

cPa DIXON, WALLER & CO., INC.

PRIMERO REORGANIZED SCHOOL

DISTRICT NUMBER 2

WESTON, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2016



**RECEIVED**

*By Justin L. Smith at 4:28 pm, Mar 16, 2017*

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS

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PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2016

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BOARD OF EDUCATION

Laurie Hasenack	President
Dustin LePlatt	Treasurer
Penni Moltre	Secretary
Gary East	Member
Summer Borja	Member
Laura Saint	Member
Pat Mestas	Member

ADMINISTRATIVE OFFICIALS

Denille LePlatt	Superintendent
Brandee Gallegos	Business Manager

FINANCIAL SECTION

164 E. MAIN  
TRINIDAD, COLORADO 81082  
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INDEPENDENT AUDITOR'S REPORT

Board of Education  
Primero Reorganized School District Number 2  
Primero, Colorado 81091

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Primero Reorganized School District Number 2, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Primero Reorganized School District Number 2, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension trend data on pages i through xi and 33 through 38 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 Primero Reorganized School District Number 2's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Sifton, Waller & Co., Inc.*

Trinidad, Colorado  
March 8, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

During the 2003-04 school year a completely new procedure was established to determine the District's net position. The 2003-04 baseline data will be used to determine net increases/decreases for all future years.

<u>Total net position:</u>	
2015-16:	\$7,633,772.00
2014-15:	\$6,953,584.00
2013-14:	\$11,212,190.00
2012-13:	\$10,404,045.00
2011-12:	\$9,772,146.00
2010-11:	\$8,854,044.00
2009-10:	\$7,928,977.00

The District was required to implement GASB 68 in 2015. Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association, is recorded as a liability of the District.

The General Fund reported a fund balance of \$3,010,439.00 at the close of the fiscal year 2016, which was an increase of \$55,119 over the previous year's \$2,955,320.00. The District strives to limit the spending of its reserves; thankfully, voters passed two mill levy overrides and a bond in November 2007. But unless enrollment stabilizes and the District frugally manages its ongoing budgets, the District will eventually deplete its reserves in future years (see "Financial Analysis of the District as a Whole" below).

## OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is normally provided in this document. The School District's basic financial statements are comprised of three components: (1) district-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## DISTRICT-WIDE FINANCIAL STATEMENTS

The District-wide Statements report information about the District as a whole using accounting methods similar to those used in private sector companies. The statement of net position includes all of the governmental unit's assets, liabilities and deferred flows.

The District-wide Statements report the District's net position and how it has changed. Net position, the difference between the District's assets, liabilities and deferred flows, are one way to measure the District's financial health or position. Increases or decreases in the District's net position could indicate whether the District's financial health is improving or deteriorating. One needs to consider additional factors such as changes in the District's tax base, changes in student enrollment and the condition of the school building.

*Governmental activities:* Most of the District's basic services are included here, such as instruction, transportation, maintenance, operations and administration. State funding from equalization and property taxes finance most of these activities. This information is comprised of all of the Primero RE-2 School District Funds: General Fund, Preschool Fund, Capital Reserve Fund, Pupil Activity Fund, Debt Service Fund, Capital Project Fund, Food Service Fund and the Transportation Fund.

## FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. 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 School District, like other governments, uses fund accounting to ensure and demonstrate compliance. All of the funds of the District can be divided into two categories: "governmental funds" and "proprietary funds."

*Governmental Funds:* Most of the District's basic services are reported in **governmental funds**, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called "modified accrual accounting," which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*Proprietary Funds:* Services for which the District charges a fee are generally reported in **proprietary funds**. Proprietary funds are reported in the same way as the district-wide statements. The district has no proprietary fund types.

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combined statements of the non-major governmental funds are presented after the notes to the financial statements.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve, over time, as a useful indicator of the District's financial position. The District's total net position on June 30, 2016 were \$7,633,772. The District's net investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, net of related debt) is \$8,614,232.

