926,246	0.76	692
2014	105,611,443	10,826,869	94,784,574	0.78	634
2015	97,180,588	10,936,447	86,244,141	0.71	571
2016	88,696,497	10,871,536	77,824,961	0.59	518

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

* Restated for comparability to current year required presentation.

Sources:

(1) See Schedule 5 for property value data

(2) See Schedule 10 for population data

SCHEDULE 13

Mesa County Valley School District No. 51

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2016
(Unaudited)

Taxing Authority	Debt Outstanding	Estimated Percent Applicable to District	Estimated Overlapping Debt
Direct:			
Mesa County Valley Schools District 51	\$ 106,969,567	100 %	\$ 106,969,567
Overlapping:			
City of Grand Junction Riverside Parkway Bonds	-	100 %	-
Mesa County certificates of participation	-	91 %	-
Subtotal overlapping debt			-
Total direct and overlapping debt			<u>\$ 106,969,567</u>

Sources:

- Individual taxing entities
- Mesa County Valley School District No. 51 Finance Department

Note:

Debt that is repaid using tax revenues is included in the calculation. Debt that will be repaid using revenues related to an enterprise operation, such as user chargers for sewer services, is excluded. The percentage of each entity's outstanding general obligation debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.

SCHEDULE 14

Mesa County Valley School District No. 51

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	244,586,436	323,202,184	334,257,346	405,612,894	416,503,160	347,547,726	348,375,752	322,121,134	316,867,849	329,945,400
Total debt applicable to limit	135,570,000	130,470,000	125,180,000	119,725,000	114,060,000	108,030,000	102,060,000	95,280,000	88,200,000	88,696,497
Legal debt margin	109,016,436	192,732,184	209,077,346	285,887,894	302,443,160	239,517,726	246,315,752	226,841,134	228,667,849	241,248,903
Total debt applicable to the limit as a percentage of debt limit	55.43%	40.37%	37.45%	29.52%	27.39%	31.08%	29.30%	29.58%	27.83%	26.88%

Note: Under Colorado State Statute, the District's outstanding general obligation debt should not exceed 20 percent of total assessed property value.

SCHEDULE 15

Mesa County Valley School District No. 51

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Estimated Population	(1) Personal Income (millions)	(1) Per Capita Personal Income	(2) School Enrollment	(2) Funded FTE Count	(1) Unemployment Rate
2007	133,201	\$ 4,324,442	\$ 32,466	21,237	20,206.0	3.40%
2008	138,230	4,855,474	35,126	21,396	20,241.0	3.50%
2009	145,671	5,382,580	36,950	22,272	21,041.8	4.60%
2010	147,524	5,027,868	34,082	22,147	20,996.2	8.00%
2011	146,723	4,881,973	33,273	22,203	21,025.2	10.20%
2012	146,581	5,114,813	34,894	22,012	20,867.7	9.00%
2013	148,742	5,282,090	35,512	21,986	20,912.5	8.60%
2014	149,617	5,492,271	36,709	21,902	21,076.9	6.90%
2015	150,232	5,644,717	38,074	21,746	21,021.2	4.70%
2016	152,357	Not Available	Not Available	21,827	21,005.6	4.80%

Sources:

⁽¹⁾ Mesa County, CO 2015 Comprehensive Annual Financial Report

⁽²⁾ Mesa County Valley School District No. 51 October CDE pupil count.

SCHEDULE 16

Mesa County Valley School District No. 51

Principal Employers

Current Year and Nine Years Ago
(Unaudited)

Employer	June, 2016			June, 2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mesa County Valley School District No. 51	3,194	1	4.18%	2,600	1	3.45%
St. Mary's Hospital & Medical Center	1,500	2	1.96%	2,000	2	2.65%
State of Colorado	1,004	3	1.31%	982	4	1.30%
Mesa County	978	4	1.28%	925	5	1.23%
StarTek USA, inc.	675	5	0.88%	580	10	0.77%
City Markets, Inc.	648	6	0.85%	589	9	0.78%
City of Grand Junction	641	7	0.84%	808	7	1.07%
Halliburton Energy	625	8	0.82%	700	8	0.93%
Colorado Mesa University (formerly, Mesa State College)	622	9	0.81%	1,250	3	1.66%
Veteran's Administration	593	10	0.78%	-	-	-
Walmart/Sam's	-	0	0.00%	910	6	1.21%
Total	<u>10,480</u>		<u>13.71%</u>	<u>11,344</u>		<u>13.84%</u>

Source: Grand Junction Economic Partnership

SCHEDULE 17

Mesa County Valley School District No. 51

District Employees by Type

Last Ten Fiscal Years
(Unaudited)

