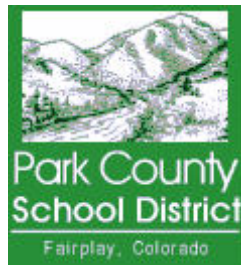


Park County School District RE-2

Financial Report

June 30, 2016



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**Park County School District RE-2
Financial Report
June 30, 2016**

TABLE OF CONTENTS

Independent Auditor’s Report	A1 - A2
Management’s Discussion and Analysis.....	B1 – B6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities.....	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	C5
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds.....	C7
Combining Statement of Net Position – Discretely Presented Component Units.....	C8
Combining Statement of Activities – Discretely Presented Component Units	C9
Notes to the Financial Statements.....	D1 – D25

**Park County School District RE-2
Annual Financial Report
June 30, 2016**

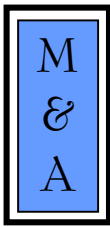
**TABLE OF CONTENTS
(Continued)**

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis):	
General Fund	E1
Student Activity Fund	E2
Food Service Fund	E3
Schedule of Employer's Proportionate Share of the Net Pension Liability	E4
Schedule of District Contributions	E5

Supplemental Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis):	
Bond Redemption Fund	F1
Capital Reserve Fund	F2
Schedule of Revenues, Expenditures and Changes in Fiduciary Assets and Liabilities - Budget and Actual (GAAP Basis):	
Scholarship Fund	F3
Student Activity Agency Fund	F4
Schedule of Combined General Fund – Balance Sheet	F5
Schedule of Combined General Fund – Revenues, Expenditures and Changes in Fund Balances	F6
Schedule of Capital Assets Used in the Operation of Governmental Funds - Comparative Schedule	F7
Colorado Department of Education Auditor's Integrity Report	F8



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Park County School District RE-2
Fairplay, Colorado**

Report on Financial Statements

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 the Park County School District RE-2 (the "District"), as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, 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 the Park County School District RE-2 as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

Member: American Institute of Certified Public Accountants

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Other Matters

U. S. generally accepted accounting principles require that Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate Share of Net Pension Liability and the Schedule of District Contributions in Section E, 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 U. S. generally accepted auditing standards, 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.

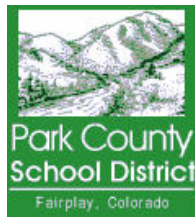
The budgetary comparison schedules in Section E are not a required part of the basic financial statements but is supplementary information required by U. S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as whole. The combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements, the individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
December 21, 2016**

Park County School District RE-2
Management's Discussion and Analysis



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**Park County School District RE-2
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2016**

As management of the Park County School District RE-2 (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.

Financial Highlights

- The assets of the District exceeded its liabilities by \$18,113,080 at the close of the most recent fiscal year end. The District's entire net assets is invested in capital assets. Like many Colorado School Districts, unrestricted net assets are negative due to a large net pension liability relating to the District's share of PERA.
- At the end of the current fiscal year, total fund balance for the General Fund was \$2,846,918 or 48% of total General Fund expenditures of \$5,886,293. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education. The District's fund balance, excluding this additional fund, totaled \$2,829,155, which was an increase of \$565,119.
- The District's total net position (including charter schools) increased by \$1,155,599.
- The District's debt decreased a net amount of \$617,127 from June 30, 2015 and was the result of payments of scheduled debt.

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 are comprised of 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.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private-sector businesses.

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

The only category reported in the government-wide financial statements is as follows:

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, transportation, support services, food service and student activities. Such services include activities relating to building maintenance, technology and administration.

The government-wide financial statement includes not only the Park County School District RE-2 itself, but also the Lake George and Guffey Charter Schools as component units to the District. These Charter Schools function as schools of the District, and therefore, have been included as an integral part of the District.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District can be divided into two categories: governmental 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 governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Reserve Fund, Student Activity Fund, Food Service Fund and Bond Redemption Fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on pages C3 through C6.

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 accounting used for Fiduciary funds is much like that used for proprietary funds. The fiduciary funds used by the District account for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education. The basic fiduciary fund financial statement can be found on page C7 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 in Section D of this report.

Overview of the Financial Statements (continued)

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. This information can be found in Sections E and F of this report.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceed liabilities by \$18,113,080 at the close of the most recent fiscal year.

Park County School District RE-2 Summary of Net Position:

	Governmental Activities		Component Units		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Assets:						
Current and other assets	\$ 6,861,581	6,241,365	557,308	633,768	7,418,889	6,875,133
Capital assets	35,483,785	35,924,818	203,450	49,139	35,687,235	35,973,957
Total Assets	42,345,366	42,166,183	760,758	682,907	43,106,124	42,849,090
Deferred outflows						
of resources:						
Pension related deferred outflow	1,103,076	409,187	419,549	237,002	1,522,625	646,189
Total deferred outflows						
of resources	1,103,076	409,187	419,549	237,002	1,522,625	646,189
Liabilities:						
Other liabilities	636,379	451,932	172,706	322,518	809,085	774,450
Long-term liabilities	22,004,172	22,593,452	2,909,962	2,793,672	24,914,134	25,387,124
Total Liabilities	22,640,551	23,045,384	3,082,668	3,116,190	25,723,219	26,161,574
Deferred inflows						
of resources:						
Pension related deferred inflow	600,117	376,013	192,332	209	792,449	376,222
Total deferred inflows						
of resources	600,117	376,013	192,332	209	792,449	376,222
Net position:						
Net invested in capital assets	22,808,797	21,918,260	-	-	22,808,797	21,918,260
Restricted	3,313,890	3,450,143	319,914	138,330	3,633,804	3,588,473
Unrestricted	(5,914,913)	(6,214,430)	(2,414,608)	(2,334,820)	(8,329,521)	(8,549,250)
Total net position	\$ 20,207,774	19,153,973	(2,094,694)	(2,196,490)	18,113,080	16,957,483

Government-wide Financial Analysis (continued):

The following is summary information reflecting the changes in District Net Position:

Park County School District RE-2 Changes in Net Position:

