

Revere School District
Ovid, Colorado

Financial Statements

For the Year ended June 30, 2016



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By Justin L. Smith at 11:24 am, Dec 15, 2016

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Independent Auditors' Report

Board of Education
Revere School District
Ovid, 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 Revere School District (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
November 29, 2016

REVERE SCHOOL DISTRICT
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016

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

Financial Highlights

- The assets and deferred outflows of resources of Revere School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,538,856 (net position).
- The district's total net position increased by \$59,491.
- General revenues accounted for \$2,581,005 or 90.35% of the \$2,856,792 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$275,787 or 9.65% of revenues.
- The general fund ending fund balance reached \$1,747,163, an increase of \$403,154 from last year.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of 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 readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, and the budgetary comparison schedules for the General Fund, Bond Redemption, and Building Fund, which are considered to be major funds. Data for the other three governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor 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 14-17 of this report.

Fiduciary Funds

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 20-45 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 48-70.

Financial Analysis of the School District as a Whole

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

85.95% of the School District's assets are its investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

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

	Governmental Activities		Total Percentage Change
	2016	2015	2015-2016
Current and Other assets	\$2,511,781	\$2,023,144	24.15%
Capital assets	15,370,653	15,910,197	-3.39%
Total assets	17,882,434	17,933,341	-0.28%
Deferred outflows of resources	396,849	138,718	186.08%
Total assets and deferred outflows of resources	\$18,279,283	\$18,072,059	1.14%
Long term liabilities	\$7,439,766	7,278,396	2.21%
Other liabilities	165,247	146,118	13.09%
Total liabilities	7,605,013	7,424,514	2.43%
Deferred inflows of resources	135,414	168,180	-19.48%
Net investment in capital assets	11,062,725	11,410,181	-3.04%
Restricted	645,966	605,525	6.67%
Unrestricted	(1,169,835)	(1,536,341)	23.85%
Total net position	10,538,856	10,479,365	0.56%
Total liabilities, deferred inflows of resources and net position	\$18,279,283	\$18,072,059	1.14%

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

Revenues	Governmental Activities		Total Percentage Change
	2016	2015	2015-2016
Program Revenues			
Charges for services	\$ 23,033	\$ 21,738	5.95%
Operating Grants & Contributions	252,754	171,877	47.05%
Capital Grants & Contributions	-	2,487,999	-100.00%
Property taxes	1,179,909	1,106,615	6.62%
State equalization	1,122,645	911,875	23.11%
Other	278,451	271,645	2.50%
Total Revenue	2,856,792	4,914,086	-41.86%
Expenses			
Instruction	1,267,323	1,120,907	13.06%
Pupil & Instructional Services	76,001	65,991	15.17%
Administration & Business	367,208	316,056	16.18%
Maintenance & Operations	220,987	213,916	3.31%
Transportation	80,865	69,270	16.74%
Other	784,917	411,111	90.93%
Total Expenses	2,797,301	2,197,251	27.31%
Change in net position	\$ 59,491	\$2,716,835	-97.81%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$13,059 per funded student. In fiscal year 2015-16 the funded pupil count was 136.6. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 63 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$1,058,704 in property taxes for fiscal year 2015-16.

Governmental Funds

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

As the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,335,117 an increase of \$464,503 in comparison with the prior year. The general fund had a fund balance increase of \$403,154, the bond redemption fund had a fund balance increase of \$100,637, while other governmental funds had a fund balance decrease of \$39,288.

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. Major variances between the final budget and actual budget can be referenced on page 48 and can be briefly summarized as follows:

- Revenue
 - Almost \$147,000 more in State Equalization was received than was budgeted due to a substantial increase in enrollment.
 - Approximately \$160,000 more in property taxes was collected than budgeted.
 - Approximately \$100,000 was received from local grants, vocational reimbursements, and Special Ed funding that was not anticipated.

- Expenditures
 - \$180,000 is for Appropriated Reserves
 - The Cougar Fund transfers of approximately \$100,000 was redirected from an Expense account to an Allocation account
 - About \$220,000 in supplies, textbooks, and transportation costs that was budgeted for was not expended.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$15,370,653 (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.