PERSONNEL DATA:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FULL-TIME										
CERTIFIED:										
Administrators	91	86	88	80	80	78	80	81	80	82
Deans	1	1	-	-	-	-	1	1	1	2
Teachers:										
Elementary	539	537	533	533	558	607	614	581	574	531
Middle School	298	295	296	304	320	334	336	302	296	292
High School	357	367	362	346	366	372	380	387	386	365
Instructional Coaches, etc.	51	52	51	31	-	-	-	-	-	-
Audiologists	1	1	1	1	1	1	1	1	1	1
Counselors	62	59	52	49	51	48	55	51	45	38
Librarians	12	12	12	12	12	12	11	11	13	15
Nurses	15	15	14	14	14	12	11	11	12	11
Psychologists	19	20	18	21	21	17	16	15	15	15
Occupational therapists	8	9	9	9	8	7	9	7	6	4
Physical therapists	3	3	3	2	2	2	1	1	1	1
Social workers	-	-	-	-	-	-	-	-	1	-
Speech/Language	26	25	25	27	25	20	22	22	22	15
Coordinators	14	12	12	11	13	18	17	18	15	12
CLASSIFIED:										
Administration	11	12	12	11	11	18	18	18	17	16
Clerical	202	189	190	176	193	232	241	245	236	238
Cooks	69	70	71	76	74	79	88	93	86	84
Coordinators	13	17	18	18	17	10	8	8	10	8
Custodians	120	119	118	120	118	137	138	140	140	137
Garage	3	4	3	4	4	4	4	4	6	5
Instructional assistants	425	438	411	369	355	403	403	405	361	376
Interpreters, job coaches and medically fragile attendants	12	14	11	11	11	13	20	14	15	14
Maintenance	52	53	52	52	53	54	62	59	57	57
Nurse assistants	37	39	38	38	37	36	38	35	27	27
Technical computer support	29	28	27	27	29	32	31	32	31	25
Security Guard	4	4	2	-	-	-	-	-	-	-
Warehouse persons	9	10	10	11	9	8	10	9	10	10
Total Full-Time	2,483	2,491	2,439	2,353	2,302	2,554	2,615	2,551	2,464	2,381
PART-TIME										
CERTIFIED:										
Administrators	-	1	1	-	-	-	-	-	-	-
Teachers:										
Elementary	44	42	40	46	50	42	44	64	72	78
Middle School	9	7	9	9	7	14	9	13	17	15
High School	15	12	10	14	13	11	12	13	19	19
Instructional Coaches, etc.	1	1	-	2	-	-	-	-	-	-
Audiologists	1	1	1	1	1	1	1	1	1	1
Counselors	4	3	6	11	9	11	8	7	5	14
Librarians	2	2	2	2	2	2	2	2	-	-
Nurses	1	1	1	-	1	1	-	-	-	2
Psychologists	2	2	2	-	-	2	2	3	2	3
Occupational therapists	3	3	3	3	2	2	3	4	5	4
Physical therapists	-	-	-	1	-	-	-	-	-	-
Speech/Language	2	4	4	5	4	4	8	8	7	2
Coordinators	1	1	1	1	1	1	2	2	1	-
CLASSIFIED:										
Clerical	11	9	10	18	21	25	19	17	16	11
Cooks	41	40	34	43	57	68	67	81	91	88
Coordinators	1	1	-	-	-	3	1	-	-	-
Custodians	2	4	5	3	3	6	9	9	9	8
Garage	-	-	-	-	-	1	1	1	1	1
Instructional assistants	51	46	45	56	76	118	129	139	139	137
Interpreters, job coaches and medically fragile attendants	-	-	-	-	-	1	1	4	-	-
Nurse assistants	2	1	2	1	-	3	2	3	6	11
Volunteer coordinator	-	-	-	-	-	-	-	-	-	1
Total Part-Time	193	181	176	216	247	316	320	371	391	395
SUBSTITUTE EMPLOYEES:										
Clerical and Inst Assistants	178	97	80	84	82	95	207	240	198	54
Cooks	32	34	30	32	39	36	30	49	30	43
Custodians	5	3	1	2	1	4	5	5	5	9
Teachers	303	369	412	410	416	453	394	431	403	366
Total substitute employees	518	503	523	528	538	588	636	725	636	472
Total employees	3,194	3,175	3,138	3,097	3,087	3,458	3,571	3,647	3,491	3,248

Source: Mesa County Valley School District No. 51 Human Resources Department

Note: An employee scheduled to work 6 or more hours per day for 165 days or more per year is considered full-time.

Part-time employees are scheduled to work less than 6 hours per day for 165 days or more per year.

Substitute employees are called in to work as needed, and have no predetermined work schedules.

Note: Instructional Coaches are reported separately within the Teacher categories beginning in 2013. Previously, they were allocated to the grade levels they support.

SCHEDULE 18

Mesa County Valley School District No. 51

Operating Statistics

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Expenses	(2) Enrollment	Cost per Pupil	Percentage Change	(3) Teaching Staff	Pupil/ Teacher Ratio	(4) Student Attendance Percentage	(5) Percentage of Students on Free/Reduced Lunch Program
2007	\$ 163,614,427	21,273	\$ 7,691	6.37 %	1,244.0	17.10	92.83	% 31.96 %
2008	175,039,904	21,396	8,181	6.37	1,310.0	16.33	91.26	38.14
2009	186,536,231	22,272	8,375	2.38	1,315.0	16.94	91.20	37.51
2010	193,708,413	22,147	8,746	4.43	1,362.5	16.25	91.03	43.95
2011	184,382,158	22,203	8,304	(5.05)	1,346.5	16.49	92.99	44.60
2012	169,868,879	22,012	7,717	(7.07)	1,279.0	17.21	92.33	44.32
2013	173,378,574	21,986	7,886	2.19	1,263.8	17.40	93.43	44.45
2014	179,515,999	21,902	8,196	3.94	1,199.9	18.25	93.31	42.48
2015	212,829,015	21,746	9,787	(16.25)	1,313.0	16.56	91.96	42.78
2016	206,285,824	21,827	9,451	3.56	1,258.3	17.35	92.06	47.84

Sources:

- (1) See Schedule 2 for expense data
- (2) See Schedule 15 for enrollment data
- (3) Mesa County Valley School District No. 51 Human Resources office
- (4) Mesa County Valley School District No. 51 Attendance office
- (5) Mesa County Valley School District No. 51 Nutrition Services office

Note: Teaching staff includes only classroom teachers, not all certified staff.