	Governmental Activities		Component Units		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 68,454	68,642	13,092	13,782	81,546	82,424
Operating grants and contributions	1,056,747	851,264	360,887	348,908	1,417,634	1,200,172
Capital grants and contributions	619,101	9,920	189,008	10,474	808,109	20,394
<i>General revenues:</i>						
Property taxes	4,769,622	4,992,633	1,128,138	1,160,192	5,897,760	6,152,825
Specific ownership taxes	742,926	720,244	-	-	742,926	720,244
State equalization revenue	788,175	703,750	-	-	788,175	703,750
Investment earnings	7,683	2,639	2,280	1,033	9,963	3,672
Other	447,507	261,722	-	-	447,507	261,722
Total Revenues	8,500,215	7,610,814	1,693,405	1,534,389	10,193,620	9,145,203
Expenses:						
Direct instruction	4,019,550	4,244,056	1,030,496	1,013,611	5,050,046	5,257,667
Indirect instruction	237,814	207,366	15,024	8,421	252,838	215,787
Transportation	226,508	266,984	6,003	8,240	232,511	275,224
Custodial maintenance	1,117,662	471,713	214,197	235,796	1,331,859	707,509
Support services	319,258	283,744	19,667	39,110	338,925	322,854
General administration	721,641	666,542	288,310	287,150	1,009,951	953,692
Community service	305	3,674	631	2,440	936	6,114
Student activities	60,674	85,188	2,115	3,021	62,789	88,209
Interest	507,268	559,680	-	-	507,268	559,680
Food services	264,734	297,653	15,166	21,106	279,900	318,759
Gain on disposal of capital assets	(29,000)	-	-	-	(29,000)	-
Total Expenses	7,446,414	7,086,600	1,591,609	1,618,895	9,038,023	8,705,495
Change in net position before transfers and special items	1,053,801	524,214	101,796	(84,506)	1,155,597	439,708
Change in net position after transfers and special items	1,053,801	524,214	101,796	(84,506)	1,155,597	439,708
Net position - July 1	19,153,973	18,629,759	(2,196,490)	(2,111,984)	16,957,483	16,517,775
Net position - June 30	\$ 20,207,774	19,153,973	(2,094,694)	(2,196,490)	18,113,080	16,957,483

Financial Analysis of the District's Funds

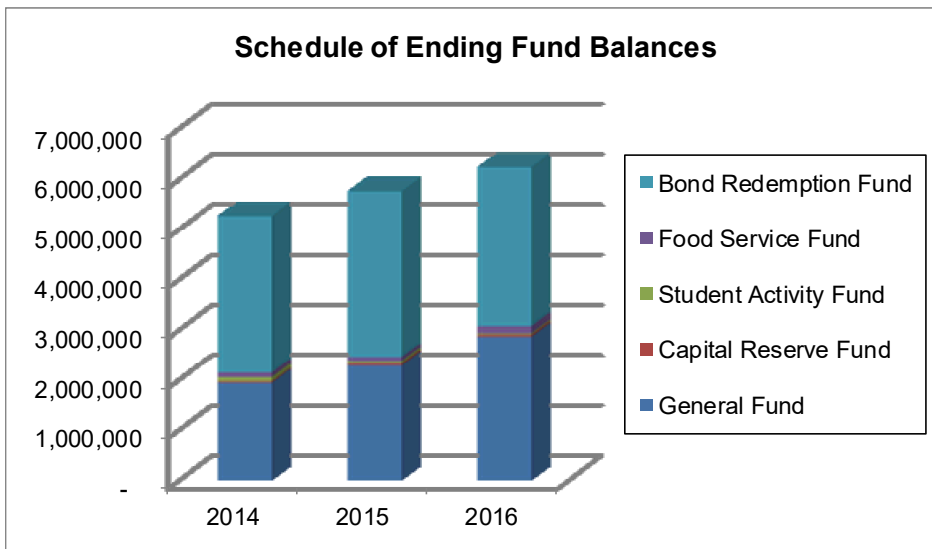
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved fund balances may serve as a useful measure of the District'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 \$6,220,692. This amount increased \$484,527 from the prior year ending fund balances.

Fund Balance Trending:

The following graph provides a view of the District's ending governmental fund balances for the last three fiscal years:



Financial Analysis of the District's Funds (continued)

Budget Variances in the General Fund: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

One of the most important variances to discuss is budgeted versus actual revenues and expenditures in the General Fund. The District had a favorable comparison to the final budget by \$587,592. Excluding the budgeted contingency, the District had a favorable variance of \$264,407.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$35,483,785 as of June 30, 2016. The District capitalizes assets, including buildings and improvements, vehicles, and equipment with an original cost greater than \$5,000 and useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in Section D.

Long-term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$21,855,460, and are comprised of bonds, net pension liability and leases payable. This is a net change of \$617,127.

Additional information, as well as a detailed classification of all of the District's total long-term liabilities, can be found in the Notes to the Financial Statements in Section D.

Economic Factors

The Public School Finance Act is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes in to account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, amongst other factors. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization

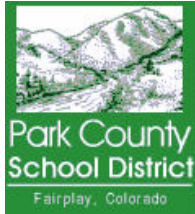
Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2016 totaled \$2,846,918.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Park County School District RE-2, Business Service, P.O. Box 189, Fairplay, Colorado 80440.

Park County School District RE-2

Basic Financial Statements



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PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Net Position
June 30, 2016