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

	<u>Governmental Activities</u>
Land	\$ 30,582
Building Improvements	\$ 15,142,964
Equipment & Furniture	\$ 118,131
Vehicles	\$ 78,976
	<hr/>
Total Capital Assets	\$ 15,370,653

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

Long-Term Debt

At year-end, the School District's long-term debt of \$7,439,766 consisted of the following:

	<u>Governmental Activities</u>
Bonds payable	\$ 4,307,928
Net pension liability	\$ 3,128,821
Compensated absences	<u>\$ 3,017</u>
Total	\$ 7,439,766

Economic Factors

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

- Keeping up with technology:
 - Replacing and purchasing additional hardware/devices.
 - Purchasing additional and renewing licenses and software.
 - Network/Server maintenance costs.
- Balancing state and federal budget cuts in unstable economic times.
- Obtaining and retaining highly qualified faculty.
- The high volatility of families that move into and out of our district
- The cost of serving an increasing population of students with IEPs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Revere School District, 500 Main Street, Ovid, CO 80744.

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.

REVERE SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash	\$ 74,942
Cash with fiscal agent	582,311
Investments	1,579,145
Receivables	274,594
Inventory	789
Capital assets, net of depreciation	<u>15,370,653</u>
Total assets	17,882,434
Deferred outflows of resources	
Pension deferrals	<u>396,849</u>
Total deferred outflows of resources	396,849
Total assets and deferred outflows of resources	<u>\$ 18,279,283</u>
Liabilities	
Accounts payable	\$ 13,819
Accrued salaries and benefits	140,638
Accrued interest payable	10,790
Noncurrent liabilities	
Due within one year	197,862
Due in more than one year	<u>7,241,904</u>
Total liabilities	7,605,013
Deferred inflows of resources	
Pension deferrals	<u>135,414</u>
Total deferred inflows of resources	135,414
Net position	
Net investment in capital assets	11,062,725
Restricted for:	
Emergencies	69,000
Colorado preschool program	34,782
Debt service	537,754
Food service operations	4,430
Unrestricted (deficit)	<u>(1,169,835)</u>
Total net position	10,538,856
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,279,283</u>

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

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REVERE SCHOOL DISTRICT
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	\$ 1,267,323		\$ 158,429	
Supporting services				
Students	8,249			
Instructional staff	67,752		30,983	
General administration	209,695			
School administration	153,595			
Business services	3,918			
Operations and maintenance	220,987			
Student transportation	80,865		14,903	
Central support services	24,455			
Food service operations	96,342	\$ 23,033	48,439	
Enterprise operations	957			
Unallocated depreciation *	530,515			
Interest on long-term obligations	132,648			
Total governmental activities	<u>\$ 2,797,301</u>	<u>\$ 23,033</u>	<u>\$ 252,754</u>	<u>\$ -</u>

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
 Sale of assets

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (1,108,894)

(8,249)
(36,769)
(209,695)
(153,595)
(3,918)
(220,987)
(65,962)
(24,455)
(24,870)
(957)
(530,515)
(132,648)

(2,521,514)

675,260
383,444
119,469
1,736
1,122,645
2,368
275,683
400

2,581,005

59,491

10,479,365

\$ 10,538,856

REVERE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 45,042		\$ 29,900	\$ 74,942
Cash with fiscal agent	52,957	\$ 529,354		582,311
Investments	1,552,654		26,491	1,579,145
Property taxes receivable	28,441	16,152		44,593
Grants receivable	4,728			4,728
Other receivables	225,273			225,273
Due from other funds	764			764
Inventory			789	789
Total assets	\$ 1,909,859	\$ 545,506	\$ 57,180	\$ 2,512,545
Liabilities				
Accounts payable	\$ 13,819			\$ 13,819
Due to other funds			\$ 764	764
Accrued salaries and benefits	134,422		6,216	140,638
Total liabilities	148,241	\$ -	6,980	155,221
Deferred inflows of resources				
Deferred property tax revenues	14,455	7,752		22,207
Total deferred inflows of resources	14,455	7,752	-	22,207
Fund balance				
Nonspendable inventory			789	789
Restricted for:				
Emergencies	69,000			69,000
Colorado preschool program	34,782			34,782
Debt service		537,754		537,754
Food service operations			4,430	4,430
Committed to:				
Capital projects			38,582	38,582
Pupil activities			6,399	6,399
Unassigned	1,643,381			1,643,381
Total fund balance	1,747,163	537,754	50,200	2,335,117
Total liabilities, deferred inflows of resources and fund balance	\$ 1,909,859	\$ 545,506	\$ 57,180	\$ 2,512,545

