

***Estes Park School District No. R-3***  
**Estes Park, Colorado**

**Financial Statements**

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



**RECEIVED**

*By Justin L. Smith at 8:23 am, Dec 16, 2016*

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management Discussion and Analysis	3-9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12-13
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16-17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24-52
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	54
Governmental Purpose Fund – Budgetary Comparison Schedule	56-57
Schedule of the District's Proportionate Share of the Net Pension Liability	58
Schedule of District Contributions	59
Notes to the Required Supplementary Information	60

## Table of Contents

	<u>Page</u>
Other Supplementary Information	
General Fund	
Schedule of Revenues	64
Schedule of Expenditures	66-68
Combining Statements and Budgetary Comparison – Nonmajor Governmental Funds	
Combining Balance Sheet	70-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	72-73
Budgetary Comparison Schedule – Food Service Fund	74
Budgetary Comparison Schedule – Aquatic Center Fund	75
Budgetary Comparison Schedule – Outreach Fund	76
Budgetary Comparison Schedule – Capital Reserve Capital Projects Fund	77
Budgetary Comparison Schedule – Building Fund	78
Debt Service Fund	
Budgetary Comparison Schedule – Bond Redemption Fund	80
Combining Statements and Budgetary Comparison Schedules – Fiduciary Funds	
Combining Statement of Assets and Liabilities	82
Combining Schedule of Additions, Deductions and Changes in Fund Liabilities	83
Budgetary Comparison Schedule – Scholarship Agency Fund	84
Budgetary Comparison Schedule – Pupil Activity Agency Fund	85
Colorado Department of Education Supplementary Schedule	
Independent Auditors’ Report on Auditor’s Integrity Report	89
Auditors’ Integrity Report	90



## **Independent Auditors' Report**

Board of Education  
Estes Park School District No. R-3  
Estes Park, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Estes Park School District No. R-3 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
December 5, 2016

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Management Discussion and Analysis**  
**For Fiscal Year Ended June 30, 2016**

---

This section of Estes Park School District's annual financial report presents its discussion and analysis of the District's financial performance during the year ending June 30, 2016.

**Financial Highlights**

- The liabilities and deferred inflows of resources of Estes Park School District exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$8,353,739 (deficit net position). The deficit net position is due to the posting of the "Net Pension Liability" (NPL) of \$23,535,598 required pursuant to GASB Statement No. 68. The fund financial statements are not impacted by this reporting requirement. It is important to note that the District does not have a responsibility to pay the amount shown as the District's NPL. The District's direct liability is limited to the annually required contributions established by the State Legislature.
- As of July 1, 2015 beginning balances were restated to account for the movement of the former enterprise fund – Outreach Fund – to a governmental fund.
- The District's total net position decreased by \$477,214.
- General revenues accounted for \$12,168,801 or 90% of the \$13,559,189 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$1,390,388 or 10% of revenues.
- The General Fund ending fund balance reached \$3,282,116, a decrease of \$131,160.

**General Fund Budget Highlights**

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund. As part of the District's mid-year budget adjustments the board approved a spend-down of \$435,323 to maintain a \$3,000,000 General Fund balance.

**Overview of Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and, (4) required supplementary information. This report also contains required supplementary information in addition to the basic financial statements.

## **Government-wide Statements**

The Government-wide financial statements are designed to provide stakeholders (e.g. taxpayers, state and federal government agencies, and the Board of Education) with a relevant and reliable overview of the District's finances; to assist the reader in their assessment of how the District's resources are acquired and used; to determine whether current resources were sufficient to meet current costs, and to determine whether the District's ability to provide educational services improved or deteriorated from the previous year. With the inclusion of the Net Pension Liability (NPL), stakeholders are provided additional information regarding the unfunded liability status of PERA of Colorado. Though this NPL is not the responsibility of the District, it does provide greater information to the Colorado State Legislature and the District's governmental leadership assisting them in future decisions regarding the School Division Trust Fund associated with PERA.

The statement of net position includes all of the District's assets and deferred outflow of resources and liabilities and deferred inflow of resources, 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. Though the net position of the District is negative, this occurrence is only due to the posting of the District's proportionate share of the PERA unfunded liability. Again, the District does not have any control over the funding level of the PERA School Division Trust Fund (SCHDTF) nor any control over the investment policies and activities associated with this trust.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and retiree's early retirement bonuses). The governmental activities of the District include instruction and education support services of the District.

The majority of the District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, the food service program, debt service and capital projects. Taxes and intergovernmental revenues principally support these activities.

## **Fund Financial Statements**

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

## **Governmental Funds**

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

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

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, Designated Purpose Fund and the Bond Redemption Fund, which are considered to be major funds. Data for the other five governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these minor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-22 of this report.

## **Fiduciary Funds**

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 23 of this report.

## **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 24-52 of this report.

## **Other information**

In addition to the basic financial statements, this report also presents required supplementary information and other supplementary information concerning the District's annual appropriated budgets with comparison schedules that demonstrate compliance with budgets and required schedule of District's proportionate share of the Net Pension Liability and schedule of District Contributions. This information may be found on pages 54-85.

## Financial Analysis of the School District as a Whole

The following table provides a summary of the Governmental net position as of June 30, 2016. Comparative data for June 30, 2015 is also presented. This statement reports that liabilities plus deferred inflow of resources exceeded assets plus deferred outflow of resources by \$8,353,739.

The largest portion of the District's assets, about 83%, reflects investment in capital assets less accumulated depreciation. The largest portion of current assets, predominately investments, is reported in the General Fund. The investment balances are held for TABOR and Board of Education required reserves as well as the carry-over balances for school and departments. Other large portions of current assets include cash with fiscal agent and receivables. The cash with fiscal agent is largely reported in the Bond Redemption Fund and is available to make the required debt service payments. Receivables are predominately related to property taxes receivable which are levied in December and received in the third quarter of the school year usually between March and June.

	Governmental Activities		Business-type		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$5,722,160	\$ 6,325,367	\$ -	\$ 184	\$5,722,160	\$6,325,551
Capital assets	28,936,039	29,374,314	-	-	29,936,039	29,374,314
Total assets	34,658,199	35,699,681	-	184	34,658,199	35,699,865
Deferred outflows of resources	4,729,250	2,650,308	-	3,134	4,729,250	2,653,442
Total assets and deferred outflows of resources	39,387,449	38,349,989	-	3,318	39,387,449	38,353,307
Long-term liabilities	45,775,824	43,751,496	-	60,915	45,775,824	43,812,411
Other Liabilities	746,749	714,146	-	2,527	746,749	716,552
Total liabilities	46,522,573	44,465,521	-	63,442	46,522,573	44,528,963
Deferred inflows of resources	1,218,615	1,662,014	-	4,956	1,218,615	1,666,970
Net position:						
Net investment in capital assets	8,431,521	8,139,591	-	-	8,139,591	8,139,591
Restricted	1,687,287	1,969,106	-	-	1,687,287	1,969,106
Unrestricted (deficit)	(18,472,549)	(17,886,243)	-	(65,080)	(18,472,549)	(17,951,323)
Total net position	(8,353,739)	(7,777,546)	-	(65,080)	(8,353,739)	(7,842,626)
Total liabilities, deferred inflows of resources and net position	39,387,449	38,349,989	-	3,318	39,387,449	38,353,307