The unrestricted net position of \$(2,697,797) may be used to meet the District's ongoing financial obligations. Tabor Reserves amount to \$99,000.00. The District's unrestricted net position decreased \$206,369 from 2014-15 to 2015-16. Unassigned fund balances are \$2,448,379 and are available to meet the District's ongoing financial requirements.

The District's fund balances are stabilizing for the current fiscal period, but could eventually be depleted unless (a) pupil enrollment increases dramatically; (b) the district continues to carefully monitor its allocations, expenditures and revenue sources; and (c) the State increases funding levels for public schools. Currently, the unrestricted net position permit the District to function without having to engage in short-term borrowing, therefore maintaining a proper cash flow between payments received from the State or County.

The Board of Education asked voters to consider approving two mill levy overrides and a bond issue in November 2007 for an additional \$350,000.00 per year for the general fund, up to \$140,000 per year for a new transportation fund, and \$10.7 million for a general obligation bond. The ballot issues 3D, 3E, and 3F passed on a 2-1 margin of support. The bonds were sold at a premium (net of issue cost) generating approximately \$500,000 of revenue for the district at no additional cost to the taxpayer. The bonds were sold on a 10-year repayment schedule.

The additional override funds will help to hire, train and retain high-quality teachers; support elective course offerings, such as industrial arts and music; for alterations, improvements, equipment, furnishings, software and other long-range capital expenditures; additional technology resources; for staff training to improve instruction; and other necessary uses, including maintaining a stable unrestricted net asset account that will enable the District to have cash flows that will prevent short-term borrowing. The bond has permitted the district to address significant health and safety issues in the current school facility, including a leaking roof, mold and asbestos abatement, and an aging septic system.

The District selected the Neenan Company of Fort Collins as its design-build firm for the last building project. Construction began in March 2008 and as of the end of the fiscal year, construction on Phase 1 of the project was underway. Target completion for Phase 1 is September 2008; Phase 2 - December 2008; phase 1 and phase 2 have been completed and were completed on time. The staff houses and community center completed early in the 2010 year. The baseball field storage/concession stand was completed in June of 2011.

Where possible, appropriate and achievable, the District will also pursue future grant opportunities to increase funding available for instruction, special projects, and other initiatives.

Even with the voter-approved mill levy overrides, however, the District must be extremely frugal. The budget for 2013-14 and years following must also be frugal because the District needs to continue the growth of both its operational and capital reserve funds.

The greatest area of expense for the district historically over the past ten years has been on staff. Unless staff had been laid off at the end of 2013-14 for the 2014-15 school year, there would have been no more room for budget reductions. Staffing will continue to be the largest source of expenditure in years to come. Staffing will have to increase, too, to accommodate the expanded and updated facility through the building project. Projected staff needs include a music teacher, a second vocational teacher, and additional help in the kitchen/food service.

Document prepared by Bill Naccarato, Superintendent of Schools and Brandee J. Gallegos, Business Manager.

## Primero RE-2 School District: Table I-Net Position

Table 1:

NET POSITION	2016			2015		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>						
Current and Other Assets	4,871,490	-	4,871,490	4,744,479	-	4,744,479
Capital Assets	11,179,232	-	11,179,232	11,556,634	-	11,556,634
<b>Total Assets</b>	<b>16,050,722</b>	<b>-</b>	<b>16,050,722</b>	<b>16,301,113</b>	<b>-</b>	<b>16,301,113</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
	765,969	-	765,969	264,933	-	264,933
<b>LIABILITIES</b>						
Current and Other Liabilities	-	-	-	-	-	-
Long Term Liabilities	2,598,623	-	2,598,623	2,757,943	-	2,757,943
Net Pension Liability	6,079,630	-	6,079,630	5,505,046	-	5,505,046
<b>Total Liabilities</b>	<b>8,678,253</b>	<b>-</b>	<b>8,678,253</b>	<b>8,262,989</b>	<b>-</b>	<b>8,262,989</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
	199,940	-	199,940	335	-	335
<b>NET POSITION</b>						
Net Investment in Capital Assets	8,614,232	-	8,614,232	7,801,634	-	7,801,634
Restricted for:						
Tabor Reserve	99,000	-	99,000	92,000	-	92,000
Debt Service	1,601,957	-	1,601,957	1,541,418	-	1,541,418
Preschool	-	-	-	-	-	-
Food Service	16,380	-	16,380	9,960	-	9,960
Unrestricted	(2,697,797)	-	(2,697,797)	(2,491,428)	-	(2,491,428)
	<b>7,633,772</b>	<b>-</b>	<b>7,633,772</b>	<b>6,953,584</b>	<b>-</b>	<b>6,953,584</b>