	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Total</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	6,285,672	6,285,672	554,108
Accounts, taxes, and interest receivable	444,984	444,984	2,400
Due from other governments	129,631	129,631	-
Prepaid expenses	-	-	800
Inventory	1,294	1,294	-
Total current assets	<u>6,861,581</u>	<u>6,861,581</u>	<u>557,308</u>
Capital assets:			
Land	-	-	150,000
Buildings and improvements	38,406,939	38,406,939	53,450
Equipment	162,777	162,777	-
Vehicles	921,206	921,206	-
Less: Accumulated depreciation	<u>(4,007,137)</u>	<u>(4,007,137)</u>	<u>-</u>
Total net capital assets	<u>35,483,785</u>	<u>35,483,785</u>	<u>203,450</u>
 Total assets	 <u>42,345,366</u>	 <u>42,345,366</u>	 <u>760,758</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	1,103,076	1,103,076	419,549
Total deferred outflows of resources	<u>1,103,076</u>	<u>1,103,076</u>	<u>419,549</u>
LIABILITIES			
Current liabilities:			
Accounts, retainage, arbitrage & deposits payable	35,271	35,271	22,853
Accrued compensation	559,418	559,418	149,853
Accrued interest	40,339	40,339	-
Unearned revenue	1,351	1,351	-
Total current liabilities	<u>636,379</u>	<u>636,379</u>	<u>172,706</u>
Noncurrent liabilities:			
Compensated absences	135,313	135,313	-
Due within one year	733,764	733,764	-
Due in more than one year	11,954,623	11,954,623	-
Net pension liability	9,180,472	9,180,472	2,909,962
Total noncurrent liabilities	<u>22,004,172</u>	<u>22,004,172</u>	<u>2,909,962</u>
 Total liabilities	 <u>22,640,551</u>	 <u>22,640,551</u>	 <u>3,082,668</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	600,117	600,117	192,332
Total deferred inflows of resources	<u>600,117</u>	<u>600,117</u>	<u>192,332</u>
NET POSITION			
Net investment in capital assets	22,808,797	22,808,797	203,450
Restricted for:			
TABOR	152,000	152,000	51,000
Personnel costs	-	-	268,914
Debt service	3,161,890	3,161,890	-
Unrestricted	<u>(5,914,913)</u>	<u>(5,914,913)</u>	<u>(2,618,057)</u>
 Total net position	 <u>20,207,774</u>	 <u>20,207,774</u>	 <u>(2,094,693)</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
				Governmental Activities	Total		
Functions/Programs:							
Governmental Activities:							
Current:							
Direct instruction	4,019,550	-	813,106	15,678	(3,190,766)	(3,190,766)	-
Indirect instruction	237,814	-	-	-	(237,814)	(237,814)	-
Transportation	226,508	-	60,709	-	(165,799)	(165,799)	-
Custodial and maintenance	1,117,662	-	-	603,423	(514,239)	(514,239)	-
Support services	319,258	-	-	-	(319,258)	(319,258)	-
General administration	721,641	-	-	-	(721,641)	(721,641)	-
Community service	305	-	47,161	-	46,856	46,856	-
Student activities	60,674	-	-	-	(60,674)	(60,674)	-
Food service	264,734	68,454	135,771	-	(60,509)	(60,509)	-
Interest on long-term debt	507,268	-	-	-	(507,268)	(507,268)	-
Total governmental activities	<u>7,475,414</u>	<u>68,454</u>	<u>1,056,747</u>	<u>619,101</u>	<u>(5,731,112)</u>	<u>(5,731,112)</u>	<u>-</u>
Total Primary Government	<u>7,475,414</u>	<u>68,454</u>	<u>1,056,747</u>	<u>619,101</u>	<u>(5,731,112)</u>	<u>(5,731,112)</u>	<u>-</u>
Component Units:							
Guffey Charter School	385,968	1,818	86,420	2,850	-	-	(294,880)
Lake George Charter School	1,205,640	11,274	236,352	186,158	(771,856)	-	(771,855)
Total component units	<u>1,591,608</u>	<u>13,092</u>	<u>322,772</u>	<u>189,008</u>	<u>(771,856)</u>	<u>-</u>	<u>(1,066,735)</u>
General revenues:							
Property taxes, levied for general purposes				3,159,090	3,159,090		-
Property taxes, levied for debt				1,610,532	1,610,532		-
Specific ownership taxes				742,926	742,926		-
State equalization revenue				788,175	788,175		-
Per pupil funding				-	-		1,128,138
Grants and contributions not restricted to specific programs				447,507	447,507		38,115
Interest and investment earnings				7,683	7,683		2,280
Gain (loss) on disposal of capital assets				29,000	29,000		-
Total general revenues, transfers, and special item				<u>6,784,913</u>	<u>6,784,913</u>		<u>1,168,533</u>
Change in net position				1,053,801	1,053,801		101,798
Net position, beginning				19,153,973	19,153,973		(2,196,491)
Net position, ending				<u>20,207,774</u>	<u>20,207,774</u>		<u>(2,094,693)</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Student Activity Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Assets:						
Cash and cash equivalents	3,028,973	26,294	3,045,118	37,838	147,449	6,285,672
Accounts, taxes, and interest receivable	302,653	-	97,034	-	448	400,135
Inventories	-	-	-	-	1,294	1,294
Due from other governments	109,894	-	19,737	-	-	129,631
Total assets	<u>3,441,520</u>	<u>26,294</u>	<u>3,161,889</u>	<u>37,838</u>	<u>149,191</u>	<u>6,816,732</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other current payables	35,184	-	-	-	87	35,271
Accrued compensation	559,418	-	-	-	-	559,418
Unearned revenue	-	-	-	-	1,351	1,351
Total liabilities	<u>594,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438</u>	<u>596,040</u>
Fund balances:						
Spendable:						
Restricted for emergencies	152,000	-	-	-	-	152,000
Restricted for Debt service	-	-	3,161,890	-	-	3,161,890
Assigned for Other purposes	-	26,294	-	37,838	147,752	211,884
Assigned for Risk management	17,763	-	-	-	-	17,763
Unassigned:						
General Fund	2,677,155	-	-	-	-	2,677,155
Total fund balances	<u>2,846,918</u>	<u>26,294</u>	<u>3,161,890</u>	<u>37,838</u>	<u>147,752</u>	<u>6,220,692</u>
Total liabilities and fund balances	<u>3,441,520</u>	<u>26,294</u>	<u>3,161,890</u>	<u>37,838</u>	<u>149,190</u>	<u>6,816,732</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

Governmental Funds Total Fund Balance	6,220,692
Add:	
Property taxes receivables collected 60 days after year-end are not available to pay for the current period's expenditures, and, therefore, are not reflected in the funds.	44,848
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	39,490,922
Less:	
Accumulated depreciation is not recognized in the governmental funds because capital assets used in governmental activities are not financial resources.	(4,007,137)
Accrued interest payable on long-term liabilities is recognized when due and, therefore, is not reported in the funds.	(40,338)
Changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.	
Unamortized Pension-related Deferred Outflows	1,103,076
Unamortized Pension-related Deferred Inflows	(600,117)
Long-term liabilities, including bonds payable, leases payable, compensated absences, and early retirement are not due and payable in the current period and, therefore, are not reported in the funds. The following liabilities are reported in the government-wide Statement of Net Position:	
Bonds payable	(12,567,001)
Leases payable	(107,987)
Compensated absences	(135,313)
Early retirement	(13,399)
Net pension liability	<u>(9,180,472)</u>
Governmental Activities Net Position	<u><u>20,207,774</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Student Activity Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Food Service Fund	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	3,165,606	-	1,656,763	-	-	4,822,369
Specific ownership taxes	742,926	-	-	-	-	742,926
State intergovernmental revenue	2,033,974	-	-	-	5,460	2,039,434
Federal intergovernmental revenue	225,998	-	-	-	130,311	356,309
Investment income	4,148	-	3,499	-	38	7,685
Other	483,924	31,183	-	-	68,454	583,561
Total revenues	<u>6,656,576</u>	<u>31,183</u>	<u>1,660,262</u>	<u>-</u>	<u>204,263</u>	<u>8,552,284</u>
EXPENDITURES						
Direct instruction	3,400,733	-	-	-	-	3,400,733
Indirect instruction	206,945	-	-	-	-	206,945
Transportation	186,301	-	-	-	-	186,301
Custodial and maintenance	1,104,811	-	-	-	-	1,104,811
Support services	316,223	-	-	-	-	316,223
General administration	670,930	-	-	-	-	670,930
Community service	350	-	-	-	-	350
Food service	-	-	-	-	257,834	257,834
Student activities	-	60,673	-	-	-	60,673
Debt service:						
Principal	-	-	1,284,708	46,862	-	1,331,570
Interest	-	-	508,031	3,230	-	511,261
Other	-	-	3,776	-	-	3,776
Capital outlay	-	-	-	45,350	-	45,350
Total expenditures	<u>5,886,293</u>	<u>60,673</u>	<u>1,796,515</u>	<u>95,442</u>	<u>257,834</u>	<u>8,096,757</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>770,283</u>	<u>(29,490)</u>	<u>(136,253)</u>	<u>(95,442)</u>	<u>(53,571)</u>	<u>455,527</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	29,000	-	29,000
Transfers in (out)	(195,075)	10,500	-	65,000	119,575	-
Total other financing sources (uses)	<u>(195,075)</u>	<u>10,500</u>	<u>-</u>	<u>94,000</u>	<u>119,575</u>	<u>29,000</u>
NET CHANGE IN FUND BALANCES	575,208	(18,990)	(136,253)	(1,442)	66,004	484,527
FUND BALANCES, BEGINNING	<u>2,271,710</u>	<u>45,285</u>	<u>3,298,143</u>	<u>39,280</u>	<u>81,747</u>	<u>5,736,165</u>
FUND BALANCES, ENDING	<u><u>2,846,918</u></u>	<u><u>26,295</u></u>	<u><u>3,161,890</u></u>	<u><u>37,838</u></u>	<u><u>147,751</u></u>	<u><u>6,220,692</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2016