SCHEDULE 19

Mesa County Valley School District No. 51

School Building Information

Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary:										
Appleton (1938)										
Square feet	54,716	54,716	54,716	54,716	54,716	54,716	54,716	54,716	54,716	54,716
Capacity	368	368	368	368	368	368	368	368	368	368
Enrollment	384	388	380	418	399	422	403	412	387	396
Capacity Used	104.35 %	105.43 %	103.26 %	113.59 %	108.42 %	114.67 %	109.51 %	111.96 %	105.16 %	107.61 %
Broadway (1958)										
Square feet	35,295	35,295	35,295	35,295	35,295	35,295	35,295	35,295	35,295	35,295
Capacity	275	275	275	275	275	275	275	275	275	275
Enrollment	240	234	202	202	213	245	261	273	296	321
Capacity Used	87.27 %	85.09 %	73.45 %	73.45 %	77.45 %	89.09 %	94.91 %	99.27 %	107.64 %	116.73 %
Chatfield (1976)										
Square feet	50,238	50,238	50,238	50,238	50,238	50,238	50,238	50,238	50,238	50,238
Capacity	522	522	522	522	522	522	522	522	522	522
Enrollment	413	384	447	402	376	424	433	441	414	366
Capacity Used	79.12 %	73.56 %	85.63 %	77.01 %	72.03 %	81.23 %	82.95 %	84.48 %	79.31 %	70.11 %
Chipeta (2009)										
Square feet	48,320	48,320	48,320	48,320	48,320	48,320	48,320	48,320	-	-
Capacity	441	441	441	441	441	441	441	441	-	-
Enrollment	449	422	455	457	472	472	453	407	-	-
Capacity Used	101.81 %	95.69 %	103.17 %	103.63 %	107.03 %	107.03 %	102.72 %	92.29 %	-	-
Clifton (1968)										
Square feet	52,517	52,517	52,517	52,517	52,517	52,517	52,517	52,517	52,517	52,517
Capacity	551	551	551	551	551	551	551	551	551	551
Enrollment	485	477	469	480	500	442	493	478	446	479
Capacity Used	88.02 %	86.57 %	85.12 %	87.11 %	90.74 %	80.22 %	89.47 %	86.75 %	80.94 %	86.93 %
Columbine (1926)										
Square feet	-	-	-	-	-	-	-	-	32,386	35,626
Capacity	-	-	-	-	-	-	-	-	218	268
Enrollment	-	-	-	-	-	-	-	-	163	168
Capacity Used	- %	- %	- %	- %	- %	- %	- %	- %	74.77 %	62.69 %
Columbus (New Emerson) (1949)										
Square feet	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464
Capacity	248	248	248	248	248	248	248	248	248	248
Enrollment	144	141	143	150	150	133	129	134	130	129
Capacity Used	58.06 %	56.85 %	57.66 %	60.48 %	60.48 %	53.63 %	52.02 %	54.03 %	52.42 %	52.02 %
Dos Rios (1999)										
Square feet	49,380	49,380	49,380	49,380	49,380	49,380	49,380	49,380	49,380	49,380
Capacity	435	435	435	435	435	435	435	435	435	435
Enrollment	373	402	409	379	372	429	441	462	429	437
Capacity Used	85.75 %	92.41 %	94.02 %	87.13 %	85.52 %	98.62 %	101.38 %	106.21 %	98.62 %	100.46 %
Dual Immersion Academy (2006)										
Square feet	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Capacity	214	214	214	214	214	214	214	214	214	214
Enrollment	303	297	286	292	272	272	267	268	234	196
Capacity Used	141.59 %	138.79 %	133.64 %	136.45 %	127.10 %	127.10 %	124.77 %	125.23 %	109.35 %	91.59 %
Fruitvale (1953)										
Square feet	54,413	54,413	54,413	54,413	54,413	54,413	54,413	54,413	54,413	54,413
Capacity	476	476	476	476	476	476	476	476	476	476
Enrollment	471	482	475	506	488	474	500	529	507	511
Capacity Used	98.95 %	101.26 %	99.79 %	106.30 %	102.52 %	99.58 %	105.04 %	111.13 %	106.51 %	107.35 %
Glade Park Community School (closed at June 30, 2013)										
Square feet	1,660	1,660	1,660	1,660	1,660	1,660	1,660	-	-	-
Capacity	30	30	30	30	30	30	30	-	-	-
Enrollment	-	-	-	19	22	21	9	-	-	-
Capacity Used	- %	- %	- %	63.33 %	73.33 %	70.00 %	30.00 %	-	-	-
Lincoln OM (1955)										
Square feet	43,048	43,048	43,048	43,048	43,048	43,048	43,048	43,048	43,048	43,048
Capacity	409	409	409	409	409	409	409	409	409	409
Enrollment	391	380	375	382	361	410	409	418	382	410
Capacity Used	95.60 %	92.91 %	91.69 %	93.40 %	88.26 %	100.24 %	100.00 %	102.20 %	93.40 %	100.24 %
Loma (1982)										
Square feet	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530
Capacity	365	365	365	365	365	365	365	365	365	365
Enrollment	311	326	311	280	260	288	268	290	304	277
Capacity Used	85.21 %	89.32 %	85.21 %	76.71 %	71.23 %	78.90 %	73.42 %	79.45 %	83.29 %	75.89 %
Mesa View (1982)										
Square feet	46,123	46,123	46,123	46,123	46,123	46,123	46,123	46,123	46,123	46,123
Capacity	380	380	380	380	380	380	380	380	380	380
Enrollment	425	404	423	448	454	437	418	412	404	371
Capacity Used	111.84 %	106.32 %	111.32 %	117.89 %	119.47 %	115.00 %	110.00 %	108.42 %	106.32 %	97.63 %
Nisley (1958)										
Square feet	52,806	52,806	52,806	52,806	52,806	52,806	52,806	52,806	52,806	52,806
Capacity	467	467	467	467	467	467	467	467	467	467
Enrollment	523	498	495	443	460	479	464	476	469	482
Capacity Used	111.99 %	106.64 %	106.00 %	94.86 %	98.50 %	102.57 %	99.36 %	101.93 %	100.43 %	103.21 %