**Primero RE-2 School District: Table 2-Changes in Net Position**

	2016			2015		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
<b>Revenues</b>						
Charges for Services	55,611	-	55,611	28,741		28,741
Operating Grants and Contributions	237,700	-	237,700	214,752		214,752
Capital Grants and Contributions	-	-	-	-		-
Property taxes	2,257,231	-	2,257,231	2,259,208		2,259,208
Specific Ownership Taxes	251,457	-	251,457	286,288		286,288
Equalization	1,813,936	-	1,813,936	1,732,458		1,732,458
Earnings on investments	9,599	-	9,599	8,079		8,079
Other Revenues	32,436	-	32,436	17,845		17,845
Transfers	-	-	-			-
<b>TOTAL REVENUES</b>	<b>4,657,970</b>	<b>-</b>	<b>4,657,970</b>	<b>4,547,371</b>	<b>-</b>	<b>4,547,371</b>
<b>Expenses</b>						
Instructional services	1,883,023	-	1,883,023	1,962,810		1,962,810
Students	86,412	-	86,412	81,582		81,582
Instructional staff	54,194	-	54,194	59,248		59,248
District administration	275,379	-	275,379	272,214		272,214
School administration	98,711	-	98,711	104,997		104,997
Business	85,861	-	85,861	91,291		91,291
Operation and maintenance of facilities	519,446	-	519,446	513,300		513,300
Transportation	274,521	-	274,521	247,442		247,442
Central	136,960	-	136,960	147,605		147,605
Capital outlay	7,011	-	7,011	6,404		6,404
Interest on long-term debt	119,426	-	119,426	163,051		163,051
Pension cost	227,754	-	227,754	31,498		31,498
Food service	163,685	-	163,685	164,953		164,953
<b>TOTAL EXPENSES</b>	<b>3,932,383</b>	<b>-</b>	<b>3,932,383</b>	<b>3,846,395</b>	<b>-</b>	<b>3,846,395</b>
<b>Increase ( Decrease) in Net Position</b>	<b>725,587</b>	<b>-</b>	<b>725,587</b>	<b>700,976</b>	<b>-</b>	<b>700,976</b>

The District's total revenue was \$4,364,659. A significant portion, 41.56%, of the revenue comes from state equalization. Property taxes account for 51.71% of the district's revenue and the remaining 6.73% comes from other federal, state and local sources. The total cost of all governmental activities was \$3,390,114. Instruction and support services (not including operations and maintenance, interest, transportation, and capital outlay) were \$3,009,710 or 76.6%. The expenditures did not exceed revenues in 2015-2016. The two mill levy overrides passed by the voter in November 2007, has the District operating in a small positive budget status for 2015-2016. The District has continued to spend very frugally in order to continue spending levels less than revenue in the General Fund. The District continues to apply for e-Rate rebates for telecommunications, saving almost \$15,000, and making cuts and reductions across the board. The District's operational reserves have been increasing steadily for the past three years. This is mainly due to increased spending monitoring and long term staff retiring replacing employees with lower scale staff members. The only way the District would significantly reduce expenditures without other external sources of revenue would be to lay-off staff. This was not a goal of the District's board of education.

The District has been successful in the passing of the two mill levy overrides resulting in increased revenue to support the current spending and increased staffing. The District has hired a Facility Manager and a Librarian, at present they are both full time positions. The District needs to continue to long-range plan its' budget and to be frugal with its allocations and expenditures.