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

REVERE SCHOOL DISTRICT
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 is different because:

Total fund balance - governmental funds	\$ 2,335,117
Capital assets net of depreciation used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	15,370,653
Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	22,207
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.	(10,790)
Long-term liabilities and 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>(7,178,331)</u>
Net position of the governmental activities	<u><u>\$ 10,538,856</u></u>

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

REVERE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 885,072	\$ 425,854	\$ 162,206	\$ 1,473,132
Intermediate sources	3,337			3,337
State sources	1,266,623		1,431	1,268,054
Federal sources	60,338		47,008	107,346
Total revenues	2,215,370	425,854	210,645	2,851,869
Expenditures				
Instruction	977,215		231,943	1,209,158
Supporting services	727,889		81,810	809,699
Capital outlay			43,692	43,692
Debt service				
Principal		192,088		192,088
Interest and fiscal charges		133,129		133,129
Total expenditures	1,705,104	325,217	357,445	2,387,766
Excess of revenues over (under) expenditures	510,266	100,637	(146,800)	464,103
Other financing sources (uses)				
Sale of assets	400			400
Transfers in			107,512	107,512
Transfers out	(107,512)			(107,512)
Total other financing sources (uses)	(107,112)	-	107,512	400
Net change in fund balance	403,154	100,637	(39,288)	464,503
Fund balance at beginning of year	1,344,009	437,117	89,488	1,870,614
Fund balance at end of year	<u>\$ 1,747,163</u>	<u>\$ 537,754</u>	<u>\$ 50,200</u>	<u>\$ 2,335,117</u>

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

REVERE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - governmental funds	\$ 464,503
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.	(539,544)
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. They are, however, recorded as revenues in the statement of activities.	4,523
In the statement of activities, certain operating expenses - pension liabilities, related deferred outflows and inflows, insurance, compensated absences and interest - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amounts actually paid).	(62,079)
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>192,088</u>
Change in net position of governmental activities	<u>\$ 59,491</u>

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

REVERE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Agency Fund</u>
Assets	
Cash	<u>\$ 67,735</u>
Total assets	<u><u>\$ 67,735</u></u>
Liabilities	
Due to student groups	<u>\$ 67,735</u>
Total liabilities	<u><u>\$ 67,735</u></u>

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

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REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.2 – Fund accounting

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

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

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

REVERE SCHOOL DISTRICT
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 certain capital outlay expenditures, debt service, food service operations and pupil activities.

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 a special revenue fund used to account for the financial activities associated with the District's food service operations.

Sedgwick County Cougar Fund – This fund is a special revenue fund used to account for expenditures related to the cooperative athletic activities.

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.

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 the following fiduciary fund:

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 business segment or governmental function is self-financing or draws from the general revenues of the District.

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

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 be available before it can be recognized.

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Inventories

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

A.8 – Capital assets

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

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

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

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	5-50 years
Furniture and equipment	5-25 years
Licensed vehicles	7-10 years

REVERE SCHOOL DISTRICT
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." Compensated absences 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.

Sick leave - Certified personnel and full-time employees receive five, seven, or ten days of sick leave each year, which can be accumulated to forty days. Sick leave accumulated over forty days is paid at the rate of \$35 per day on an annual basis. Certified employees who work in the District for fifteen years or more, upon retirement, will be paid for their accumulated sick leave at a rate of \$40 per day. Non-certified employees who work in the District for fifteen years or more, upon retirement, will be paid for their accumulated sick leave at a rate of one-third their final year's daily rate of pay. The District's policy allows for the payment of vested benefits to employees prior to year-end.

Vacation leave - The District also maintains a vested vacation policy which allows for two to four weeks of annual paid leave for the District's full-time employees.