Governmental Funds Change in Fund Balances	484,527
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as expenditures in the governmental funds.	573,187
Retirement of principal outstanding on the District's debt, including capital leases, is a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reductions against long-term liabilities.	1,331,570
Deferred property tax revenue does not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is change in the deferred property tax recognized in the Statement of Activities.	(52,747)
Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(17,211)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due. In the Statement of Activities, however, interest is recognized as it accrues, regardless of when it is due. Deferred refunding costs and discounts on bonds are reported in governmental funds as other financing uses. However, in the Statement of Activities, these amounts are amortized and are included with interest expense. This amount represents the change in the interest accrual and the amortization of deferred refunding costs and bond discounts.	3,993
The District is paying off its obligation for early retirement to past employees. This represents the change in the liability for early retirement.	(10,640)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense for the year.	(1,014,220)
Difference between employer contributions to pension plan and changes in pension liability and amortization of pension-related deferrals.	<u>(244,658)</u>
Governmental Activities Change in Net Position	<u><u>1,053,801</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	<u>Scholarship Fund</u>	<u>Student Activity Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	5,035	92,398	97,433
Total assets	<u>5,035</u>	<u>92,398</u>	<u>97,433</u>
LIABILITIES			
Due to student activities and other organizations	<u>5,035</u>	<u>92,398</u>	<u>97,433</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2016

	Guffey Charter School	Lake George Charter School	Total
Assets:			
Cash and cash equivalents	274,656	279,452	554,108
Accounts, taxes, and interest receivable	2,400	-	2,400
Due from other governments	800	-	800
Capital assets	53,450	150,000	203,450
Total Assets	331,306	429,452	760,758
Deferred Outflows:			
Pension related deferred outflow	120,950	298,599	419,549
Total Deferred Outflows	120,950	298,599	419,549
Current Liabilities			
Accounts payable	-	22,853	22,853
Accrued compensation	67,420	82,433	149,853
Total Current Liabilities	67,420	105,286	172,706
Noncurrent Liabilities:			
Net pension liability	718,106	2,191,856	2,909,962
Total Noncurrent Liabilities	718,106	2,191,856	2,909,962
Deferred Inflows:			
Pension related deferred inflows	29,531	162,801	192,332
Total Deferred Inflows	29,531	162,801	192,332
Net Position:			
Invested in Capital Assets	53,450	150,000	203,450
Restricted for:			
TABOR	15,000	36,000	51,000
HRA	209,214	-	209,214
Capital reserve	-	59,700	59,700
Unrestricted	(640,465)	(1,977,592)	(2,618,057)
Total Net Position	(362,801)	(1,731,892)	(2,094,693)
Total liabilities and net position	452,256	728,051	1,180,307

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

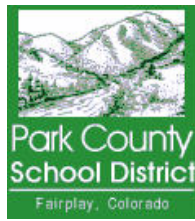
PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Activities
Discretely Presented Component Units
June 30, 2016

	Guffey Charter School	Lake George Charter School	Total
REVENUES			
Property taxes, levied for general purposes	229,561	898,577	1,128,138
Grants and contributions not restricted to specific program	37,419	696	38,115
Charges for services	1,818	11,274	13,092
Operating grants	86,420	236,353	322,773
Capital grants	2,850	186,158	189,008
Interest and investment earnings	950	1,330	2,280
Total revenues	<u>359,018</u>	<u>1,334,388</u>	<u>1,693,406</u>
EXPENDITURES			
Current:			
Direct instruction	238,390	792,106	1,030,496
Indirect instruction	15,024	-	15,024
Transportation	1,673	4,330	6,003
Custodial and maintenance	30,801	183,396	214,197
Support services	150	19,517	19,667
General administration	94,289	194,020	288,309
Community services	381	250	631
Student Activities	-	2,115	2,115
Food service	5,260	9,906	15,166
Total expenditures	<u>385,968</u>	<u>1,205,640</u>	<u>1,591,608</u>
CHANGE IN NET POSITION	(26,950)	128,748	101,798
NET POSITION, BEGINNING	<u>(335,851)</u>	<u>(1,860,640)</u>	<u>(2,196,491)</u>
NET POSITION, ENDING	<u><u>(362,801)</u></u>	<u><u>(1,731,892)</u></u>	<u><u>(2,094,693)</u></u>

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

Park County School District RE-2

Notes to the Financial Statements



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016

I. Summary of Significant Accounting Policies

The Park County School District RE-2 (the "District") is located within Park County, Colorado. The District provides services to approximately 622 students. This includes students at the District's two charter schools, Guffey Charter School and Lake George Charter School. The District's mission is to *"strive to provide a safe environment, meaningful opportunities and innovative educational programs for all students so that they reach their learning potential, including that they meet or exceed state and District content standards, through partnership between home, school and the community"*. The District operates the following schools:

Elementary Schools

Edith Teter Elementary School
Guffey Charter School
Lake George Charter School

Middle Schools

South Park Middle School

High School

South Park High

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered to be financially accountable.

Component Units - Charter Schools

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the "Act"), allowing the creation of public, non-sectarian, non-religious, non-home-based schools to operate within a public school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District's Board.

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Lake George / Guffey Charter School. The charter contract was later amended to separate the schools into the Lake George Charter School and the Guffey Charter School.

Lake George and Guffey Charter Schools are included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. Both schools have been consolidated and are discretely presented component units to the District.

Individual financial statements can be obtained from: Guffey Community Charter School, 1459 Main St., Guffey CO 80820 and Lake George Charter School, P.O. Box 420, Lake George, CO 80827.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

The District's basic financial statements include both District-wide (financial activities of the overall District and its component units, except for fiduciary activities) and fund financial statements (reporting the District's major funds). Both the District-wide and fund financial statements categorize primary activities as governmental. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

1. District-wide Financial Statements

In the District-wide Statement of Net Position, the governmental activities and component unit activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The District-wide Statement of Activities reports the gross and net cost of the District's functions. The functions are also supported by general governmental revenues (property taxes, intergovernmental revenue, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs by function are normally covered by general revenue (property taxes, interest income, etc.).

The District-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. Special revenue funds are used to account for and report the proceed of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund.

The District reports the following major governmental funds:

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

The *Insurance Reserve Fund* accounts for insurance programs maintained by the District. This fund has been consolidated and reported within the District's General Fund.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The *Capital Reserve Fund* accounts for acquisitions of capital items.

The *Student Activity Fund* accounts for the revenues and expenditures of funds used in student sports, clubs, and extracurricular activities. The primary source of funding is fees related to participation in the particular revenue.