### GOVERNMENTAL ACTIVITIES

The table below illustrates the total cost of the District's major services. It also show the net cost of these services. The net cost includes all expenses for the particular service, less any revenue for the service

**Primero RE-2 School District: TABLE 3-Activities 2014-2015 to 2015-2016**

	2016		2015	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	1,883,023	1,717,892	1,962,810	1,847,064
Students	86,412	86,412	81,582	81,582
Instructional staff	54,194	54,194	59,248	59,248
District administration	275,379	275,379	272,214	272,214
School administration	98,711	98,711	104,997	104,997
Business	85,861	85,861	91,291	91,291
Operation and maintenance of facilities	519,446	493,422	513,300	492,634
Transportation	274,521	233,512	247,442	191,278
Central	136,960	136,960	147,605	147,605
Capital outlay	7,011	7,011	6,404	6,404
Interest on long-term debt	119,426	119,426	163,051	163,051
Pension cost	227,754	227,754	31,498	31,498
Food service	163,685	102,538	164,953	114,036
Total	<u>3,932,383</u>	<u>3,639,072</u>	<u>3,846,395</u>	<u>3,602,902</u>

Special Revenue Funds

Special Revenue Funds and Capital Project Funds are made up of the Food Service fund, Designated Purpose Grants, and Capital Project Funds. The Food Service program had revenues of \$442 operating and \$61,148 in grants and other for a total of \$61,590 and expenses of \$152,386. The District's hot lunch/breakfast program is a recipient of Federal food commodities and is impacted when these commodities are not available to the District. The food Service Fund was subsidized with \$94,593 from the General Fund. The District has elected to give free meals to all students in the current and future years.

Fund	Total Revenue	Total Expenditures	Inc/Dec in Fund Bal	Ending Fund Balance
Food Service	\$61,590 \$94,593 transfer \$156,183 Total	\$152,386	\$3,797	\$16,380
Designated Purpose Grants	\$41,636 \$16,001 transfer \$57,637 Total	\$57,637	\$0	\$0
Capital Projects	\$3	\$0	\$3	\$2,236

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

State equalization for the General Fund and the Colorado Preschool Project fund is based on pupil count. State equalization funding, the per pupil amount set by the Colorado Department of Education, along with local property tax and specific ownership taxes decreased due to a drop in per pupil funding. Those students enrolled in preschool who qualify for the Colorado Preschool Project program and those students enrolled in full-day Kindergarten are funded at one-half (0.5) of the per pupil rate, respectfully, of all other students enrolled in the District, who are funded at 100% of the per pupil rate of \$10,750.13. The District was funded with an average count of 183.8 plus 1 Full Day Kindergarten Factor and 3.5 Colorado Preschool Project, totaling 188.3. This was the count as of October 1, 2014. The District has seen a slight increase in student count, with a slight increase in funding average in the last year. Steady increasing pupil enrollment is the best way to ensure adequate funding in a school district's budget.

The District continues to maintain frugal spending habits in an effort to spend only the money that is collected in a year, however, due to additional staffing, increased expenses, and limited resources, the District was forced to consider applying for the State's short-term, interest free loan program at the end of calendar year 2007. The District was able to get by without borrowing and did not have to cash in its' long-term general fund Certificate of Deposit due to measures passed by voters on the ballot in November 2007, the fiscal year ended in June 2008 with a better than expected reserve in the general fund balance to carry forward into 2008-2009: \$1,492,335. The carry forward Cash in Bank Balance for the 2015 -2016 school year is \$3,111,000. The District needs to maintain at least a \$2.0 million operational reserve to make cash flow, payroll, and to help the District in lean times and between county and state payments.

The Board decided in February 2007 to approach voters again regarding a mill levy override and also a bond issue. The Board placed three ballot issues on the November 2007 general election, including a \$350,000 per year general fund mill levy override, up to \$140,000 per year transportation fund mill levy override, and a \$10.7 million bond issue. Fortunately, these issues passed on a 2 to 1 margin by voters. The mill levy funds impacted the budget in the 2008-2009, 2009-2010, and the 2010-2011 fiscal years. The District sold bonds in December 2007 and received these funds on December 19, 2007, which will only impact the design and construction of building improvements, upgrades, renovations, and additions. The mill levy overrides were reflected in the 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 the budgets and audits, and the bond was seen starting in the 2007-2008 budget and audit year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$15,695,989. The increase is due to a change in statement; including food service equipment in calculation outweighing the higher depreciation dollar amount due to the large increase in value of the building and property due to the bond passing in November 2007. The

next table outlines the District's capital assets at historical cost. Accumulated depreciation at June 30, 2016 is \$4,516,757 for a net value of \$11,179,232.