A.10 – Accrued liabilities and long-term obligations

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

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

A.11 – Fund balance

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

Note B – Cash and investments

Cash and deposits

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$363,868, of which \$325,579 was insured and \$38,289 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

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

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

At year-end, the District had the following investments. The investments in certificate of deposits and Colotrust (a local government investment pool) are maintained in the General Fund and the Capital Reserve Capital Projects Fund.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	\$ 1,396,122	\$ 1,396,122	\$ -	\$ -

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. The District invests funds in Colotrust, a state investment pool operated under C.R.S. 24-75-701, with the Colorado Securities Commissioner having oversight authority. The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. At year-end, the District's investment in Colotrust was rated AAA by Standard and Poor's, Fitch Ratings and Moody's Investors Service.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note B – Cash and investments (Continued)

The following table provides a reconciliation of cash and investments:

Cash in bank	\$ 142,677
Certificates of deposit	183,023
Investment in Colotrust	<u>1,396,122</u>
Total	<u>\$ 1,721,822</u>
<u>Statement of net position</u>	
Cash	\$ 74,942
Investments	<u>1,579,145</u>
Subtotal	1,654,087
<u>Statement of fiduciary net position</u>	
Cash	<u>67,735</u>
Total	<u>\$ 1,721,822</u>

Note C – Interfund transactions

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 107,512
Other governmental funds	<u>107,512</u>	<u>-</u>
Total	<u>\$ 107,512</u>	<u>\$ 107,512</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. During the year, the District transferred funds in the amount of \$107,512 from the General Fund to the Other governmental funds to subsidize the costs of capital acquisitions (\$13,500) and to cover pupil activity expenditures in excess of revenues (\$94,012).

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note C – Interfund transactions (Continued)

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Funds</u>		
General fund	\$ 764	\$ -
Other governmental funds	<u>-</u>	<u>764</u>
Totals	<u>\$ 764</u>	<u>\$ 764</u>

All balances resulted from the lag time between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are eliminated through the transfer of funds from one fund to another.

Note D – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 44,593
Grants receivable	4,728
Other receivables	<u>225,273</u>
Total	<u>\$ 274,594</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Sedgwick County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the District in the subsequent month.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

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>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 30,582	\$ -	\$ -	\$ 30,582
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	30,582	-	-	30,582
Capital assets, being depreciated:				
Buildings and improvements	17,691,773	19,614	-	17,711,387
Furniture and equipment	200,735	5,205	-	205,940
Licensed vehicles	<u>416,587</u>	<u>35,000</u>	<u>-</u>	<u>451,587</u>
Total capital assets, being depreciated	<u>18,309,095</u>	<u>59,819</u>	<u>-</u>	<u>18,368,914</u>
Total capital assets	18,339,677	59,819	-	18,399,496
Less accumulated depreciation for:				
Buildings and improvements	(2,000,130)	(568,293)	-	(2,568,423)
Furniture and equipment	(71,350)	(16,459)	-	(87,809)
Licensed vehicles	<u>(358,000)</u>	<u>(14,611)</u>	<u>-</u>	<u>(372,611)</u>
Total accumulated depreciation	<u>(2,429,480)</u>	<u>(599,363)</u>	<u>-</u>	<u>(3,028,843)</u>
Governmental activities capital assets, net	<u>\$ 15,910,197</u>	<u>\$ (539,544)</u>	<u>\$ -</u>	<u>\$ 15,370,653</u>

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

Governmental activities	
Instruction	\$ 17,336
General administration	13,993
Operations and maintenance	11,980
Student transportation	12,944
Food service operations	12,595
Unallocated	<u>530,515</u>
Total	<u>\$ 599,363</u>

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$140,638. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Bonds payable	\$ 4,500,016	\$ -	\$ (192,088)	\$ 4,307,928	\$ 197,862
Net pension liability	2,775,235	353,586	-	3,128,821	-
Compensated absences	3,145	-	(128)	3,017	-
Total	<u>\$ 7,278,396</u>	<u>\$ 353,586</u>	<u>\$ (192,216)</u>	<u>\$ 7,439,766</u>	<u>\$ 197,862</u>

The net pension liability and payments on the compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund, while payments on the bond are made in the Bond Redemption Fund.

Bonds Payable

\$4,869,512 general obligation bonds, dated November 27, 2012, due in annual installments beginning in fiscal year 2013 ranging from \$183,014 to \$317,801; fixed annual interest rate of 3.01% payable semi-annually on June 1st and December 1st.