The *Bond Redemption Fund* accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The *Building Fund* accounts for the construction of and improvements to various school facilities.

The *Food Service Fund* accounts for the activities of the District's school lunch programs.

The District reports the following fiduciary funds:

The *Scholarship Fund* accounts for assets held by the District as an agent for student scholarships.

The *Student Activity Agency Fund* accounts for assets held by the District as an agent for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental in the government-wide financial statements and fiduciary financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue on the fund financial statements.

4. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. 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.

7. Deferred Outflows and 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 a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. Another item is the collective deferred outflows related to the District's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension liability in future periods. See Note IV G.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants. See Note IV G.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Capital Assets

Capital assets, which include buildings and improvements, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities and proprietary fund financial statements.

Buildings and improvements, equipment, and vehicles are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 - 40
Equipment	3 - 7
Vehicles	3 - 10

9. Compensated Absences and Early Retirement

Earned but unused sick and personal leave and early retirement benefits are accrued when incurred in the government-wide financial statements.

10. Interfund Transactions

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

11. Fund Equity

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balances classifications refer to Note IV.H.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Restricted and Unrestricted Resources

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

II. Reconciliation of District-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the District-wide Statement of Activities.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2016.

1. The proposed budget was submitted to the Board of Education by May 31 of the year proceeding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenues gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. The District has reserved \$152,000 of its June 30, 2016 year-end General Fund balance for emergencies as required under TABOR.

On November 3, 1998, the District's electorate approved to: *"allow the District to collect, keep, and expend revenue from any sources received without regard to any spending, revenue raising, or other limitation on Article X, Section 20 of the Colorado constitution or other laws of the State."*

The District believes it is in compliance with the requirements of the TABOR Amendment. However, the TABOR Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. At year-end, the District had the following deposits and investments with the following maturities:

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking Accounts		193,848	193,848	-
Savings Accounts		352,292	352,292	-
<i>Investments:</i>				
Investment Pool	AAAm	2,791,847	2,791,847	-
Cash with Fiscal Agent	Not Rated	3,045,118	3,045,118	-
		<u>\$ 6,383,105</u>	<u>6,383,105</u>	<u>-</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The investment pool represents an investment in COLOTRUST which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk. State law and District policy limit investments to those authorized by State statutes which, among other investments, include U.S. agencies, local government investment pools, and certain money market funds. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Custodial Credit Risk. For an investment, this is the risk that in the event of failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The District does not have an investment policy that limits the amount of securities that can be held by counterparties.

B. Receivables

Receivables as of year-end for the District's governmental funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Governmental Funds</u>
Receivables:						
Taxes	\$ 252,906	-	-	-	97,034	349,940
Accounts	52,146	-	447	-	-	52,593
Intergovernmental	109,894	-	-	-	19,737	129,631
Gross receivables	414,946	-	447	-	116,771	532,164
Less: allowance for uncollectible	-	-	-	-	-	-
Net Receivables	<u>\$ 414,946</u>	<u>-</u>	<u>447</u>	<u>-</u>	<u>116,771</u>	<u>532,164</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. 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:				
Construction in progress	\$ -	-	-	-
Land	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Buildings and improvements	37,833,752	573,187	-	38,406,939
Vehicles	1,005,411	-	(84,205)	921,206
Equipment	162,777	-	-	162,777
Total capital assets being depreciated	39,001,940	573,187	(84,205)	39,490,922
Total capital assets - Cost	39,001,940	573,187	(84,205)	39,490,922
Less: accumulated depreciation for:				
Buildings and improvements	(2,097,704)	(961,221)	-	(3,058,925)
Vehicles	(819,886)	(52,188)	84,205	(787,869)
Equipment	(159,532)	(811)	-	(160,343)
Total accumulated depreciation	(3,077,122)	(1,014,220)	84,205	(4,007,137)
Governmental activities capital assets, net	\$ 35,924,818	(441,033)	-	35,483,785

The District had the following capital outlay and depreciation expense for the following functions and business-type activities:

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental activities:		
Direct instruction	\$ 573,187	961,221
Indirect instruction	-	2,705
Transportation	-	47,783
Custodial and maintenance	-	1,700
General administration	-	811
Total governmental activities	\$ 573,187	1,014,220

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers for fiscal year 2016 were as follows:

	<u>Transfer In</u>	<u>Transfer (out)</u>	<u>Reason</u>
General Fund	\$ -	(195,075)	Provide funding
Student Activity Fund	10,500	-	Additional funding
Capital Reserve Fund	65,000	-	Additional funding
Food Service Fund	119,575	-	Transfer of food service salaries
	<u>\$ 195,075</u>	<u>(195,075)</u>	

E. Operating Leases

The District is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements. All operating leases are annually appreciable.

F. Long-term Debt

1. General Obligation Refunding Bonds, Series 2003

On December 1, 1995, the District issued \$7,000,000 in General Obligation Bonds, Series 1995A with interest rates ranging from 4.20% to 5.75%; the bonds are insured by AMBAC. The net proceeds from the bonds were used for the improvement and expansion of the Fairplay, Lake George, and Guffey buildings and for the acquisition and construction of other school buildings, equipment, and furnishings. Bonds maturing on and after December 1, 2006 have been advance refunded with the General Obligation Refunding Bonds, Series 2003.

On May 15, 2003, the District issued \$5,705,000 in General Obligation Refunding Bonds, Series 2003 with interest rates ranging from 2.00% to 3.60%; the bonds are insured by AMBAC. The net proceeds from the bonds were used to advance refund \$5,085,000 of outstanding General Obligation Bonds, Series 1995A. The present value saving of the refunding was \$206,078. Because the total principal refunding bonds issued (\$5,705,000) exceed the principal amount of the refunded debt (\$5,085,000) the difference between the reacquisition price and the net carrying amount of the old debt (\$540,474) is being deferred and amortized as a component of interest expense over the remaining life of the refunded debt.

General debt obligations are liquidated by the Debt Service Fund.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

2. General Obligation Bonds, Series 2010

On November 3rd, 2009 the District's electorate approved an increase in District General Obligation Debt of \$16,000,000 with a commensurate increase in property taxes of \$1,470,000 annually for the replacement of the District's Elementary School, Middle School, High School, and Lake George Charter building along with various other District facilities. Approval was contingent upon an award of a Building Excellent Schools Today ("BEST") grant by the Colorado Department of Education. As a result of the ballot question being approved, the following transactions occurred:

- i. On February 24, 2010 approved a resolution authorizing the District to enter into a "site lease" whereby the District's school property was leased to Zion's First National Bank solely in its capacity as Trustee. The Term expires on March 16, 2050 or completion of several other events. The Site Lease does not require any ongoing rent payments.
- ii. On March 16, 2010 the District issued a General Obligation Bond, Series 2010 for \$15,060,382. The proceeds were provided to the State of Colorado and matched with grant proceeds of \$15,060,382 for construction of school facilities on the "site lease" (see Note V.G.1, below). The bond includes payments on June 1st and March 1st totaling \$1,102,881 annually. The final maturity date for the bond shall be December 1, 2029. The bond carries an interest rate of 3.84% and is subject to optional redemption in whole on June 1, 2021 with a redemption premium of 3%.
- iii. On March 16, 2010, Zion's Bank in its capacity as Trustee signed an agreement to lease to the State of Colorado the site property along with any improvements on the property.
- iv. On March 16, 2010, the District entered into a sublease with the State of Colorado for the site property. The sublease requires the District to provide the proceeds of its General Obligation Bond, Series 2010 as base rent. The agreement also requires the District to complete construction of the District's buildings in accordance with agreed upon specifications. The construction is paid from State funds including the District's General Obligation Bond Series 2010.