SCHEDULE 19

Mesa County Valley School District No. 51

School Building Information

Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Orchard Avenue (1948)										
Square feet	58,800	58,800	58,800	58,800	58,800	58,800	58,800	58,800	58,800	58,800
Capacity	406	406	406	406	406	406	406	406	406	406
Enrollment	410	420	449	479	491	488	491	460	430	409
Capacity Used	100.99 %	103.45 %	110.59 %	117.98 %	120.94 %	120.20 %	120.94 %	113.30 %	105.91 %	100.74 %
Pear Park (2006)										
Square feet	61,980	61,980	61,980	61,980	61,980	61,980	61,980	61,980	61,980	61,980
Capacity	532	532	532	532	532	532	532	532	532	532
Enrollment	499	497	492	490	477	458	447	431	397	380
Capacity Used	93.80 %	93.42 %	92.48 %	92.11 %	89.66 %	86.09 %	84.02 %	81.02 %	74.62 %	71.43 %
Pomona (1958)										
Square feet	56,427	56,427	56,427	56,427	56,427	56,427	56,427	54,867	54,867	54,867
Capacity	389	389	389	389	389	389	389	378	378	378
Enrollment	384	394	383	408	416	417	427	465	437	453
Capacity Used	98.71 %	101.29 %	98.46 %	104.88 %	106.94 %	107.20 %	109.77 %	123.02 %	115.61 %	119.84 %
Rim Rock (2006)										
Square feet	59,598	59,598	59,598	59,598	59,598	59,598	58,158	54,798	54,798	54,798
Capacity	643	643	643	643	643	643	595	509	509	509
Enrollment	653	624	645	654	671	654	629	641	593	548
Capacity Used	101.56 %	97.05 %	100.31 %	101.71 %	104.35 %	101.71 %	105.71 %	125.93 %	116.50 %	107.66 %
Rocky Mountain (1998)										
Square feet	52,068	52,068	52,068	52,068	52,068	52,068	52,068	52,068	52,068	50,724
Capacity	564	564	564	564	564	564	564	564	564	534
Enrollment	518	496	547	531	534	573	593	579	570	524
Capacity Used	91.84 %	87.94 %	96.99 %	94.15 %	94.68 %	101.60 %	105.14 %	102.66 %	101.06 %	98.13 %
Scenic (1969)										
Square feet	30,144	30,144	30,144	30,144	30,144	30,144	30,144	30,144	30,144	30,144
Capacity	229	229	229	229	229	229	229	229	229	229
Enrollment	276	297	278	262	232	239	252	276	277	276
Capacity Used	120.52 %	129.69 %	121.40 %	114.41 %	101.31 %	104.37 %	110.04 %	120.52 %	120.96 %	120.52 %
Shelley (1958)										
Square feet	56,784	56,784	56,784	56,784	56,784	56,784	56,784	56,784	56,784	56,784
Capacity	519	519	519	519	519	519	519	519	519	519
Enrollment	531	518	538	547	610	550	550	571	569	566
Capacity Used	102.31 %	99.81 %	103.66 %	105.39 %	117.53 %	105.97 %	105.97 %	110.02 %	109.63 %	109.06 %
Taylor (1958)										
Square feet	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460
Capacity	511	511	511	511	511	511	511	511	511	511
Enrollment	389	395	424	405	417	422	401	411	377	413
Capacity Used	76.13 %	77.30 %	82.97 %	79.26 %	81.60 %	82.58 %	78.47 %	80.43 %	73.78 %	80.82 %
Thunder Mountain (1982)										
Square feet	57,950	57,950	57,950	57,950	57,950	57,950	57,950	57,950	57,950	57,950
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	544	536	551	579	610	624	610	635	603	595
Capacity Used	96.80 %	95.37 %	98.04 %	103.02 %	108.54 %	111.03 %	108.54 %	112.99 %	107.30 %	105.87 %
Tope (1940)										
Square feet	53,886	53,886	53,886	53,886	53,886	53,886	53,886	53,886	53,886	53,886
Capacity	410	410	410	410	410	410	410	410	410	410
Enrollment	337	345	356	337	366	379	389	443	455	463
Capacity Used	82.20 %	84.15 %	86.83 %	82.20 %	89.27 %	92.44 %	94.88 %	108.05 %	110.98 %	112.93 %
Wingate (1982)										
Square feet	43,819	43,819	43,819	43,819	43,819	43,819	43,819	43,819	43,819	43,819
Capacity	452	452	452	452	452	452	452	452	452	452
Enrollment	441	461	476	434	439	460	478	498	443	437
Capacity Used	97.57 %	101.99 %	105.31 %	96.02 %	97.12 %	101.77 %	105.75 %	110.18 %	98.01 %	96.68 %
Middle:										
Bookcliff (2006)										
Square feet	116,182	116,182	116,182	116,182	116,182	116,182	116,182	106,333	106,333	106,333
Capacity	643	643	643	643	643	643	643	531	531	531
Enrollment	580	569	569	563	600	575	547	527	496	544
Capacity Used	90.20 %	88.49 %	88.49 %	87.56 %	93.31 %	89.42 %	85.07 %	99.25 %	93.41 %	102.45 %
East (1970)										
Square feet	54,486	54,486	54,486	54,486	54,486	54,486	54,486	54,486	54,486	54,486
Capacity	484	484	484	484	484	484	484	484	484	484
Enrollment	477	474	475	479	469	444	446	461	468	440
Capacity Used	98.55 %	97.93 %	98.14 %	98.97 %	96.90 %	91.74 %	92.15 %	95.25 %	96.69 %	90.91 %
Fruita (1936)										
Square feet	85,286	85,286	85,286	85,286	85,286	85,286	85,286	85,286	85,286	85,286
Capacity	733	733	733	733	733	733	733	733	733	733
Enrollment	554	546	577	549	518	566	586	583	547	526
Capacity Used	75.58 %	74.49 %	78.72 %	74.90 %	70.67 %	77.22 %	79.95 %	79.54 %	74.62 %	71.76 %