Total general obligation bonds \$ 4,307,928

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note G – Long-term debt (Continued)

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 197,862	\$ 129,492	\$ 327,354
2017	203,809	123,544	327,353
2018	209,935	117,418	327,353
2019	216,246	111,108	327,354
2020	222,746	104,608	327,354
2021-2025	1,218,278	418,488	1,636,766
2026-2030	1,412,724	224,043	1,636,767
2031-2032	<u>626,328</u>	<u>28,380</u>	<u>654,708</u>
Totals	<u>\$ 4,307,928</u>	<u>\$ 1,257,081</u>	<u>\$ 5,565,009</u>

Note H – Defined benefit pension plan

Summary of significant accounting policies

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

General information about the pension plan

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

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.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

	For the Year Ended December 31, <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 \$171,725 for the year ended.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

At year-end, the District reported a liability of \$3,128,821 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was 0.02046 percent, which was a decrease of 0.00002 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$234,413. 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	\$ 41,316	\$ 130
Changes of assumptions or other inputs	-	44,216
Net difference between projected and actual earnings on pension plan investments	266,038	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	91,068
Contributions subsequent to the measurement date	<u>89,495</u>	<u>-</u>
Total	<u>\$ 396,849</u>	<u>\$ 135,414</u>

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

\$89,495 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 16,132
2018	31,905
2019	69,351
2020	<u>54,552</u>
Totals	<u>\$ 171,940</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
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.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

The following methodology changes were made:

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

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

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

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

<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 projects year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- 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 SCHDTP'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.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note H – 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	\$ <u>4,055,867</u>	\$ <u>3,128,821</u>	\$ <u>2,357,692</u>

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

Payables to the pension plan

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

Note I – Defined contribution pension plan

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.

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$10,748 for the Voluntary Investment Program.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note J – Other postemployment benefits

Health Care Trust Fund

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

Funding policy. The District is required to 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 \$9,338, \$8,667, and \$9,056, respectively, equal to their required contributions for each year.

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability 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 \$31,926. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note L – Commitments and contingencies

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. In November 1996, 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 reserved funds in the General Fund in the amount of \$69,000 for the emergency reserve.

Budget law

Expenditures in the Sedgwick County Cougar Fund exceeded appropriations by \$31,243 and may be in violation of Colorado Local Government Budget Laws.

REVERE SCHOOL DISTRICT
Notes to Financial Statements

Note M – Joint venture

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

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

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

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

For the year, the District's financial contribution was \$88,043.

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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
- Schedule of the District's Proportionate Share of the Net Pension Liability
- Schedule of District Contributions

REVERE SCHOOL DISTRICT
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	\$ 617,754	\$ 617,754	\$ 885,072	\$ 267,318
Intermediate sources	125	125	3,337	3,212
State sources	1,039,513	1,039,513	1,266,623	227,110
Federal sources	44,300	44,300	60,338	16,038
Total revenues	1,701,692	1,701,692	2,215,370	513,678
Expenditures				
Instruction	1,174,773	1,174,773	977,215	197,558
Supporting services	757,973	757,973	727,889	30,084
Appropriated reserves	180,899	180,899		180,899
Total expenditures	2,113,645	2,113,645	1,705,104	408,541
Excess of revenues over (under) expenditures	(411,953)	(411,953)	510,266	922,219
Other financing sources (uses)				
Sale of assets			400	400
Transfers in	50,000	50,000		(50,000)
Transfers out	(62,400)	(62,400)	(107,512)	(45,112)
Total other financing sources (uses)	(12,400)	(12,400)	(107,112)	(94,712)
Excess of revenues and other sources over (under) expenditures and other (uses)	\$ (424,353)	\$ (424,353)	403,154	\$ 827,507
Fund balance at beginning of year			1,344,009	
Fund balance at end of year			\$ 1,747,163	

REVERE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.0204574421%	0.0204763662%
District's proportionate share of the net pension liability	\$ 3,128,821	\$ 2,775,235
District's covered-employee payroll	\$ 915,457	\$ 849,710
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	341.78%	326.61%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%

¹ 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.