3. General Obligation Bonds, Series 2010

On December 16, 2010 the Lake George Charter School participated in the BEST Program as detailed in the previous note. As a result Series 2010D-F Bonds were issued for \$939,550. The bonds carry a coupon interest rate of 4.082% and require annual principal payments on December 1 and semiannual interest payments on June 1 and December 1. The bonds mature on December 1, 2030.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

4. 2011 Capital Lease Agreement

The District entered into a lease purchase agreement in 2011 for the purpose of acquiring a school bus. The original amount of the lease was \$102,900 at an interest rate of 3.49%. The lease requires quarterly payments of \$5,629. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments and terminates when the last payment is made, anticipated to be August 19, 2016.

Capital lease obligations are liquidated by the Capital Reserve Fund.

5. 2015 Capital Lease Agreement

The District entered into a lease purchase agreement in 2015 for the purpose of acquiring a school bus. The original amount of the lease was \$127,425 at an interest rate of 2.97%. The lease requires annual payments of \$27,543.75. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments and terminates when the last payment is made, anticipated to be July 15, 2019.

Capital lease obligations are liquidated by the Capital Reserve Fund.

6. Schedule of Future Debt Payments

The District's future annual debt service requirements are as follows:

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 720,365	473,846	1,194,211
2018	742,097	446,022	1,188,119
2019	770,453	417,133	1,187,586
2020	799,896	387,138	1,187,035
2021	802,923	355,995	1,158,918
2022 - 2026	4,502,886	1,282,299	5,785,185
2027 - 2031	4,336,368	347,658	4,684,025
Totals	<u>\$ 12,674,988</u>	<u>3,710,090</u>	<u>16,385,078</u>

7. Compensated Absences and Early Retirement

The District has a policy for the accumulation of sick and personal leave payouts. This policy is subject to certain limits, which are established by the Board, and are based on the employee's length of service with the District.

After the completion of twenty-four years of full-time service (but prior to twenty-seven years), twenty years of which must be consecutive, employees are eligible to retire and receive 125% of their highest annual salary over the five year period subsequent to retirement.

The estimated liability for compensated absences and early retirement for all employees is recorded in governmental activities in the Statement of Net Position. These liabilities for governmental activities are generally liquidated by the General Fund.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

8. Line of Credit

The District entered into a credit arrangement (the "Credit Agreement") with Colorado East Bank & Trust on November 13, 2014 with a maturity date of June 30, 2015.

The Credit Agreement provided for a line of credit not to exceed \$800,000. Amounts drawn on the line of credit bear interest at 4.4%. The Credit Agreement is secured by the assignment of District taxes. During 2016, the District made aggregate draws of \$500,100 against the line of credit and repaid \$507,637 pursuant to the terms of the credit agreement. No principal balance was outstanding on the line of credit as of June 30, 2016.

9. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance June 30, 2016</u>	<u>Due in one Year</u>
Governmental Activities:					
General obligation bonds	\$ 13,851,709	-	(1,284,708)	12,567,001	690,303
Capital leases	154,849	-	(46,862)	107,987	30,062
Compensated absences	94,067	41,246	-	135,313	-
Early retirement	26,798	-	(13,399)	13,399	13,399
Net pension liability	8,466,029	714,443	-	9,180,472	-
Total	<u>\$ 22,593,452</u>	<u>755,689</u>	<u>(1,344,969)</u>	<u>22,004,172</u>	<u>733,764</u>

10. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issue appears remote. Accordingly, the escrow account and refunded bond are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2016.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

11. Trust Agreement

Colorado State Statutes require that all property taxes levied for the purpose of satisfying bonded indebtedness be administered by at least one third party custodian designated by the District. The third party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with American National Bank in order to meet this requirement.

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

At June 30, 2016, the District reported a liability of 9,180,472 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, 2016. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District proportion was 0.0600%, as compared to its proportion of 0.0625% measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$724,995. 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	\$ 121,229	\$ 382
Changes of assumptions or other inputs	-	129,736
Net difference between projected and actual earnings on pension plan investments	780,598	-
Changes in proportionate share of contributions	-	469,999
Difference between actual and reported contributions recognized	1,027	-
Contributions subsequent to the measurement date	200,222	-
Total	<u>\$ 1,103,076</u>	<u>\$ 600,117</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, 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	Amortization
<u>June 30,</u>	<u></u>
2016	(24,415)
2017	17,263
2018	148,298
2019	161,591
	<u>\$ 302,737</u>

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90% - 10.10%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
PERA Benefit Structure hired prior 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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.

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

Programming Changes:

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

Methodology Changes:

- 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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 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 reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of net pension liability	\$ 11,576,436	\$ 9,180,472	6,917,853

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Fund Balance Disclosure

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portions of loans receivable, etc.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. At June 30, 2016, the District reported \$152,000 of restricted equity for emergencies as required by TABOR and \$3,161,890 has been restricted for the payment of general obligation debt.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the School Board of the District. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review, and/or make changes to each department's budget. The budget is formally presented to the School Board of the District via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after School Board approval, must be presented via a public process and again approved by the School Board of the District.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board of the District, or its management designees.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy, however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the School Board of the District.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information

A. Defined Benefit Pension Plan

Plan Description. Eligible employees of the <Insert Financial Reporting Entity Name> 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.

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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

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

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

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$480,337 for the year ended June 30, 2016.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

B. Post Employment HealthCare Benefits

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

Funding Policy. The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contributions to HCTF for the years ended June 30, 2016, 2015, and 2014 were \$28,077, \$28,633, and \$29,547, respectively, equal to their required contributions for each year.

C. Defined Contribution Pension Plan

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

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the year ended June 30, 2016, 2015 and 2014.

D. Contingencies

1. General Legal Matters

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2016.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

D. Contingencies (continued)

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance on ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2016.

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2016.

E. Jointly Governed Organization - BOCES

The District, together with nine other school districts, participates in the Mountain Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Services by BOCES are charged to each district based upon individual needs and the student population.

The Board of the BOCES consists of one member of the Board of Education of each participating district. Each district has equal voting rights in the decisions of the BOCES.