Following is a summary of the District's change in net position. The District receives its revenues from local property taxes, intergovernmental sources through the state and federal government, charges for services rendered, returns on investment and several other minor sources.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Charges for services	231,367	194,603	-	37,918	231,367	232,521
Operating Grants	1,159,021	1,108,451	-	-	1,159,021	1,108,451
Interest earned	8,429	2,199	-	-	8,429	2,199
Capital Grants	-	166,993	-	-	-	166,993
Property taxes	11,893,701	11,274,273	-	-	11,893,701	11,274,273
State equalization	165,388	606,860	-	-	165,388	606,860
Other	101,283	100,751	-	8,151	101,283	108,902
Transfers	-	-	-	-	-	-
<b>Total Revenues</b>	<b>13,559,189</b>	<b>13,454,130</b>	<b>-</b>	<b>46,069</b>	<b>13,559,189</b>	<b>13,500,199</b>
<b>Expenses</b>						
Instruction	6,913,734	6,583,615	-	-	6,913,734	6,583,615
Pupil & Instructional Services	910,245	812,861	-	-	910,245	812,861
Administration & Business	1,757,949	1,718,155	-	-	1,757,949	1,718,155
Maintenance & Operations	1,041,607	929,617	-	-	1,041,607	929,617
Transportation	632,942	528,116	-	-	632,942	528,116
Other	2,779,927	3,593,120	-	39,687	2,779,927	3,632,807
<b>Total Expenses</b>	<b>14,036,403</b>	<b>14,165,484</b>	<b>-</b>	<b>39,687</b>	<b>14,036,403</b>	<b>14,205,171</b>
<b>Change in net position</b>	<b>(477,214)</b>	<b>(711,354)</b>	<b>-</b>	<b>6,382</b>	<b>(477,214)</b>	<b>(704,972)</b>

### Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the District received \$7,671 per funded student. In fiscal year 2015-16 the funded pupil count was 1,068.3. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The District receives approximately 1.59 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation levied for general purposes generated \$9,337,763 in property taxes for fiscal year 2015-2016.

### Capital Assets and Debt Administration

#### Capital Assets

The Districts investment in capital assets as of June 30, 2016 amounts to \$28,936,039 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

Capital asset additions during the current fiscal year include the following:

▪ Building and improvements	\$88,833
▪ Land and improvements	\$207,478
▪ Furniture and equipment	\$129,304
▪ Licensed vehicles	\$99,990

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

	<u>Governmental Activities</u>	
	<b>2016</b>	<b>2015</b>
Land & improvements	\$902,864	\$722,373
Construction in progress	-	178,849
Building Improvements	26,985,015	27,495,124
Furniture & Equipment	729,151	690,333
Licensed Vehicles	319,009	287,635
Total Capital Assets	<u>\$28,936,039</u>	<u>\$29,374,314</u>

Additional information on the District's capital assets can be found in Note E, pages 35-36, in the basic financial statements.

### **Long-Term Debt**

At year-end, the District's total long-term debt of \$43,812,411 consisted of the following:

	<u>Governmental Activities</u>	
	<b>2016</b>	<b>2015</b>
Compensated absences	235,279	184,971
Net pension liability	23,535,598	20,432,412
Bonds payable	20,835,000	21,875,000
Bond premium	1,169,947	1,259,113
Total Capital Assets	<u>45,775,824</u>	<u>43,751,496</u>

Additional information on the District's long-term debt can be found in Note H, pages 37-39, in the basic financial statements.

### **Economic Factors**

The District General Fund revenue continues to be impacted at the State level through the negative factor which reduces total program funding. In fiscal year 2016 the District's negative factor was \$1,099,613 which resulted in per pupil funding amount of \$7,671.34. In the past the District has experienced declining enrollment but has started to experience a leveling in student count. Due to factors related to the high cost of living, a lack of affordable housing, and insufficient opportunities for year-long employment, it is predicted that student enrollment will continue to remain level or decrease in subsequent school years.

### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance 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 fiscal year, the District's governmental funds reported combined ending fund balances of \$5,461,977, a decrease of \$1,188,763. The General Fund had a fund balance decrease of \$229,460.

### **Capital Projects**

In May of 2014 the District issued \$1,200,000 in remaining voter approved debt to help with facility and safety issues around the district. These funds were used in Fiscal Year 2014 to help with the repair of an air handler at the aquatic center, replacement of the middle school roof, and asbestos abatement at the old primary building. The remaining funds were used to resurface of the high school track, replace skylights at the high school, and resurface the pool at the aquatic center. These track surface was started in May of 2015 and completed in August of 2015. Due to timing of projects the skylights and the pool resurface were started in Fiscal Year 2016 and completed in October of 2015.

### **Contacting the Districts Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions or need additional information, please contact the Estes Park School District R-3 Administration Office at 1605 Brodie Avenue, Estes Park, Colorado 80517.

This page intentionally left blank.

## **Basic Financial Statements**

The basic financial statements of the District include the following:

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

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

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

*Required supplementary information other than MD&A.* Budgetary comparison schedules should be presented for the general fund and for each major special revenue fund that has a legally adopted budget.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Statement of Net Position**  
**June 30, 2016**

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash	\$ 435,613
Cash with fiscal agent	1,483,921
Investments	2,879,505
Receivables	912,854
Inventory	10,267
Capital assets, net of depreciation	<u>28,936,039</u>
Total assets	34,658,199
Deferred outflows of resources	
Contributions subsequent to measurement date	659,479
Difference between projected and actual earnings on pension plan	2,001,186
Differences between expected and actual experience	310,790
Changes in proportionate share	257,367
Deferred charges on refundings of bonds	<u>1,500,428</u>
Total deferred outflows of resources	<u>4,729,250</u>
Total assets and deferred outflows of resources	<u>\$ 39,387,449</u>

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

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 233,587
Due to fiduciary funds	770
Accrued salaries and benefits	430,913
Unearned grant revenue	27,729
Accrued interest payable	53,750
Noncurrent liabilities	
Due within one year	1,040,000
Due in more than one year	<u>44,735,824</u>
Total liabilities	46,522,573
Deferred inflows of resources	
Changes in proportionate share	885,036
Changes in assumptions or other inputs	332,599
Differences between expected and actual experience	<u>980</u>
Total deferred inflows of resources	1,218,615
Net position	
Net investment in capital assets	8,431,521
Restricted for:	
Emergencies	280,000
Preschool program	17,345
Debt service	1,353,102
Food service program	36,842
Unrestricted (deficit)	<u>(18,472,549)</u>
Total net position	<u>(8,353,739)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 39,387,449</u>

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 6,913,734	\$ 35,344	\$ 746,641	
Supporting services				
Students	362,109			
Instructional staff	548,136		11,817	
General administration	493,488		62,390	
School administration	886,646			
Business services	377,815			
Operations and maintenance	1,041,606			
Student transportation	632,942	6,154	120,584	
Central support services	690,943			
Other support services	143,634	45,538		
Food service	442,089	144,331	217,589	
Facilities acquisition	37,150			
Unallocated depreciation *	792,289			
Interest and fiscal charges	673,822			
Total governmental activities	<u>\$ 14,036,403</u>	<u>\$ 231,367</u>	<u>\$ 1,159,021</u>	<u>\$ -</u>

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

General revenues

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

Total general revenues

Change in net position

Net position (deficit) at beginning of year, as restated

Net position (deficit) at end of year

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

---

Net (Expenses)  
Revenues and  
Changes in  
Net Position

Governmental  
Activities

\$ (6,131,749)