School	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Grand Mesa (1998)										
Square feet	99,663	99,663	99,663	99,663	99,663	99,663	99,663	99,663	99,663	99,663
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	607	581	622	618	647	657	664	711	666	670
Capacity Used	97.12 %	92.96 %	99.52 %	98.88 %	103.52 %	105.12 %	106.24 %	113.76 %	106.56 %	107.20 %
Mt. Garfield (1982)										
Square feet	85,658	85,658	85,658	85,658	85,658	85,658	85,658	85,658	85,658	85,658
Capacity	596	596	596	596	596	596	596	596	596	596
Enrollment	617	602	568	594	618	635	646	665	653	661
Capacity Used	103.52 %	101.01 %	95.30 %	99.66 %	103.69 %	106.54 %	108.39 %	111.58 %	109.56 %	110.91 %
Orchard Mesa (1960)										
Square feet	55,661	55,661	55,661	55,661	55,661	55,661	55,661	55,661	55,661	55,661
Capacity	598	598	598	598	598	598	598	598	598	598
Enrollment	502	515	505	532	530	537	508	526	567	547
Capacity Used	83.95 %	86.12 %	84.45 %	88.96 %	88.63 %	89.80 %	84.95 %	87.96 %	94.82 %	91.47 %
Redlands (1991)										
Square feet	97,318	97,318	97,318	97,318	97,318	97,318	97,318	97,318	97,318	97,318
Capacity	643	643	643	643	643	643	643	643	643	643
Enrollment	565	572	583	547	568	582	612	585	584	606
Capacity Used	87.87 %	88.96 %	90.67 %	85.07 %	88.34 %	90.51 %	95.18 %	90.98 %	90.82 %	94.25 %
West (1971)										
Square feet	55,830	55,830	55,830	55,830	55,830	55,830	55,830	55,830	55,830	55,830
Capacity	466	466	466	466	466	466	466	466	466	466
Enrollment	389	404	400	432	416	427	425	418	410	434
Capacity Used	83.48 %	86.70 %	85.84 %	92.70 %	89.27 %	91.63 %	91.20 %	89.70 %	87.98 %	93.13 %
8/9:										
Fruita 8/9										
Square feet	103,784	103,784	103,784	103,784	103,784	103,784	103,784	103,784	103,784	103,784
Capacity	681	681	681	668	668	668	668	668	668	668
Enrollment	752	721	711	711	743	776	720	739	754	777
Capacity Used	110.43 %	105.87 %	104.41 %	106.44 %	111.23 %	116.17 %	107.78 %	110.63 %	112.87 %	116.32 %
High:										
Career Center (2006)										
Square feet	37,852	37,852	37,852	37,852	37,852	37,852	34,912	34,912	34,912	34,912
Capacity	265	265	265	265	265	265	196	196	196	196
Enrollment	School has no enrollment reco School has no enrollment records because students enrolled at other schools are bussed in during the day for special programs									
Central (1960)										
Square feet	179,132	179,132	179,132	179,132	179,132	179,132	179,132	179,132	179,132	179,132
Capacity	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495
Enrollment	1,515	1,473	1,463	1,486	1,572	1,599	1,664	1,670	1,697	1,714
Capacity Used	101.34 %	98.53 %	97.86 %	99.40 %	105.15 %	106.96 %	111.30 %	111.71 %	113.51 %	114.65 %
Fruita Monument (1969)										
Square feet	192,134	192,134	192,134	192,134	192,134	192,134	192,134	192,134	192,134	192,134
Capacity	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618
Enrollment	1,229	1,253	1,304	1,262	1,284	1,278	1,323	1,335	1,351	1,296
Capacity Used	75.96 %	77.44 %	80.59 %	78.00 %	79.36 %	78.99 %	81.77 %	82.51 %	83.50 %	80.10 %
Grand Junction (1956)										
Square feet	168,329	168,329	168,329	168,329	168,329	168,329	168,329	168,329	168,329	168,329
Capacity	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786
Enrollment	1,742	1,741	1,715	1,676	1,760	1,774	1,757	1,739	1,695	1,701
Capacity Used	97.54 %	97.48 %	96.02 %	93.84 %	98.54 %	99.33 %	98.38 %	97.37 %	94.90 %	95.24 %
Palisade (1991)										
Square feet	125,412	125,412	125,412	125,412	125,412	125,412	125,412	125,412	125,412	125,412
Capacity	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084
Enrollment	1,006	1,048	1,054	1,021	1,010	1,003	1,028	1,001	964	922
Capacity Used	92.80 %	96.68 %	97.23 %	94.19 %	93.17 %	92.53 %	94.83 %	92.34 %	88.93 %	85.06 %
R-5 (1925)										
Square feet	17,684	17,684	17,684	17,684	17,684	17,684	17,684	17,684	17,684	17,684
Capacity	257	257	257	257	257	257	257	257	257	257
Enrollment	210	221	190	224	255	355	270	266	246	265
Capacity Used	81.71 %	85.99 %	73.93 %	87.16 %	99.22 %	138.13 %	105.06 %	103.50 %	95.72 %	103.11 %
K - 12:										
Gateway (1946)										
Square feet	18,470	18,470	18,470	18,470	18,470	18,470	18,470	18,470	18,470	18,470
Capacity	90	90	90	90	90	90	90	90	90	90
Enrollment	25	29	34	40	45	51	46	33	36	43
Capacity Used	27.78 %	32.22 %	37.78 %	44.44 %	50.00 %	56.67 %	51.11 %	36.67 %	40.00 %	47.78 %
Grand River Academy (previously Independence Academy Charter School and Lincoln Park Elementary) (1925)										
Square feet	23,378	23,378	23,378	23,378	23,378	23,378	23,378	23,378	23,378	23,378
Capacity	284	284	284	284	284	284	284	284	284	284
Enrollment	245	346	308	294	257	233	206	211	235	247
Capacity Used	86.27 %	121.83 %	108.45 %	103.52 %	90.49 %	82.04 %	72.54 %	74.30 %	82.75 %	86.97 %
Non-school enrollment	918	77	815	815	658	499	484	392	311	273
Total District enrollment	21,827	21,746	21,902	21,827	22,012	22,203	22,147	22,272	21,396	21,273