REVERE SCHOOL DISTRICT
Schedule of District Contributions ¹
June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 171,725	\$ 152,200
Contributions in relation to the contractually required contribution	<u>(171,725)</u>	<u>(152,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 915,457	\$ 849,710
Contributions as a percentage of covered-employee payroll	18.76%	17.91%

¹ 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.

REVERE SCHOOL DISTRICT
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.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board, not a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedule – 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.

REVERE SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 508,814	\$ 508,814	\$ 671,559	\$ 162,745
Specific ownership taxes	81,940	81,940	76,110	(5,830)
Delinquent taxes and interest	1,500	1,500	1,117	(383)
Earnings on investments	500	500	2,294	1,794
Other local sources	25,000	25,000	133,992	108,992
Total local sources	617,754	617,754	885,072	267,318
Intermediate sources	125	125	3,337	3,212
State sources				
Equalization	975,021	975,021	1,122,645	147,624
Transportation	12,000	12,000	14,903	2,903
READ Act			3,623	3,623
State grants to libraries	3,000	3,000	3,500	500
Small rural schools funding	29,992	29,992	35,851	5,859
Additional at-risk funding			957	957
Vocational education	2,500	2,500	25,768	23,268
Services within the BOCES	17,000	17,000	59,376	42,376
Total state sources	1,039,513	1,039,513	1,266,623	227,110
Federal sources				
REAP	14,000	14,000	28,915	14,915
Services within the BOCES	30,300	30,300	31,423	1,123
Total federal sources	44,300	44,300	60,338	16,038
Total revenues	\$ 1,701,692	\$ 1,701,692	\$ 2,215,370	\$ 513,678

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REVERE SCHOOL DISTRICT
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	\$ 616,229	\$ 616,229	\$ 602,425	\$ 13,804
Employee benefits	179,620	179,620	158,610	21,010
Purchased services	198,024	198,024	144,872	53,152
Supplies and materials	158,400	158,400	40,047	118,353
Property	22,000	22,000	30,886	(8,886)
Other	500	500	375	125
Total instruction	1,174,773	1,174,773	977,215	197,558
Supporting services				
Students				
Salaries	15,000	15,000	5,803	9,197
Employee benefits	3,294	3,294	1,171	2,123
Purchased services	250	250	907	(657)
Total students	18,544	18,544	7,881	10,663
Instructional staff				
Salaries	46,600	46,600	38,771	7,829
Employee benefits	14,019	14,019	11,147	2,872
Purchased services	15,800	15,800	6,726	9,074
Supplies and materials	3,950	3,950	8,778	(4,828)
Total instructional staff	80,369	80,369	65,422	14,947
General administration				
Salaries	70,012	70,012	112,593	(42,581)
Employee benefits	12,250	12,250	30,705	(18,455)
Purchased services	43,142	43,142	48,645	(5,503)
Supplies and materials	3,000	3,000	5,200	(2,200)
Property	1,500	1,500		1,500
Other	12,355	12,355	3,813	8,542
Total general administration	142,259	142,259	200,956	(58,697)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	118,500	118,500	70,375	48,125
Employee benefits	31,663	31,663	16,415	15,248
Purchased services	12,250	12,250	10,470	1,780
Supplies and materials	5,000	5,000	3,129	1,871
Property	7,500	7,500	48,745	(41,245)
Total school administration	174,913	174,913	149,134	25,779
Business services				
Other	4,000	4,000	3,918	82
Total business services	4,000	4,000	3,918	82
Operations and maintenance				
Salaries	54,616	54,616	51,489	3,127
Employee benefits	15,348	15,348	13,666	1,682
Purchased services	52,500	52,500	78,882	(26,382)
Supplies and materials	62,500	62,500	58,697	3,803
Property	5,500	5,500	6,746	(1,246)
Total operations and maintenance	190,464	190,464	209,480	(19,016)
Student transportation				
Salaries	29,800	29,800	30,250	(450)
Employee benefits	6,925	6,925	7,107	(182)
Purchased services	13,300	13,300	9,468	3,832
Supplies and materials	44,250	44,250	19,178	25,072
Property	20,000	20,000		20,000
Total student transportation	114,275	114,275	66,003	48,272

(Continued)

REVERE SCHOOL DISTRICT
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				
Salaries	9,137	9,137	4,995	4,142
Employee benefits	2,862	2,862	1,425	1,437
Purchased services	21,150	21,150	17,718	3,432
Total central support	33,149	33,149	24,138	9,011
Enterprise operations				
Supplies and materials			957	(957)
Total facilities acquisitions	-	-	957	(957)
Total supporting services	757,973	757,973	727,889	30,084
Appropriated reserves	180,899	180,899		180,899
Total expenditures	<u>\$ 2,113,645</u>	<u>\$ 2,113,645</u>	<u>\$ 1,705,104</u>	<u>\$ 408,541</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 used to record financial transactions related to the District’s food service operations.
- Sedgwick County Cougars Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

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.