(362,109)

(536,319)

(431,098)

(886,646)

(377,815)

(1,041,606)

(506,204)

(690,943)

(98,096)

(80,169)

(37,150)

(792,289)

(673,822)

(12,646,015)

9,337,840

1,676,022

866,225

13,614

165,388

8,429

101,283

12,168,801

(477,214)

(7,876,525)

\$ (8,353,739)

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General Fund	Designated Purpose Fund
<b>Assets</b>		
Cash	\$ 435,013	
Cash with fiscal agent	167,771	
Investments	2,879,505	
Property taxes receivable	573,183	
Due from other funds		
Grants receivable		\$ 187,601
Other receivable	37,870	
Inventory		
<b>Total assets</b>	<b>\$ 4,093,342</b>	<b>\$ 187,601</b>
<b>Liabilities</b>		
Accounts payable	\$ 212,846	\$ 26
Due to other funds	24,222	134,139
Accrued salaries and benefits	405,206	25,707
Unearned grant revenue		27,729
<b>Total liabilities</b>	<b>642,274</b>	<b>187,601</b>
Deferred inflows of resources		
Deferred property tax revenues	168,952	
<b>Fund balance</b>		
Nonspendable for inventory		
Restricted for:		
Emergencies	280,000	
Preschool program	17,345	
Debt service		
Food service program		
Committed to:		
Aquatic center		
Emergencies	72,998	
Capital projects		
Unassigned	2,911,773	
<b>Total fund balance</b>	<b>3,282,116</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 4,093,342</b>	<b>\$ 187,601</b>

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

Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
	\$ 600	\$ 435,613
\$ 1,316,150		1,483,921
		2,879,505
108,620		681,803
	195,392	195,392
		187,601
	5,580	43,450
	10,267	10,267
<u>\$ 1,424,770</u>	<u>\$ 211,839</u>	<u>\$ 5,917,552</u>
	\$ 20,715	\$ 233,587
\$ 35,474	2,327	196,162
		430,913
		27,729
35,474	23,042	888,391
36,194		205,146
	10,267	10,267
		280,000
		17,345
1,353,102		1,353,102
	36,842	36,842
	99,489	99,489
		72,998
	44,349	44,349
	(2,150)	2,909,623
<u>1,353,102</u>	<u>188,797</u>	<u>4,824,015</u>
<u>\$ 1,424,770</u>	<u>\$ 211,839</u>	<u>\$ 5,917,552</u>

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2016**

---

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

Total fund balance - governmental funds	\$ 4,824,015
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	28,936,039
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	4,729,250
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	205,146
Accrued interest on long-term debt is not due and payable in the current period, and therefore is not reported as a liability in the funds.	(53,750)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	(1,218,615)
Long-term liabilities, including bonds payable, pension liabilities and accrued compensated absences, as well as related deferred outflows and inflows of resources are not due and payable in the current period, and therefore are not reported as liabilities in the funds.	<u>(45,775,824)</u>
Net position (deficit) of the governmental activities	<u><u>\$ (8,353,739)</u></u>

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

This page intentionally left blank.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	General Fund	Designated Purpose Fund
Revenues		
Local sources	\$ 10,364,372	\$ 12,107
Intermediate sources	1,319	
State sources	671,414	
Federal sources		423,299
Total revenues	11,037,105	435,406
Expenditures		
Instruction	6,325,466	348,282
Supporting services	4,586,769	87,124
Capital outlay		
Debt service		
Principal retirement		
Interest and fiscal charges		
Total expenditures	10,912,235	435,406
Excess of revenues over (under) expenditures	124,870	-
Other financing sources (uses)		
Transfers in		
Transfers out	(256,030)	
Total other financing sources (uses)	(256,030)	-
Excess of revenues and other financing sources over (under) expenditures and other (uses)	(131,160)	-
Fund balance at beginning of year, as restated	3,413,276	-
Fund balance at end of year	\$ 3,282,116	\$ -

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

Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,679,064	\$ 190,403	\$ 12,245,946
		1,319
	5,108	676,522
	212,481	635,780
1,679,064	407,992	13,559,567
		6,673,748
	568,326	5,242,219
	544,395	544,395
1,040,000		1,040,000
660,926		660,926
1,700,926	1,112,721	14,161,288
(21,862)	(704,729)	(601,721)
	256,030	256,030
		(256,030)
-	256,030	-
(21,862)	(448,699)	(601,721)
1,374,964	637,496	5,425,736
<u>\$ 1,353,102</u>	<u>\$ 188,797</u>	<u>\$ 4,824,015</u>

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2016**

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

Net change in fund balances - governmental funds	\$ (601,721)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(438,275)
Because some revenues will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues or other receivables. They are, however, recorded as revenues in the statement of activities.	(378)
In the statement of activities, certain expenses - compensated absences, accrued interest, bond premium amortization and refunding deferred charges amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of current financial resources used (essentially, the amounts actually paid).	(63,204)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pension are also reported as pension expenses.	(413,636)
Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>1,040,000</u>
Change in net position of governmental activities	<u>\$ (477,214)</u>

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

---

	<u>Agency Funds</u>
Assets	
Cash	\$ 248,749
Investments	8,245
Due from other funds	<u>770</u>
Total assets	<u>\$ 257,764</u>
Liabilities	
Accounts payable	\$ 16,275
Due to scholarship recipients	48,029
Due to student groups	<u>193,460</u>
Total liabilities	<u>\$ 257,764</u>

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies**

This summary of the Estes Park School District No. R-3's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

**A.1 – Reporting entity**

The Estes Park School District No. R-3 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

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

**A.2 – Fund accounting**

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

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

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

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

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by grants from federal and state governments, certain capital outlay expenditures, risk-related transactions, debt service, food service operations and pupil activities.

Governmental Designated Purpose Grants Fund – This fund is a special revenue fund used to maintain a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

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

The following are the District's nonmajor governmental funds:

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

Aquatic Center Fund – This fund is a special revenue fund used to account for revenues received as part of an intergovernmental agreement between the Estes Valley Recreation and Park District and the District. The funds received are used to provide for capital and maintenance needs at the swimming pool.

Outreach Fund – This fund is a special revenue fund used to account for the financial activities associated with district efforts to reestablish educational opportunities for students that have interrupted their studies.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

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

**Note A.3 – Basis of presentation**

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

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

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

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

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

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

**A.4 – Basis of accounting**

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

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

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

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

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

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

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

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

**A.5 – Encumbrances**

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

**A.6 – Short-term interfund receivables/payables**

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note A – Summary of significant accounting policies (Continued)**

**A.7 – Inventories**

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

**A.8 – Capital assets**

General capital assets are those assets that result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund balance sheet financial statements.

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

Interest is capitalized on assets reported in the governmental activities that are acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized in the current period.

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

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	0-20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	5-10 years

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note A – Summary of significant accounting policies (Continued)**

**A.9 – Compensated absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated vacation leave benefits are paid to employees upon termination of employment.

Annual leave provides a system for paid leaves that best serves the needs of district employees while achieving the highest level of budget efficiency and student learning. Annual leave allowances are awarded to employees according to the following schedule:

<u>Years of service</u>	<u>Annual accrual days</u>	<u>Reimbursement factor</u>
0-5 years	9	No factor – Classified employees
0-3 years	9	No factor – Certified employees
5 & over	9	.25 – Classified employees
3-5 years	9	.20 – Certified employees
6-8 years	9	.25 – Certified employees
9-12 years	9	.30 – Certified employees
13 & over	9	.35 – Certified employees

Each employee shall be allowed to accrue annual leave each year until a maximum of 100 days are accrued. Upon separation from the District, employees shall be eligible to receive pay for unused annual leave according to the above reimbursement factor.