Source: Mesa County Valley School District No. 51 Maintenance Department

Note: Building capacity may not change when additions to buildings are constructed because modular units are often removed

SCHEDULE 20

Mesa County Valley School District No. 51

Certified Staff Salaries and Education (General Fund Only)

Year ended June 30, 2016
(Unaudited)

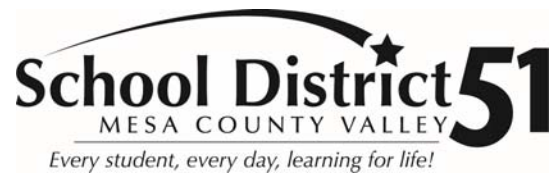
Step:	Education Requirements by Range								
	1 Bachelor's Degree	2 Bachelor's Degree + 12 Hours	3 Bachelor's Degree + 24 Hours	4 Master's Degree	5 Master's Degree + 12 Hours	6 Master's Degree + 24 Hours	7 Master's Degree + 36 Hours	7.5 Master's Degree + 48 Hours	8 Doctorate Degree
1 & 2 FTE	58.38	4.50	4.00	13.75	0.00	0.00	0.00	0.50	1.00
ANNUAL SALARY	\$33,572	\$34,446	\$35,315	\$36,470	\$37,342	\$38,218	\$39,086	\$39,718	\$40,348
3 FTE	86.65	4.00	5.00	16.00	3.00	1.00	0.00	1.00	1.00
ANNUAL SALARY	\$34,769	\$35,643	\$36,514	\$37,947	\$38,821	\$39,694	\$40,568	\$41,287	\$42,007
4 FTE	42.62	3.00	6.00	16.50	0.00	1.50	0.00	0.00	0.00
ANNUAL SALARY	\$35,968	\$36,841	\$37,710	\$39,423	\$40,299	\$41,172	\$42,043	\$42,855	\$43,666
5 FTE	42.72	4.00	2.50	24.50	2.50	1.00	1.00	2.00	0.00
ANNUAL SALARY	\$37,165	\$38,037	\$38,907	\$40,902	\$41,775	\$42,647	\$43,521	\$44,422	\$45,324
6 FTE	9.00	7.50	1.00	22.50	4.00	0.00	0.00	1.00	0.00
ANNUAL SALARY	\$38,359	\$39,231	\$40,103	\$42,379	\$43,253	\$44,126	\$44,999	\$45,992	\$46,982
7 FTE	11.62	4.75	2.00	22.00	3.00	1.00	0.00	1.00	0.00
ANNUAL SALARY	\$39,556	\$40,429	\$41,300	\$43,856	\$44,728	\$45,602	\$46,476	\$47,557	\$48,639
8 FTE	11.25	8.01	1.00	22.50	3.68	2.90	1.00	2.50	0.00
ANNUAL SALARY	\$40,753	\$41,624	\$42,499	\$45,335	\$46,208	\$47,080	\$47,953	\$49,126	\$50,298
9 FTE	10.50	3.00	6.00	39.17	6.50	5.50	3.00	2.00	0.00
ANNUAL SALARY	\$40,753	\$42,819	\$43,694	\$46,811	\$47,685	\$48,558	\$49,430	\$50,694	\$51,958
10 FTE	15.50	9.00	4.00	31.50	11.00	6.67	2.50	4.50	1.00
ANNUAL SALARY	\$40,753	\$42,819	\$44,891	\$48,289	\$49,161	\$50,034	\$50,907	\$52,261	\$53,616
11 FTE	3.00	4.00	1.00	20.50	4.00	3.00	0.00	3.00	0.00
ANNUAL SALARY	\$40,753	\$42,819	\$45,326	\$49,767	\$50,642	\$51,511	\$52,385	\$53,830	\$55,274
12 FTE	5.00	3.00	2.00	24.85	13.50	5.50	8.00	5.82	2.00
ANNUAL SALARY	\$40,753	\$42,819	\$45,760	\$51,244	\$52,118	\$52,991	\$53,861	\$55,395	\$56,930
13 FTE	3.00	2.00	2.00	21.38	4.00	0.50	5.00	2.00	0.00
ANNUAL SALARY	\$40,753	\$42,819	\$46,199	\$51,895	\$53,592	\$54,469	\$55,340	\$56,965	\$58,590
14 FTE	2.00	3.00	0.00	18.50	5.00	2.00	4.00	5.65	0.00
ANNUAL SALARY	\$40,753	\$42,819	\$46,636	\$52,547	\$54,461	\$55,946	\$56,819	\$58,534	\$60,250
15 FTE	2.00	2.00	4.00	23.15	7.00	6.50	10.00	7.00	0.00
ANNUAL SALARY	\$42,311	\$44,460	\$48,881	\$55,242	\$57,454	\$59,448	\$60,541	\$62,418	\$64,295
16 FTE	0.00	4.60	1.00	19.50	10.50	6.00	6.75	5.50	1.00
ANNUAL SALARY	\$45,021	\$47,168	\$49,334	\$55,918	\$58,356	\$60,800	\$63,237	\$64,627	\$66,017
17 FTE	1.00	1.40	2.00	15.50	3.50	6.00	4.50	9.00	0.00
ANNUAL SALARY	\$45,021	\$47,168	\$49,745	\$56,329	\$58,768	\$61,210	\$63,648	\$65,039	\$66,429
18 FTE	0.00	0.50	0.00	6.00	4.00	1.00	4.70	10.00	0.00
ANNUAL SALARY	\$45,021	\$47,168	\$50,516	\$56,739	\$59,178	\$61,565	\$64,059	\$65,450	\$66,840
19 FTE	0.00	0.00	0.00	8.00	4.00	1.00	0.00	7.50	0.00
ANNUAL SALARY	\$45,021	\$47,168	\$50,563	\$57,150	\$59,590	\$62,028	\$64,471	\$65,861	\$67,251
20 FTE	1.00	2.00	2.50	15.00	7.00	4.00	6.00	12.50	0.00
ANNUAL SALARY	\$45,021	\$48,820	\$50,975	\$57,562	\$59,999	\$62,419	\$64,883	\$66,273	\$67,663
21 FTE	0.00	1.00	2.00	6.00	5.00	5.00	4.50	9.00	0.00
ANNUAL SALARY	\$45,021	\$48,820	\$51,386	\$57,974	\$60,409	\$62,848	\$65,293	\$66,682	\$68,070
22 FTE	0.00	0.00	1.00	7.00	0.60	2.00	2.00	8.75	0.00
ANNUAL SALARY	\$45,021	\$48,820	\$51,797	\$58,384	\$60,820	\$63,260	\$65,702	\$67,092	\$68,482
23 FTE	0.00	0.00	1.00	8.00	0.00	4.00	2.00	5.00	0.00
ANNUAL SALARY	\$45,021	\$48,820	\$52,208	\$58,793	\$61,233	\$63,671	\$66,115	\$67,505	\$68,893
24 FTE	0.00	0.00	0.00	1.50	3.00	0.50	4.00	5.00	0.00
ANNUAL SALARY	\$45,021	\$48,820	\$52,620	\$59,205	\$61,646	\$64,081	\$66,524	\$67,916	\$69,306
25 FTE	1.00	0.00	2.00	8.50	10.95	6.41	8.65	34.50	0.00
ANNUAL SALARY	\$45,709	\$49,507	\$53,311	\$59,895	\$62,334	\$64,772	\$67,211	\$68,604	\$69,996
	306.24	71.26	52.00	411.80	115.73	72.98	77.60	144.72	6.00