The BOCES has issued its own audited financial statements for the year ended June 30, 2015, the latest available data. The following summary information is presented:

Assets	\$ 4,664,420
Liabilities	<u>(1,534,418)</u>
Net Position	<u>\$ 3,130,002</u>
Expenses	\$ (10,592,608)
Program Revenues	10,327,497
General Revenues	<u>206,321</u>
Change in Net Position	<u>(58,790)</u>
Net Position - Beginning	<u>3,188,792</u>
Net Position - Ending	<u>\$ 3,130,002</u>

For the years ended June 30, 2016 and 2015, the District made operating contributions of \$33,926 and \$44,950, respectively, to BOCES.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

F. Possible Violations of State Statute

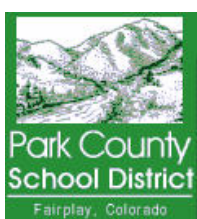
The following funds exceeded budgeted expenditures:

Scholarship Fund	4,829
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G. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and error and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

Park County School District RE-2
Required Supplementary Information



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts For the Year Ended June 30, 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES				
Taxes:				
Property taxes	3,250,975	3,165,606	(85,369)	3,128,840
Specific ownership taxes	600,000	742,926	142,926	720,244
State intergovernmental revenue	1,945,409	2,033,974	88,565	1,196,477
Federal intergovernmental revenue	274,362	225,998	(48,364)	217,809
Investment income	1,306	4,148	2,842	1,243
Other	387,574	483,924	96,350	272,279
Total revenues	<u>6,459,626</u>	<u>6,656,576</u>	<u>196,950</u>	<u>5,536,892</u>
EXPENDITURES				
Direct instruction	3,375,395	3,400,733	(25,338)	3,140,528
Indirect instruction	206,391	206,945	(554)	186,116
Transportation	219,684	186,301	33,383	234,412
Custodial and maintenance	1,032,836	1,104,811	(71,975)	462,876
Support services	556,269	316,223	240,046	280,476
General administration	667,150	670,930	(3,780)	651,853
Community service	600	350	250	250
Contingency	323,185	-	323,185	-
Total expenditures	<u>6,381,510</u>	<u>5,886,293</u>	<u>495,217</u>	<u>4,956,511</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>78,116</u>	<u>770,283</u>	<u>692,167</u>	<u>580,381</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(90,500)	(195,075)	(104,575)	(229,628)
Total other financing sources (uses)	<u>(90,500)</u>	<u>(195,075)</u>	<u>(104,575)</u>	<u>(229,628)</u>
NET CHANGE IN FUND BALANCES	<u>(12,384)</u>	575,208	<u>587,592</u>	350,753
FUNDS BALANCES, BEGINNING		<u>2,271,710</u>		<u>1,920,957</u>
FUND BALANCES, ENDING		<u>2,846,918</u>		<u>2,271,710</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Student Activity Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts For the Year Ended June 30, 2015)

	<u>2016</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
REVENUES				
Interest income	100	-	(100)	53
Other	50,775	31,183	(19,592)	35,532
Total revenues	<u>50,875</u>	<u>31,183</u>	<u>(19,692)</u>	<u>35,585</u>
EXPENDITURES				
Current:				
Student activities	72,900	60,674	12,226	85,188
Total expenditures	<u>72,900</u>	<u>60,674</u>	<u>12,226</u>	<u>85,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,025)</u>	<u>(29,491)</u>	<u>(7,466)</u>	<u>(49,603)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	10,500	10,500	-	10,500
Total other financing sources (uses)	<u>10,500</u>	<u>10,500</u>	<u>-</u>	<u>10,500</u>
NET CHANGE IN FUND BALANCES	<u>(11,525)</u>	<u>(18,991)</u>	<u>(7,466)</u>	<u>(39,103)</u>
FUND BALANCES, BEGINNING		<u>45,285</u>		<u>84,388</u>
FUND BALANCES, ENDING		<u>26,294</u>		<u>45,285</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Net
Position - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts For the Year Ended June 30, 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES				
Food and Ala carte sales	40,000	58,781	18,781	53,054
Federal aid:				
USDA Commodity contribution	100,000	130,311	30,311	88,906
State reimbursement	4,100	5,460	1,360	13,521
Transfers in	108,000	119,575	11,575	109,128
Interest income	250	39	(211)	1,263
Capital contributions	7,250	9,673	2,423	15,588
Total revenues	<u>259,600</u>	<u>323,839</u>	<u>64,239</u>	<u>281,460</u>
EXPENDITURES				
Salaries and employee benefits	108,000	119,575	(11,575)	138,045
Purchased services	2,000	900	1,100	1,187
Supplies	10,600	4,999	5,601	8,906
Food costs:				
Purchased food	124,000	110,516	13,484	116,082
Donated commodities	9,000	9,391	(391)	11,662
Property	19,000	12,453	6,547	17,725
Contingency	73,000	-	73,000	-
Total expenditures	<u>345,600</u>	<u>257,834</u>	<u>87,766</u>	<u>293,607</u>
CHANGE IN NET POSITION	<u>(86,000)</u>	66,005	<u>152,005</u>	(12,147)
NET POSITION, BEGINNING		<u>81,747</u>		<u>93,894</u>
NET POSITION, ENDING		<u>147,752</u>		<u>81,747</u>

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

Park County School District RE-2
Schedule of Employer's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0600%	0.0600%
District's proportionate share of the net pension liability	9,180,472	8,481,733
District's covered payroll	\$ 2,752,648	\$ 2,807,130
District's proportionate share of the net pension liability as a percentage of its covered payroll	333.5%	302.15%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of Employers Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2015:

Note 1. Changes of assumptions.

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

The following programming changes were made:

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

The following methodology changes were made:

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

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

Park County School District RE-2
Schedule of District Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 429,942	\$ 416,316
Contributions in relation to the contractually required contribution	<u>\$ (429,942)</u>	<u>\$ (416,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,752,648	\$ 2,807,130
Contributions as a percentage of covered payroll	15.62%	14.83%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of District Contributions For the Year Ended June 30, 2015:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

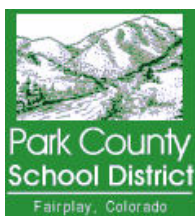
No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

Park County School District RE-2

Supplementary Information



High Altitude, High Attitude, High Achievement

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts For the Year Ended June 30, 2015)