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

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

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

**A.10 – Accrued liabilities and long-term obligations**

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums, bond discounts, bond insurance costs and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method on the government-wide financial statements.

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

**A.11 – Fund balance**

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

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

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

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

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

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note A – Summary of significant accounting policies (Continued)**

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

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

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

**A.12 – Net position**

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

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

**A.13 – Interfund transactions**

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

**A.14 – Extraordinary and special items**

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Act (PDPA) for banks and savings and loans requires state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,015,685, of which \$288,784 was insured and \$726,901 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

**Investments**

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

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note B – Cash and investments (Continued)**

Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2016, the District had invested in COLOTRUST PLUS+. The District also invested in asset back securities issued by U.S. government agencies.

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-10	11-20
Colostrust	\$ 2,879,505	\$2,879,505	\$ -	\$ -
U.S. agency-issued securities	8,245	-	-	8,245
Total	\$ 2,887,750	\$2,879,505	\$ -	\$ 8,245

The investment in Colostrust is maintained in the General Fund and the investment in U.S. agency-issued securities is maintained in the Scholarship Fund.

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

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District's investment in Colostrust was rated AAA by Standard and Poor's.

The following table provides a reconciliation of cash, investments and cash with fiscal agent on the statement of net position:

Cash on hand	\$ 1,700
Cash in bank	682,662
Cash with fiscal agent	1,483,921
Investments	<u>2,887,750</u>
Total	<u>\$ 5,056,033</u>

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note B – Cash and investments (Continued)**

<u>Statement of net position</u>	
Cash	\$ 435,613
Cash with fiscal agent	1,483,921
Investments	<u>2,879,505</u>
Subtotal	4,799,039
 <u>Statement of fiduciary net position</u>	
Cash	248,749
Investments	<u>8,245</u>
Subtotal	<u>256,994</u>
Total	<u>\$ 5,056,033</u>

**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 681,803
Grants receivable	187,601
Other receivable	<u>43,450</u>
Total	<u>\$ 912,854</u>

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

**Note D – Interfund transactions**

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 24,222
Designated Purpose Fund	-	134,139
Bond Redemption Fund	-	35,474
Other governmental funds	<u>195,392</u>	<u>2,327</u>
Subtotal	195,392	196,162

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note D – Interfund transactions (Continued)**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Fiduciary funds</u>		
Agency funds	770	-
Total	<u>\$ 196,162</u>	<u>\$ 196,162</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 256,030
Other governmental funds	256,030	-
Total	<u>\$ 256,030</u>	<u>\$ 256,030</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

The District transferred funds in the amount of \$194,400 from the General Fund to the Aquatic Center fund to subsidize operations. The District transferred funds in the amount of \$61,630 from the General Fund to the Food Service fund to subsidize operations.

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 378,235	\$ -	\$ -	\$ 378,235
Construction in progress	178,849	-	(178,849)	-
Total capital assets, not being depreciated	557,084	-	(178,849)	378,235

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note E – Capital assets (Continued)**

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, being depreciated:				
Land improvements	445,919	207,478	-	653,397
Buildings and improvements	38,979,821	88,833	178,849	39,247,503
Furniture and equipment	1,544,109	129,304	-	1,673,413
Licensed vehicles	<u>1,694,435</u>	<u>99,990</u>	<u>-</u>	<u>1,794,425</u>
Total capital assets, being depreciated	<u>42,664,284</u>	<u>525,605</u>	<u>178,849</u>	<u>43,368,738</u>
Total capital assets	43,221,368	525,605	-	43,746,973
Less accumulated depreciation for:				
Land improvements	(101,781)	(26,987)	-	(128,768)
Buildings and improvements	(11,484,697)	(777,791)	-	(12,262,488)
Furniture and equipment	(853,776)	(90,486)	-	(944,262)
Licensed vehicles	<u>(1,406,800)</u>	<u>(68,616)</u>	<u>-</u>	<u>(1,475,416)</u>
Total accumulated depreciation	<u>(13,847,054)</u>	<u>(963,880)</u>	<u>-</u>	<u>(14,810,934)</u>
Governmental activities capital assets, net	<u>\$ 29,374,314</u>	<u>\$ (438,275)</u>	<u>\$ -</u>	<u>\$ 28,936,039</u>

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

<b>Governmental activities</b>	
Operations and maintenance	\$ 44,729
Student transportation	65,045
Central support	53,114
Food service	8,703
Unallocated	<u>792,289</u>
Total depreciation expense	<u>\$ 963,880</u>

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$430,913. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note G – Short-term debt**

In an effort to alleviate short-term cash flow issues, the District participated in the State of Colorado’s interest-free loan program, with activity for the current fiscal year as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
Short-term debt	\$ _____ -	\$ 2,130,450	\$ 2,130,450	\$ _____ -

**Note H – Long-term debt**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Transfers / Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
<b>Governmental activities</b>					
Compensated absences	\$ 184,971	\$ 50,308	\$ -	\$ 235,279	\$ -
Net pension liability	20,432,412	3,103,186	-	23,535,598	
Bonds payable	21,875,000	-	(1,040,000)	20,835,000	1,040,000
Bond premium	<u>1,259,113</u>	<u>-</u>	<u>(89,166)</u>	<u>1,169,947</u>	<u>-</u>
Total	<u>\$43,751,496</u>	<u>\$ 3,153,494</u>	<u>\$ (1,129,166)</u>	<u>\$ 45,775,824</u>	<u>\$ 1,040,000</u>

The compensated absences attributable to the governmental activities will be liquidated by the General Fund and Food Service Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported. The retirement of the bonds payable will be liquidated by the Bond Redemption Fund, while the net pension liability attributable to the governmental activities will be liquidated by the General Fund.

**Bonds payable**

General obligation bonds payable consist of the following individual issues:

\$9,895,000 general obligation bonds, dated December 13, 2006, due in fiscal year 2017 in the amount of \$450,000; annual interest rate of 4.00%; payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. The proceeds from the sale of the bonds are used to finance capital projects and to pay costs of issuance. The District issued \$3,470,000 in general obligation refunding bonds (see on following page) on January 7, 2015, to advance refund bonds maturing December 1, 2029 through December 1, 2031.