Average Annual Salary = \$48,637

Source: Mesa County Valley School District No. 51 Human Resources office

Note: This schedule represents certified staff paid by the general fund only. Certified staff includes teachers, counselors, and librarians. Certified staff paid from other funding sources, primarily grants, are not included.

SINGLE AUDIT



Mesa County Valley School District No. 51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

CFDA PROGRAM TITLE	CFDA PROGRAM NUMBER	PASSTHRU ID NUMBER	AMOUNT OF EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through state of Colorado:			
School Breakfast Program	10.553	4553	\$ 860,860
National School Lunch Program (includes \$407,643 of commodities)	10.555	4555	3,534,808
Summer Food Service Program for Children	10.559	4559	<u>51,791</u>
Child Nutrition Cluster			<u>4,447,459</u>
Total U.S. Department of Agriculture			4,447,459
U.S. DEPARTMENT OF EDUCATION			
Passed through state of Colorado:			
Title I Grants to Local Educational Agencies	84.010	4010,5010 6010,7010 8010	3,170,410
Special Education - Grants to States	84.027	4027,5027 6027	3,658,099
Special Education - Preschool Grants	84.173	4173,5173	<u>158,852</u>
Special Education Cluster (IDEA)			<u>3,816,951</u>
Education for Homeless Children and Youth	84.196	5196	37,733
Migrant Education - State Grant Program	84.011	4011,5011	663,542
Career and Technical Education - Basic Grants to States	84.048	22-499-4048	158,356
Rehabilitation Services - Vocational Rehabilitation			
Grants to States	84.126	22-480-5126	410,800
Advanced Placement Fees	84.330	5330	2,352
High School Graduation Initiative	84.360	5360	17,021
English Language Acquisition Grants	84.365	22-4365,7365	69,989
English Language Acquisition Grants – Competitive	84.365A	5365	100,472
Improving Teacher Quality State Grants	84.367	22-4367	912,498
School Improvement Grants	84.377	7388	100,000
Race to the Top – Early Childhood Readiness Assessment	84.412	5412	10,552
Race to the Top	84.413A	4413	20,586
Mathematics & Science Partnerships	84.366	5366	<u>492,713</u>
Total U.S. Department of Education			9,983,975
U.S. DEPARTMENT OF THE TREASURY, INTERNAL REVENUE SERVICE			
Build America Bonds and QECB Subsidy	21.XXX	10-9016	28,655
U.S. DEPARTMENT OF DEFENSE			
Junior ROTC Program	12.XXX	10-9001	63,066

Mesa County Valley School District No. 51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

<u>CFDA PROGRAM TITLE</u>	<u>CFDA PROGRAM NUMBER</u>	<u>PASSTHRU ID NUMBER</u>	<u>AMOUNT OF EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through state of Colorado:			
Project Aware	93.243	7243	27,552
Child Care Mandatory and Matching Funds of the Child Care and Development Fund – CCDF Cluster	93.596	22-396-7596	<u>8,136</u>
Total U.S. Department of Health and Human Services			<u>35,688</u>
Total Federal Financial Assistance Expenditures			<u>\$ 14,558,843</u>

Mesa County Valley School District No. 51
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

NOTE A – GENERAL

The accompanying schedule of expenditures of federal awards includes the amount of federal grants expended by Mesa County Valley School District No. 51, during the year ended June 30, 2016. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

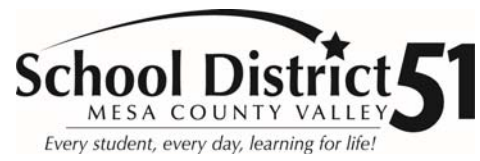
NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Non-cash expenditures are included in the schedule.