REVERE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2015

	Food Service Fund	Sedgwick County Cougars Fund	Capital Reserve Capital Projects Fund	Totals
Assets				
Cash	\$ 9,424	\$ 8,385	\$ 12,091	\$ 29,900
Investments			26,491	26,491
Inventory	789			789
Total assets	\$ 10,213	\$ 8,385	\$ 38,582	\$ 57,180
Liabilities				
Due to other funds	\$ 764			\$ 764
Accrued salaries and benefits	4,230	\$ 1,986		6,216
Total liabilities	4,994	1,986	\$ -	6,980
Fund balance				
Nonspendable inventory	789			789
Restricted for:				
Food service operations	4,430			4,430
Committed to:				
Capital projects			38,582	38,582
Pupil activities		6,399		6,399
Total fund balance	5,219	6,399	38,582	50,200
Total liabilities and fund balance	\$ 10,213	\$ 8,385	\$ 38,582	\$ 57,180

REVERE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Food Service Fund	Sedgwick County Cougars Fund	Capital Reserve Capital Projects Fund	Totals
Revenues				
Local sources	\$ 24,847	\$ 137,320	\$. 39	\$ 162,206
State sources	1,431			1,431
Federal sources	47,008			47,008
Total revenues	73,286	137,320	39	210,645
Expenditures				
Instruction		231,943		231,943
Supporting services	81,810			81,810
Capital outlay			43,692	43,692
Total expenditures	81,810	231,943	43,692	357,445
Excess of revenues over (under) expenditures	(8,524)	(94,623)	(43,653)	(146,800)
Other financing sources				
Transfers in		94,012	13,500	107,512
Net change in fund balance	(8,524)	(611)	(30,153)	(39,288)
Fund balance at beginning of year	13,743	7,010	68,735	89,488
Fund balance at end of year	\$ 5,219	\$ 6,399	\$ 38,582	\$ 50,200

REVERE SCHOOL DISTRICT
Food Service 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	\$ 14,520	\$ 14,520	\$ 24,847	\$ 10,327
State sources	850	850	1,431	581
Federal sources	30,000	30,000	47,008	17,008
Total revenues	45,370	45,370	73,286	27,916
Expenditures				
Salaries and benefits	40,612	40,612	37,440	3,172
Purchased services	2,460	2,460	53	2,407
Supplies and materials	43,500	43,500	44,314	(814)
Property	1,000	1,000		1,000
Other	200	200	3	197
Total expenditures	87,772	87,772	81,810	5,962
Excess of revenues over (under) expenditures	(42,402)	(42,402)	(8,524)	33,878
Other financing sources				
Transfers in	42,402	42,402		(42,402)
Net change in fund balance	\$ -	\$ -	(8,524)	\$ (8,524)
Fund balance at beginning of year			13,743	
Fund balance at end of year			\$ 5,219	

REVERE SCHOOL DISTRICT
Sedgwick County Cougars Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Fundraising and other events	\$ 17,300	\$ 17,300	\$ 43,308	\$ 26,008
Contributions from Julesburg School District	80,000	80,000	94,012	14,012
Total revenues	97,300	97,300	137,320	40,020
Expenditures				
Pupil activity expenditures	193,700	200,700	231,943	(31,243)
Total expenditures	193,700	200,700	231,943	(31,243)
Excess of revenues over (under) expenditures	(96,400)	(103,400)	(94,623)	8,777
Other financing sources				
Transfers in	80,000	80,000	94,012	14,012
Net change in fund balance	<u>\$ (16,400)</u>	<u>\$ (23,400)</u>	(611)	<u>\$ 22,789</u>
Fund balance at beginning of year			7,010	
Fund balance at end of year			<u>\$ 6,399</u>	