\$ 450,000

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note H – Long-term debt (Continued)**

\$10,555,000 general obligation bonds, dated January 19, 2007, due in annual installments ranging from \$250,000 to \$365,000; annual interest rate of 5.00%; payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. The proceeds from the sale of the bonds are used to finance capital projects and to pay costs of issuance. The District issued \$7,975,000 in general obligation refunding bonds (see on following page) on December 16, 2014, to advance refund bonds maturing on December 1, 2017 through December 1, 2028. 365,000

\$750,000 general obligation bonds, dated August 7, 2007, due in annual installments in the amount of \$25,000; annual interest rate of 4.50%; payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. The proceeds from the sale of the bonds are used to finance capital projects and to pay costs of issuance. The District issued \$3,485,000 in general obligation refunding bonds (see on following page) on January 7, 2015, to advance refund bonds maturing December 1, 2018 through December 1, 2031. 50,000

\$8,420,000 general obligation refunding bonds, dated March 1, 2012, due in annual installments ranging from \$70,000 to \$710,000; varying annual interest rates ranging from 2.00% to 4.00%; payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. The proceeds from the sale of the bonds are used to advance refund bonds prior to maturity and to pay costs of issuance. 8,070,000

\$1,200,000 general obligation bonds, dated May 1, 2014, due in annual installments ranging from \$55,000 to \$85,000; varying annual interest rates ranging from 2.00% to 4.00%; payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. The proceeds from the sale of the bonds are used to finance capital projects and to pay costs of issuance. 1,075,000

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note H – Long-term debt (Continued)**

\$7,975,000 general obligation refunding bonds, dated December 16, 2014, due in annual installments ranging from \$65,000 to \$690,000; varying annual interest rates ranging from 2.00% to 3.50%; payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. The proceeds from the sale of the bonds are used to advance refund bonds prior to maturity and to pay costs of issuance. 7,910,000

\$3,485,000 general obligation refunding bonds, dated January 7, 2015, due in annual installments ranging from \$10,000 to \$835,000; varying annual interest rates ranging from 2.00% to 4.00%; payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. The proceeds from the sale of the bonds are used to advance refund bonds prior to maturity and to pay costs of issuance. 2,915,000

Total general obligation bonds \$ 20,835,000

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

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,040,000	\$ 624,313	\$ 1,664,313
2017	1,080,000	592,512	1,672,512
2018	1,105,000	570,350	1,675,350
2019	1,130,000	545,500	1,675,500
2020	1,160,000	517,525	1,677,525
2021-2025	6,305,000	2,034,993	8,339,993
2026-2030	7,385,000	932,207	8,317,207
2031-2032	<u>1,630,000</u>	<u>29,050</u>	<u>1,659,050</u>
Totals	<u>\$ 20,835,000</u>	<u>\$ 5,846,450</u>	<u>\$ 26,681,450</u>

**Prior year defeasance of debt**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, \$18,060,000 of bonds outstanding are considered defeased.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note I – Defined benefit pension plan**

Summary of significant accounting policies

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

General information about the pension plan

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

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

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

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note I – Defined benefit pension plan (Continued)**

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

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

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

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

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

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

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note I – Defined benefit pension plan (Continued)**

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

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

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 \$1,262,126 for the year ended.

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

At year-end, the District reported a liability of \$23,535,598 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note I – Defined benefit pension plan (Continued)**

At December 31, 2015, the District’s proportion was 0.1539 percent, which was a decrease of 0.0027 percent from its proportion measured as of December 31, 2014.

For the year, the District recognized pension expense of \$1,675,761. At year-end, 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	\$ 310,790	\$ 980
Changes of assumptions or other inputs	-	332,599
Net difference between projected and actual earnings on pension plan investments	2,001,186	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	257,367	885,036
Contributions subsequent to the measurement date	<u>659,479</u>	<u>-</u>
Total	<u>\$ 3,228,822</u>	<u>\$ 1,218,615</u>

\$659,479 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a(n) increase (reduction) in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 98,314
2017	254,670
2018	587,378
2019	<u>410,366</u>
Totals	<u>\$ 1,350,728</u>

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

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note I – Defined benefit pension plan (Continued)**

Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases: PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	financed by the annual increase reserve

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

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

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

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note I – Defined benefit pension plan (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.

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

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

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

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

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note I – Defined benefit pension plan (Continued)**

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimate future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR 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.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note I – Defined benefit pension plan (Continued)**

*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 <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability	\$ 30,509,014	\$ 23,535,598	\$ 17,735,017

*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](http://www.copera.org/investments/pera-financial-reports).

Payables to the pension plan

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

**Note J – Defined contribution pension plan**

Voluntary Investment Program

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

*Funding policy.* The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does offer matching contributions to its employees. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ending June 30, 2016, program members contributed \$69,667 and the District recognized pension expense of \$94,172 for the Voluntary Investment Program.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note K – Other postemployment benefits**

Health Care Trust Fund

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

*Funding policy.* The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ended June 30, 2016, 2015 and 2014, the District's contributions to the HCTF were \$68,625, \$66,305 and \$66,589, respectively, equal to their required contributions for each year.

**Note L – Risk management**

**Colorado School Districts Self-Insurance Pool**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school district defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$71,336.

The District continues to carry commercial insurance for other risks of loss, including employee health insurance and workman's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note L – Risk management (Continued)**

**Northern Colorado School Districts' Self-Insurance Pool**

The purpose of the Pool is to provide members workers compensation coverages and to assist members to prevent and reduce losses and injuries to persons or property which might result in claims being made against members of the Pool, their employees or officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members. The District's contribution for the year was \$85,380.

**Note M – Commitments and contingencies**

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. In November 2000, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has restricted funds in the General Fund in the amount of \$280,000 for the emergency reserve.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

---

**Note M – Commitments and contingencies (Continued)**

Colorado local government budget laws

Colorado local government budget laws state that a District shall not expend any moneys in excess of the appropriated by resolution. Expenditures in the Bond Redemption and Outreach Funds have exceeded their appropriations by \$2,671 and \$8,223, respectively, which may be a violation of local government budget laws.

**Note N – Joint venture**

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

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

This is a jointly governed organization with the District being represented by one member on the governing board of the cooperative. This board has final authority for all budgeting and financing of the joint venture. Separate financial statements of the BOCES are available by contacting their administrative office in Longmont, Colorado.

For the year, the District's financial contribution to the BOCES was \$50,525.

**Note O – Restatement of Beginning Net Position**

The District previously reported the activity of the Outreach Fund in a proprietary fund. Beginning in fiscal year 2015-2016, such activity has been more appropriately reported in a special revenue fund. Accordingly, the newly established special revenue fund reports a beginning deficit fund balance of \$2,343, which is equal to the net current assets and current liabilities previously reported in the proprietary fund. All remaining assets and liabilities, including net position of \$62,737, previously reported in the proprietary fund are not recognized at the fund level under modified accrual, and have been reclassified as assets and liabilities of its governmental activities as of June 30, 2015.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to Financial Statements**

**Note O – Restatement of Beginning Net Position (Continued)**

In addition, adjustments have also been made to the net position balance of the Governmental Activities in the amount of \$33,899 related to prior period adjustments in the fund financial statements.

	<u>Governmental Activities</u>
Beginning net position (deficit), as originally reported	\$ (7,777,546)
Prior period adjustments	(33,899)
Outreach fund reclassification	<u>(65,080)</u>
Beginning net position (deficit, as restated)	<u>\$ (7,876,525)</u>

**Note P – Prior period adjustments**

An adjustment has been made to the fund balance of the Capital Projects Capital Reserve Fund in the amount of \$11,851 to correct errors in the prior period financial statements. The District had recorded a grant receivable related to a FEMA reimbursement grant for repairs related to the 2013 flood. However, the award amounts were adjusted down due to insurance proceeds the District received and therefore, the District would not receive the full grant receivable that was previously recorded. In addition, an adjustment has been made to the fund balance of the General Fund in the amount of \$22,047. This is related to certain expenditures that were recorded in the Designated Purpose Fund in the prior year; however, these expenditures should have been moved to the General Fund.