	2016		2015	
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES				
Taxes:				
Property taxes	(1,961,405)	1,656,763	3,618,168	1,973,117
Interest Income	-	3,499	3,499	56
Total revenues	<u>(1,961,405)</u>	<u>1,660,262</u>	<u>3,621,667</u>	<u>1,973,173</u>
EXPENDITURES				
Debt service:				
Principal	1,340,831	1,284,708	56,123	1,240,063
Interest	501,532	508,031	(6,499)	554,811
Fiscal charges	3,000	3,776	(776)	1,187
Contingency	1,885,052	-	1,885,052	-
Total expenditures	<u>3,730,415</u>	<u>1,796,515</u>	<u>1,933,900</u>	<u>1,796,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,691,820)</u>	<u>(136,253)</u>	<u>5,555,567</u>	<u>177,112</u>
NET CHANGE IN FUND BALANCES	<u>(5,691,820)</u>	<u>(136,253)</u>	<u>5,555,567</u>	<u>177,112</u>
FUND BALANCES, BEGINNING		<u>3,298,143</u>		<u>3,121,031</u>
FUND BALANCES, ENDING		<u><u>3,161,890</u></u>		<u><u>3,298,143</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Reserve Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts For the Year Ended June 30, 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES				
Other local income	18	-	(18)	21
Total revenues	<u>18</u>	<u>-</u>	<u>(18)</u>	<u>21</u>
EXPENDITURES				
Land Improvements	1,800	1,800	-	1,800
Equipment	30,000	28,982	1,018	29,400
Other vehicles	-	-	-	29,420
Vehicles	-	-	-	127,425
Furniture and fixtures	2,500	-	2,500	-
Technology equipment	15,000	14,568	432	16,106
Principal retirement	50,500	46,862	3,638	21,098
Interest and fiscal charges	-	3,230	(3,230)	1,419
Contingency	15,318	-	15,318	-
Total expenditures	<u>115,118</u>	<u>95,442</u>	<u>19,676</u>	<u>226,668</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(115,100)</u>	<u>(95,442)</u>	<u>19,658</u>	<u>(226,647)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	29,000	29,000	-
Lease proceeds	-	-	-	127,425
Transfers in (out)	80,000	65,000	(15,000)	110,000
Total other financing sources (uses)	<u>80,000</u>	<u>94,000</u>	<u>14,000</u>	<u>237,425</u>
NET CHANGE IN FUND BALANCES	<u>(35,100)</u>	<u>(1,442)</u>	<u>33,658</u>	<u>10,778</u>
FUND BALANCES, BEGINNING		<u>39,280</u>		<u>28,502</u>
FUND BALANCES, ENDING		<u><u>37,838</u></u>		<u><u>39,280</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Scholarship Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts For the Year Ended June 30, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual Amounts</u>
ADDITIONS				
Programs	4	17	13	10,005
Total additions	<u>4</u>	<u>17</u>	<u>13</u>	<u>10,005</u>
DEDUCTIONS				
Programs	5,171	10,000	(4,829)	-
Total deductions	<u>5,171</u>	<u>10,000</u>	<u>(4,829)</u>	<u>-</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>(5,167)</u>	(9,983)	<u>(4,816)</u>	10,005
DUE TO STUDENTS, BEGINNING		<u>15,018</u>		<u>5,013</u>
DUE TO STUDENTS, ENDING		<u>5,035</u>		<u>15,018</u>

The accompanying notes are an part of these financial statements.

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activity Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts For the Year Ended June 30, 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
ADDITIONS				
Programs	105,000	76,125	(28,875)	135,900
Total additions	105,000	76,125	(28,875)	135,900
 DEDUCTIONS				
Programs	109,500	60,310	49,190	144,556
Total deductions	109,500	60,310	49,190	144,556
 CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	(4,500)	15,815	20,315	(8,656)
 DUE TO STUDENT ACTIVITIES, BEGINNING		76,583		85,239
 DUE TO STUDENT ACTIVITIES, ENDING		92,398		76,583

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Balance Sheet
June 30, 2016

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
ASSETS			
Assets:			
Cash and cash equivalents	3,011,210	17,763	3,028,973
Accounts, taxes, and interest receivable	302,653	-	302,653
Due from other governments	109,894	-	109,894
	<u>3,423,757</u>	<u>17,763</u>	<u>3,441,520</u>
Total assets	<u>3,423,757</u>	<u>17,763</u>	<u>3,441,520</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and other current payables	35,184	-	35,184
Accrued compensation	559,418	-	559,418
	<u>594,602</u>	<u>-</u>	<u>594,602</u>
Total liabilities	<u>594,602</u>	<u>-</u>	<u>594,602</u>
Fund balances:			
Reserved for:			
TABOR	152,000	-	152,000
Risk management	-	17,763	17,763
Unreserved	2,677,155	-	2,677,155
	<u>2,829,155</u>	<u>17,763</u>	<u>2,846,918</u>
Total fund balances	<u>2,829,155</u>	<u>17,763</u>	<u>2,846,918</u>
Total liabilities and fund balances	<u>3,423,757</u>	<u>17,763</u>	<u>3,441,520</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Property taxes	3,165,606	-	3,165,606
Specific ownership taxes	742,926	-	742,926
State intergovernmental revenue	2,033,974	-	2,033,974
Federal intergovernmental revenue	225,998	-	225,998
Investment income	4,142	6	4,148
Other	469,744	14,180	483,924
Total revenues	<u>6,642,390</u>	<u>14,186</u>	<u>6,656,576</u>
EXPENDITURES			
Direct instruction	3,400,733	-	3,400,733
Indirect instruction	206,945	-	206,945
Transportation	186,301	-	186,301
Custodial and maintenance	1,104,811	-	1,104,811
Support services	127,126	189,097	316,223
General administration	670,930	-	670,930
Community service	350	-	350
Total expenditures	<u>5,697,196</u>	<u>189,097</u>	<u>5,886,293</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>945,194</u>	<u>(174,911)</u>	<u>770,283</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(380,075)</u>	<u>185,000</u>	<u>(195,075)</u>
Total other financing sources (uses)	<u>(380,075)</u>	<u>185,000</u>	<u>(195,075)</u>
NET CHANGE IN FUND BALANCES	565,119	10,089	575,208
FUNDS BALANCES, BEGINNING	<u>2,264,036</u>	<u>7,674</u>	<u>2,271,710</u>
FUND BALANCES, ENDING	<u><u>2,829,155</u></u>	<u><u>17,763</u></u>	<u><u>2,846,918</u></u>

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

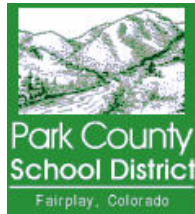
PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2016 and 2015

	2016	2015
Governmental funds capital assets:		
Buildings and improvements	38,406,939	37,833,752
Equipment	162,777	162,777
Vehicles	921,206	1,005,411
Total governmental funds capital assets	39,490,922	39,001,940

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

Park County School District RE-2

Statutory Information



High Altitude, High Attitude, High Achievement



Colorado Department of Education
Auditors Integrity Report
 District: 2610 - PARK COUNTY RE-2
 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	2,264,036	6,262,315	5,697,198	2,829,153
18 Risk Mgmt Sub-Fund of General Fund	7,674	199,186	189,097	17,763
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,271,710	6,461,501	5,886,294	2,846,916
11 Charter School Fund	372,184	1,702,993	1,633,391	441,786
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	81,747	323,839	257,834	147,752
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	45,285	41,683	60,674	26,294
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,298,143	1,660,262	1,796,515	3,161,890
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	39,280	94,000	95,442	37,838
Totals	6,108,349	10,284,277	9,730,150	6,662,476
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	15,018	17	10,000	5,035
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	76,583	76,124	60,310	92,398
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	91,601	76,141	70,310	97,433

FINAL

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