REVERE SCHOOL DISTRICT
Capital Reserve Capital Projects 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				
Earnings on investments			\$ 39	\$ 39
Total revenues	\$ -	\$ -	39	39
Expenditures				
Capital outlay				
Property	60,000	60,000	43,692	16,308
Total expenditures	60,000	60,000	43,692	16,308
Excess of revenues over (under) expenditures	(60,000)	(60,000)	(43,653)	16,347
Other financing sources				
Transfers in	20,000	20,000	13,500	(6,500)
Total other financing sources	20,000	20,000	13,500	(6,500)
Net change in fund balance	\$ (40,000)	\$ (40,000)	(30,153)	\$ 9,847
Fund balance at beginning of year			68,735	
Fund balance at end of year			\$ 38,582	

Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- 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.

REVERE SCHOOL DISTRICT
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	\$ 328,000	\$ 328,000	\$ 381,842	\$ 53,842
Specific ownership taxes			43,358	43,358
Delinquent taxes and interest			620	620
Earnings on investments			34	34
Total revenues	328,000	328,000	425,854	97,854
Expenditures				
Debt service				
Principal	192,088	192,088	192,088	-
Interest and fiscal charges	135,912	135,912	133,129	2,783
Total expenditures	328,000	328,000	325,217	2,783
Excess of revenues over (under) expenditures	\$ -	\$ -	100,637	\$ 100,637
Fund balance at beginning of year			437,117	
Fund balance at end of year			\$ 537,754	

Budgetary Comparison Schedule – Fiduciary Fund

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

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

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

REVERE SCHOOL DISTRICT
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	\$ 100,000	\$ 100,000	\$ 87,116	\$ (12,884)
Deductions				
Pupil activity expenditures	100,000	100,000	79,720	20,280
Excess of additions over (under) deductions	<u>\$ -</u>	<u>\$ -</u>	7,396	<u>\$ 7,396</u>
Due to student groups at beginning of year			<u>60,339</u>	
Due to student groups at end of year			<u>\$ 67,735</u>	

**Colorado Department of Education
Supplementary Schedule**

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

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Revere School District
Ovid, Colorado

We have audited the financial statements of the Revere School District (the District) as of and for the year ended June 30, 2016, and our report thereon dated November 29, 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
November 29, 2016



Colorado Department of Education
Auditors Integrity Report
 District: 2865 - REVERE SCHOOL DISTRICT
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	5700-6799 & Prior Per Adj (66800*) Ending Fund Balance
Governmental			
10 General Fund	1,100,214	1,511,819	1,712,351
18 Risk Mgmt Sub-Fund of General Fund	0	0	0
19 Colorado Prehospital Program Fund	34,565	79,482	34,762
Sub Total	1,134,779	1,591,301	1,747,113
11 Charter School Fund	0	0	0
20-26-29 Special Revenue Fund	0	0	0
21 Food Service Spec Revenue Fund	13,543	71,236	81,811
22 Food Organization-Parish Grants Fund	0	0	0
23 Public Activity Special Revenue Fund	2,010	21,132	6,139
24 Full Day Kindergarten Multi-City Override	0	0	0
25 Transportation Fund	0	0	0
31 Bond Redemption Fund	437,117	433,862	537,752
33 Certificate of Participation (COE) Debt Service Fund	0	0	0
41 Building Fund	0	0	0
42 Special Building Fund	0	0	0
43 Capital Improve Capital Projects Fund	68,735	13,539	76,182
Total	1,602,614	2,052,308	2,335,216
Proprietary			
50 Other Enterprise Funds	0	0	0
64 1515 - Self-Insured Activity Fund	0	0	0
85 85-49 Other Internal Service Funds	0	0	0
Total	0	0	0
Fiduciary			
70 Other Trust and Agency Funds	0	0	0
72 Private Purpose Trust Fund	0	0	0
73 Agency Fund	0	0	0
74 Public Activity Agency Fund	60,339	87,116	67,735
75 GASB 34 Permanent Fund	0	0	0
85 Foundations	0	0	0
Total	60,339	87,116	67,735
FINAL			
Total	1,662,953	2,139,424	2,402,951

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