	<u>General Fund</u>	<u>Capital Reserve Capital Projects Fund</u>
Beginning fund balance, as originally reported	\$ 3,435,323	\$ 306,088
Prior period adjustment	<u>(22,047)</u>	<u>(11,851)</u>
Beginning fund balance, as restated	<u>\$ 3,413,276</u>	<u>\$ 294,237</u>

**Note O – Deficit Fund Balance**

The Outreach Fund reported a deficit fund balance at year-end of \$2,150, which will be eliminated in future years with reduction of expenditures and possible subsidies from the General Fund.

### **Required Supplementary Information**

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Governmental Designated Purpose Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability
- Schedule of District Contributions

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 9,713,115	\$ 10,264,626	\$ 10,364,372	\$ 99,746
Intermediate sources	1,500	1,500	1,319	(181)
State sources	992,109	556,176	671,414	115,238
Total revenues	10,706,724	10,822,302	11,037,105	214,803
Expenditures				
Instruction	6,063,957	6,257,888	6,325,466	(67,578)
Supporting services	4,638,937	4,840,906	4,586,769	254,137
Appropriated reserves	163,830	158,831		158,831
Total expenditures	10,866,724	11,257,625	10,912,235	345,390
Excess of revenues over (under) expenditures	(160,000)	(435,323)	124,870	560,193
Other financing uses				
Transfers out	(103,330)	(256,030)	(256,030)	-
Excess of revenues over (under) expenditures and other financing uses	\$ (263,330)	\$ (691,353)	(131,160)	\$ 560,193
Fund balance at beginning of year, as restated			3,413,276	
Fund balance at end of year			\$ 3,282,116	

This page intentionally left blank.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Designated Purpose Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 10,000	\$ 10,000	\$ 12,107	\$ 2,107
Federal sources				
IDEA Preschool	11,652	11,652	7,119	(4,533)
IDEA Part B	219,780	219,780	211,979	(7,801)
School to work alliance program	71,975	71,975	62,390	(9,585)
Title I Part A	83,875	83,876	83,875	(1)
Title II Part A	39,549	39,451	34,154	(5,297)
Title III	11,817	11,817	11,817	-
Carl Perkins	8,000	8,520	11,402	2,882
Early childhood readiness			563	563
Total federal sources	446,648	447,071	423,299	(23,772)
Total revenues	456,648	457,071	435,406	(21,665)
Expenditures				
Instruction				
Salaries	236,029	236,452	232,353	4,099
Employee benefits	87,764	87,764	82,316	5,448
Purchased services	39,212	39,212	21,690	17,522
Supplies and materials	12,829	12,829	11,923	906
Total instruction	375,834	376,257	348,282	27,975
Supporting services				
Students				
Salaries	19,300	19,300	19,300	-
Employee benefits	7,627	7,627	7,622	5
Purchased services	16,386	16,386	5,616	10,770
Supplies and materials	2,750	2,750	52	2,698
Total students	46,063	46,063	32,590	13,473

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Instructional staff				
Salaries	19,989	19,989		19,989
Employee benefits	5,923	5,923		5,923
Purchased services	4,000	4,000	5,098	(1,098)
Supplies and materials	4,839	4,839	6,304	(1,465)
Total instructional staff	34,751	34,751	11,402	23,349
General administration				
Salaries			25,689	(25,689)
Employee benefits			4,112	(4,112)
Purchased services			13,331	(13,331)
Total general administration	-	-	43,132	(43,132)
Total supporting services	80,814	80,814	87,124	(6,310)
Total expenditures	456,648	457,071	435,406	21,665
Excess of revenues over (under) expenditures	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Schedule of the District's Proportionate Share of the Net Pension Liability <sup>1</sup>**  
**June 30, 2016**

---

	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.1538848295%	0.1512047873%
District's proportionate share of the net pension liability	\$ 23,535,598	\$ 20,493,328
District's covered-employee payroll	\$ 6,727,933	\$ 6,500,519
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	349.82%	315.26%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%

<sup>1</sup> Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Schedule of District Contributions <sup>1</sup>**  
**June 30, 2016**

---

	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 1,262,126	\$ 1,166,908
Contributions in relation to the contractually required contribution	<u>(1,262,126)</u>	<u>(1,166,908)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,727,933	\$ 6,500,519
Contributions as a percentage of covered-employee payroll	18.76%	17.95%

<sup>1</sup> Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Notes to the Required Supplementary Information**

---

**Note A – Budgetary data**

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

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

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

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

### **Other Supplementary Information**

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

This page intentionally left blank.

## **General Fund**

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources				
Property taxes	\$ 8,823,115	\$ 9,374,626	\$ 9,337,763	\$ (36,863)
Specific ownership taxes	750,000	750,000	866,225	116,225
Delinquent taxes and interest	25,000	25,000	14,977	(10,023)
Tuition	5,000	5,000	1,600	(3,400)
Other transportation	30,000	30,000	6,154	(23,846)
Earnings on investments	3,500	3,500	3,945	445
Pupil activities and fees	25,000	25,000	18,393	(6,607)
Other local revenue	51,500	51,500	115,315	63,815
Total local sources	9,713,115	10,264,626	10,364,372	99,746
Intermediate sources	1,500	1,500	1,319	(181)
State sources				
Equalization	634,736	171,627	165,388	(6,239)
Exceptional children	206,149	206,149	220,429	14,280
English language	22,500	22,500	72,857	50,357
State gifted and talented	50,724	50,724	52,156	1,432
READ Act		27,176	27,176	-
Library Act			4,000	4,000
At-risk funding			5,624	5,624
National board stipends			3,200	3,200
Transportation	78,000	78,000	120,584	42,584
Total state sources	992,109	556,176	671,414	115,238
Total revenues	<u>\$ 10,706,724</u>	<u>\$ 10,822,302</u>	<u>\$ 11,037,105</u>	<u>\$ 214,803</u>

This page intentionally left blank.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 3,979,562	\$ 4,173,493	\$ 4,170,529	\$ 2,964
Employee benefits	1,452,619	1,452,619	1,519,206	(66,587)
Purchased services	227,087	227,087	296,964	(69,877)
Supplies and materials	295,253	295,253	240,964	54,289
Property	107,636	107,636	89,564	18,072
Other	1,800	1,800	8,239	(6,439)
Total instruction	6,063,957	6,257,888	6,325,466	(67,578)
Supporting services				
Students				
Salaries	178,730	178,730	192,503	(13,773)
Employee benefits	64,208	64,208	68,608	(4,400)
Purchased services	1,550	1,550	4,081	(2,531)
Supplies and materials	6,300	6,300	4,738	1,562
Total students	250,788	250,788	269,930	(19,142)
Instructional staff				
Salaries	255,339	255,339	247,539	7,800
Employee benefits	93,544	93,544	74,219	19,325
Purchased services	2,750	2,750	407	2,343
Supplies and materials	213,350	213,350	199,683	13,667
Total instructional staff	564,983	564,983	521,848	43,135
General administration				
Salaries	194,384	194,384	206,745	(12,361)
Employee benefits	56,492	56,492	58,032	(1,540)
Purchased services	187,493	187,493	145,399	42,094
Supplies and materials	10,000	10,000	15,170	(5,170)
Other		201,969	11,033	190,936
Total general administration	448,369	650,338	436,379	213,959