NOTE C – INDIRECT COST RATE

The District did not elect to use the 10 percent de minimus indirect cost rate.

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

November 18, 2016

The Board of Education
Mesa County Valley School District No.51

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mesa County Valley School District No. 51 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2016. Our report includes reference to other auditors who audited the financial statements of Independence Academy Charter School, as described in our report on the District's financial statements. The financial statements of Independence Academy, as well as the other discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mesa County Valley School District No.51's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Education
Mesa County Valley School District No. 51
November 18, 2016
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Purpose of this Report

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

Chadwick, Steinhilber, Davis & Co., P.C.



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

November 18, 2016

The Board of Education
Mesa County Valley School District No. 51

Report on Compliance for Each Major Federal Program

We have audited Mesa County Valley School District No. 51's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mesa County Valley School District No. 51's major federal programs for the year ended June 30, 2016. Mesa County Valley School District No. 51's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mesa County Valley School District No. 51's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mesa County Valley School District's No. 51's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mesa County Valley School District No. 51's compliance.

Opinion on Each Major Federal Program

In our opinion, Mesa County Valley School District No.51 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

The Board of Education
Mesa County Valley School District No. 51
November 18, 2016
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Report on Internal Control Over Compliance

Management of Mesa County Valley School District No. 51 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mesa County Valley School District No. 51's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Chadwick, Steinkirchner, Davis & Co., P.C.

Mesa County Valley School District No. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified Opinion</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	_____ <input checked="" type="checkbox"/> _____ none reported
Noncompliance material to financial statements noted?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	_____ <input checked="" type="checkbox"/> _____ none reported

Type of auditor's report issued on compliance
for major programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> _____	yes	_____ <input type="checkbox"/> _____	no
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Mesa County Valley School District No. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no finding required to be reported under Generally Accepted Government Auditing Standards.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs for federal awards as defined in the Uniform Guidance.

Mesa County Valley School District No. 51
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2016

2015-001: Corrected Misstatements

Condition: Material misstatements to the following accounts were detected as a result of audit procedures and corrected by management: prepaid insurance (internal service fund), accrued longevity payable (general fund), and retainage payable (capital projects fund) were adjusted to the current year ending balance from the prior year ending balance, accrued wages and benefits (food service fund) was adjusted to the calculated amount, and amounts required to be reported by GASB 68 (government-wide statements) were adjusted to the calculated amounts.

Criteria: The District's financial statements must be presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cause: Some of the District's balance sheet accounts as stated in the general ledger system had not been agreed to underlying supporting documentation when the audit procedures that detected the errors were performed. In addition, the District did not fully understand the balances that were required to be recorded under GASB 68.

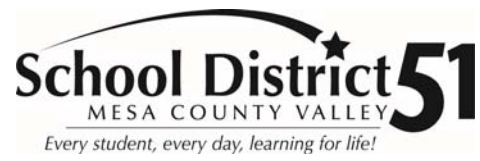
Effect: Financial statements that are not correctly stated in accordance with U.S. GAAP can be misleading to users.

Recommendation: The District should work to ensure all balance sheet accounts as stated in the general ledger system are adjusted to agree to underlying supporting documentation before audit procedures are performed to test the balances. The District should take steps to ensure a full understanding of the balances and disclosures required to be reported under GASB 68.

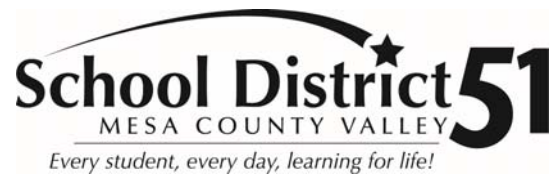
Auditee Response: Management concurs with the auditor's assessment and recommendation and intends to provide additional educational opportunities for staff accountants. Training will focus on annual balance sheet account reconciliations and improved understanding of new GASB pronouncements.

Current year status: Resolved.

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**SUPPLEMENTARY
INFORMATION**





Colorado Department of Education
Auditors Integrity Report
 District: 2000 - MESA COUNTY VALLEY 51
 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	9,186,145		154,257,836	154,807,103		8,636,879
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	809,507		2,924,290	2,711,883		1,021,913
Sub- Total	9,995,652		157,182,126	157,518,986		9,658,792
11 Charter School Fund	3,006,403		7,586,541	6,640,757		3,952,187
20,26-29 Special Revenue Fund	306,260		164,966	125,760		345,467
21 Food Service Spec Revenue Fund	598,925		5,852,872	5,516,886		934,911
22 Govt Designated-Purpose Grants Fund	0		14,925,073	14,925,073		0
23 Pupil Activity Special Revenue Fund	246,431		733,538	700,554		279,415
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	10,936,447		10,920,202	10,985,112		10,871,536
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		7,634,216	7,405,488		228,728
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	12,690,195		5,833,407	4,118,458		14,405,145
Totals	37,780,313		210,832,943	207,937,074		40,676,182
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	3,207,285		1,967,127	719,823		4,454,589
60,65-69 Other Internal Service Funds	3,671,498		75,511	-2,848,658		6,595,667
Totals	6,878,783		2,042,638	-2,128,835		11,050,256
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	2,431,322		7,068,636	7,088,571		2,411,386
79 GASB 34:Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	2,431,322		7,068,636	7,088,571		2,411,386

FINAL

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

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