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	612,700	612,700	603,583	9,117
Employee benefits	205,068	205,068	203,371	1,697
Purchased services	11,590	11,590	6,756	4,834
Supplies and materials	31,225	31,225	25,294	5,931
Other	8,406	8,406	11,346	(2,940)
Total school administration	868,989	868,989	850,350	18,639
Business services				
Salaries	219,674	219,674	192,268	27,406
Employee benefits	62,899	62,899	59,812	3,087
Purchased services	24,730	24,730	76,863	(52,133)
Supplies and materials	4,000	4,000	3,582	418
Other	1,500	1,500	33,728	(32,228)
Total business services	312,803	312,803	366,253	(53,450)
Operations and maintenance				
Salaries	399,679	399,679	397,599	2,080
Employee benefits	167,810	167,810	159,168	8,642
Purchased services	132,252	132,252	133,693	(1,441)
Supplies and materials	272,958	272,958	282,508	(9,550)
Total operations and maintenance	972,699	972,699	972,968	(269)
Student transportation				
Salaries	272,891	272,891	258,089	14,802
Employee benefits	130,784	130,784	105,582	25,202
Purchased services	31,750	31,750	28,122	3,628
Supplies and materials	87,000	87,000	63,825	23,175
Other	14,000	14,000	(3,231)	17,231
Total student transportation	536,425	536,425	452,387	84,038

(continued)

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2016**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	147,204	147,204	147,540	(336)
Employee benefits	47,518	47,518	46,993	525
Purchased services	226,940	226,940	182,357	44,583
Supplies and materials	153,900	153,900	70,804	83,096
Property	58,400	58,400	208,374	(149,974)
Other	1,000	1,000	798	202
Total central support services	634,962	634,962	656,866	(21,904)
Other support services				
Salaries	13,550	13,550	14,648	(1,098)
Employee benefits	4,619	4,619	4,808	(189)
Supplies and materials	1,000	1,000		1,000
Total other support services	19,169	19,169	19,456	(287)
Non-instructional services				
Salaries			3,200	(3,200)
Employee benefits			655	(655)
Total non-instructional services	-	-	3,855	(3,855)
Facilities acquisition				
Property			15,352	(15,352)
Other uses				
Other	29,750	29,750	21,125	8,625
Total supporting services	4,638,937	4,840,906	4,586,769	254,137
Appropriated reserves	163,830	158,831		158,831
Total expenditures	<u>\$ 10,866,724</u>	<u>\$ 11,257,625</u>	<u>\$ 10,912,235</u>	<u>\$ 345,390</u>

**Combining Statements and Budgetary Comparison Schedules –  
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is a special revenue fund used to record financial transactions related to the District’s food service operations.
- Aquatic Center Fund – This fund is a special revenue fund used to account for revenues received as part of an intergovernmental agreement between the Estes Valley Recreation and Park District and the District. The funds received are used to provide for capital and maintenance needs at the swimming pool.
- Outreach Fund – This fund is a special revenue fund used to account for the financial activities associated with district efforts to reestablish educational opportunities for students that have interrupted their studies.

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

- Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.
- Building Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Revenues and other financing sources are primarily derived from the issuance of debt or transfers from other funds. This fund was closed out during the year.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**For the Year Ended June 30, 2016**

	Food Service Fund	Aquatic Center Fund	Outreach Fund
<b>Assets</b>			
Cash	\$ 600		
Due from other funds	30,888	\$ 115,007	
Other receivable	5,396		\$ 184
Inventory	10,267		
<b>Total assets</b>	<b>\$ 47,151</b>	<b>\$ 115,007</b>	<b>\$ 184</b>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 42	\$ 15,518	\$ 7
Due to other funds			2,327
<b>Total liabilities</b>	<b>42</b>	<b>15,518</b>	<b>2,334</b>
<b>Fund balance (deficit)</b>			
Nonspendable for inventory	10,267		
Restricted for food service program	36,842		
Committed to aquatic center		99,489	
Committed to capital projects			
Unassigned			(2,150)
<b>Total fund balance</b>	<b>47,109</b>	<b>99,489</b>	<b>(2,150)</b>
<b>Total liabilities and fund balance</b>	<b>\$ 47,151</b>	<b>\$ 115,007</b>	<b>\$ 184</b>

Capital Reserve Capital Projects Fund	Total
\$ 49,497	\$ 600 195,392 5,580 10,267
<u>\$ 49,497</u>	<u>\$ 211,839</u>
\$ 5,148	\$ 20,715 2,327
5,148	23,042
44,349	10,267 36,842 99,489 44,349 (2,150)
<u>44,349</u>	<u>188,797</u>
<u>\$ 49,497</u>	<u>\$ 211,839</u>

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2016**

	Food Service Fund	Aquatic Center Fund	Outreach Fund
Revenues			
Local sources	\$ 144,848		\$ 45,538
State sources	5,108		
Federal sources	212,481		
Total revenues	362,437	\$ -	45,538
Expenditures			
Supporting services	424,586	98,395	45,345
Capital outlay			
Total expenditures	424,586	98,395	45,345
Excess of revenues over (under) expenditures	(62,149)	(98,395)	193
Other financing sources			
Transfers in	61,630	194,400	
Excess of revenues and other financing sources over (under) expenditures	(519)	96,005	193
Fund balance (deficit) at beginning of year, as restated	47,628	3,484	(2,343)
Fund balance (deficit) at end of year	\$ 47,109	\$ 99,489	\$ (2,150)

Capital Reserve Capital Projects Fund	Building Fund	Total
	\$ 17	\$ 190,403
		5,108
		212,481
\$ -	17	407,992
		568,326
249,888	294,507	544,395
249,888	294,507	1,112,721
(249,888)	(294,490)	(704,729)
		256,030
(249,888)	(294,490)	(448,699)
294,237	294,490	637,496
\$ 44,349	\$ -	\$ 188,797

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 127,300	\$ 127,300	\$ 144,848	\$ 17,548
State sources	4,900	4,900	5,108	208
Federal sources	192,000	192,000	212,481	20,481
<b>Total revenues</b>	<b>324,200</b>	<b>324,200</b>	<b>362,437</b>	<b>38,237</b>
<b>Expenditures</b>				
Supporting services				
Salaries	145,065	145,065	141,846	3,219
Employee benefits	80,765	80,765	67,699	13,066
Purchased services	6,300	6,300	5,403	897
Supplies and materials	145,000	145,000	207,787	(62,787)
Property	8,500	8,500	1,644	6,856
Other	200	200	207	(7)
<b>Total expenditures</b>	<b>385,830</b>	<b>385,830</b>	<b>424,586</b>	<b>38,756</b>
Excess of revenues over (under) expenditures	(61,630)	(61,630)	(62,149)	(519)
<b>Other financing sources</b>				
Transfers in	61,630	61,630	61,630	-
Excess of revenues and other financing sources over (under) expenditures	\$ -	\$ -	(519)	\$ (519)
Fund balance at beginning of year			47,628	
Fund balance at end of year			\$ 47,109	

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Aquatic Center Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Support services				
Purchased services	40,200	40,200	44,061	(3,861)
Supplies and materials	57,000	57,000	54,334	2,666
Total supporting services	97,200	97,200	98,395	(1,195)
Appropriated reserves	-	97,200		97,200
Total expenditures	97,200	194,400	98,395	96,005
Excess of revenues over (under) expenditures	(97,200)	(194,400)	(98,395)	96,005
Other financing sources				
Transfers in	97,200	194,400	194,400	-
Excess of revenues and other financing sources over (under) expenditures	\$ -	\$ -	96,005	\$ 96,005
Fund balance at beginning of year			3,484	
Fund balance at end of year			\$ 99,489	

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Outreach Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 35,000	\$ 37,122	\$ 45,538	\$ 8,416
Expenditures				
Supporting services				
Salaries	5,280	7,040	25,058	(18,018)
Employee benefits	1,087	1,450	5,126	(3,676)
Purchased services	15,000	15,000	10,886	4,114
Supplies and materials	13,633	13,632	4,275	9,357
Total expenditures	<u>35,000</u>	<u>37,122</u>	<u>45,345</u>	<u>(8,223)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	193	<u>\$ 193</u>
Net position (deficit) at beginning of year, as restated			<u>(2,343)</u>	
Net position (deficit) at end of year			<u>\$ (2,150)</u>	

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Capital Reserve Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Capital outlay				
Licensed vehicles			99,990	(99,990)
Facilities acquisition	210,150	306,088	149,898	156,190
Total expenditures	<u>210,150</u>	<u>306,088</u>	<u>249,888</u>	<u>56,200</u>
Excess of revenues over (under) expenditures	<u>\$ (210,150)</u>	<u>\$ (306,088)</u>	(249,888)	<u>\$ (56,200)</u>
Fund balance at beginning of year, as restated			<u>294,237</u>	
Fund balance at end of year			<u>\$ 44,349</u>	

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Building Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources				
Interest on investments	\$ -	\$ -	\$ 17	\$ 17
Expenditures				
Capital outlay				
Purchased services	35,000	35,000		35,000
Facilities acquisition	380,000	380,000	294,507	85,493
Total expenditures	<u>415,000</u>	<u>415,000</u>	<u>294,507</u>	<u>120,493</u>
Excess of revenues over (under) expenditures	<u>\$ (415,000)</u>	<u>\$ (415,000)</u>	(294,490)	<u>\$ 120,510</u>
Fund balance at beginning of year			<u>294,490</u>	
Fund balance at end of year			<u>\$ -</u>	

### **Budgetary Comparison Schedule – Debt Service Fund**

The District reports the following major debt service fund:

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

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Bond Redemption Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,698,255	\$ 1,698,255	\$ 1,675,960	\$ (22,295)
Delinquent taxes and interest			(1,363)	(1,363)
Interest on investments			4,467	4,467
Total revenues	1,698,255	1,698,255	1,679,064	(19,191)
Expenditures				
Debt service				
Principal	1,040,000	1,040,000	1,040,000	-
Interest and fiscal charges	658,255	658,255	660,926	(2,671)
Total expenditures	1,698,255	1,698,255	1,700,926	(2,671)
Excess of revenues over (under) expenditures	\$ -	\$ -	(21,862)	\$ (21,862)
Fund balance at beginning of year			1,374,964	
Fund balance at end of year			\$ 1,353,102	

### **Combining Statements and Budgetary Comparison Schedule – Fiduciary Funds**

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

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

- Scholarship Agency Fund – This fund is an agency fund used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.
- Pupil Activity Fund – This fund is an agency fund used to record transactions related to school-sponsored pupil organizations and activities. These activities are self-supporting and do not receive any direct or indirect support within the fund.

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Agency Funds**  
**Combining Statement of Assets and Liabilities**  
**June 30, 2016**

	<u>Scholarship Agency Fund</u>	<u>Pupil Activity Agency Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 38,784	\$ 209,965	\$ 248,749
Investments	8,245		8,245
Due from other funds	1,000		1,000
	<u>\$ 48,029</u>	<u>\$ 209,965</u>	<u>\$ 257,994</u>
<b>Liabilities</b>			
Accounts payable		\$ 16,275	\$ 16,275
Due to other funds		230	230
Due to scholarship recipients	48,029		48,029
Due to student groups		193,460	193,460
	<u>\$ 48,029</u>	<u>\$ 209,965</u>	<u>\$ 257,994</u>

**ESTES PARK SCHOOL DISTRICT NO. R-3****Agency Funds****Combining Schedule of Additions, Deductions and Changes in Fund Liabilities****For the Year Ended June 30, 2016**

---

	<u>Scholarship Agency Fund</u>	<u>Pupil Activity Agency Fund</u>	<u>Total</u>
Additions			
Fundraising and other events		\$ 329,987	\$ 329,987
Earnings on investments	\$ 159		159
Total additions	159	329,987	330,146
Deductions			
Pupil activity expenditures		287,243	287,243
Scholarship agency expenditures	245		245
Total deductions	245	287,243	287,488
Excess of additions over deductions	(86)	42,744	42,658
Due to scholarship recipients/student groups at beginning of year	48,115	150,716	198,831
Due to scholarship recipients/student groups at end of year	<u>\$ 48,029</u>	<u>\$ 193,460</u>	<u>\$ 241,489</u>

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Scholarship Agency Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Additions				
Earnings on investments	\$ 1,300	\$ 1,300	\$ 159	\$ (1,141)
Total additions	1,300	1,300	159	(1,141)
Deductions				
Scholarship awards	1,300	1,300	245	1,055
Total deductions	1,300	1,300	245	1,055
Excess of additions over (under) deductions	<u>\$ -</u>	<u>\$ -</u>	(86)	<u>\$ (86)</u>
Due to scholarship recipients at beginning of year			<u>48,115</u>	
Due to scholarship recipients at end of year			<u>\$ 48,029</u>	

**ESTES PARK SCHOOL DISTRICT NO. R-3**  
**Pupil Activity Agency Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Fundraising and other events	\$ 386,130	\$ 478,630	\$ 329,987	\$ (148,643)
Total additions	386,130	478,630	329,987	(148,643)
Deductions				
Pupil activity expenditures	386,130	478,630	287,243	191,387
Total deductions	386,130	478,630	287,243	191,387
Excess of additions over (under) deductions	\$ -	\$ -	42,744	\$ 42,744
Due to student groups at beginning of year			150,716	
Due to student groups at end of year			\$ 193,460	

This page intentionally left blank.

**Colorado Department of Education  
Supplementary Schedule**

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

This page intentionally left blank.



**Independent Auditors' Report on Auditors' Integrity Report**

Board of Education  
Estes Park School District No. R-3  
Estes Park, Colorado

We have audited the basic financial statements of the Estes Park School District No. R-3 (the District) as of and for the year ended June 30, 2016, and our report thereon dated December 5, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
December 5, 2016



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1570 - ESTES PARK R-3  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Begin Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	1000-5999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	3,413,276	10,781,075	10,912,235	3,282,116
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Franchise Program Fund	0	0	0	0
<b>Sub-Total</b>	<b>3,413,276</b>	<b>10,781,075</b>	<b>10,912,235</b>	<b>3,282,116</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	1,141	239,938	143,739	97,239
31 Food Service Spec. Revenue Fund	47,628	424,057	424,586	47,109
32 Govt Designated-Purpose Grants Fund	0	435,406	435,406	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,374,964	1,679,064	1,700,926	1,353,102
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	294,490	17	294,507	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	294,237	0	249,888	44,349
<b>Total</b>	<b>5,425,735</b>	<b>13,553,566</b>	<b>14,181,267</b>	<b>4,824,014</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
54 (63) Risk-Related Activity Fund	0	0	0	0
50,65-69 Other Internal Service Funds	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	48,115	160	245	48,029
74 Pupil Activity Agency Fund	150,716	339,987	287,243	193,460
79 GASB 34 Permanent Fund	0	0	0	0
85 Fundations	0	0	0	0
<b>Total</b>	<b>198,831</b>	<b>330,147</b>	<b>287,488</b>	<b>341,489</b>

FINAL

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