Key	Net Governmental Assets June 30, 2015	Net Governmental Assets June 30, 2016
Land and Sites	\$50,000	\$50,000
Buildings	\$14,751,457	\$14,751,457
Vehicles	\$663,751	\$673,753
Equipment	\$102,473	\$107,687
Food Service Equipment	\$113,092	\$113,092
Total changes in Capital Assets	\$15,680,773	\$15,695,989

### LONG -TERM DEBT

Voters in the Primero RE-2 School District approved a \$10.7 million bond in November 2007 for the completion of a major building project. The district has never bonded debt in its' history before this year. The remaining debt is as follows:

Key	Beginning Balance	Added	Retired	Ending
Balance:				
GO Bonds Series 2008	\$3,755,000	\$0.00	\$1,190,000	\$2,565,000
Comp Absence	\$60,236	\$4,133	\$0.00	\$64,369
Total:	\$3,815,236	\$4,133	\$1,190,000	\$2,629,369

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for the 2015-2016 school year will, as always, be impacted by student enrollment. The District's enrollment is subject to the unpredictable employment situation of the highly volatile natural gas and oil, and the coal mining industry in the region. The District's property taxes have been impacted by the exploding gas industry as the assessed valuation of the District

has increased from about \$51,000,000 in 2000 to a high of just over \$424,000,000 in 2006. The December 2014 assessed valuation was \$189,317,380. Total mill levy for 2015-2016 school year is 18.146 mills with a net valuation increasing to \$203,034,171.

Increased health insurance, utility and fuel costs and the rising percentage the District contributes to PERA all increase the problem of keeping spending in line with anticipated revenues. The State of Colorado forecasted in September 2006 that inflation rates would decrease from 3.3% to 3.1%, thus impacting the revenue schools can expect to receive from Amendment 23. The District allocated \$99,000 to the TABOR Reserve in 2015-2016.

Primero RE-2 is committed to keeping the base salary for certified and classified employees at a level equal to or above other districts in Las Animas County, if at all possible, in order to attract and retain quality instructors and support staff. The District's goal is to monitor spending in the District and to eliminate in future years expending more than the District receives in revenue.

The District's Board of Education is in the process of analyzing program needs for the next three to five years and will prepare a long range plan for 2016-2017 and 2017-2018.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide taxpayers, customers, prospective students and parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the monies it receives and expends. The District's Board, Administration and Staff understand that the reader's questions may not have been entirely answered by reviewing this report; therefore, the read is invited to contact the following personnel at Primero RE-2 School District office for further information.

#### PRIMERO RE-2 SCHOOL DISTRICT: (719) 868-2715

Dustin LePlatt, Treasurer of the Board of Education	<a href="mailto:duleplatt@primeroschool.com">duleplatt@primeroschool.com</a>
Bill Naccarato, Superintendent of Schools:	<a href="mailto:bnaccarato@primeroschool.com">bnaccarato@primeroschool.com</a>
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BASIC FINANCIAL STATEMENTS

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
STATEMENT OF NET POSITION  
June 30, 2016

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	4,816,538	4,816,538
Investments	-	-
Accounts Receivable	1,564	1,564
Accrued Revenue	-	-
Property Taxes Receivable	50,800	50,800
Inventories	2,588	2,588
Capital Assets	15,695,989	15,695,989
Accumulated Depreciation	<u>(4,516,757)</u>	<u>(4,516,757)</u>
<u>Total Assets</u>	<u>16,050,722</u>	<u>16,050,722</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Pension Cost – Plan	597,221	597,221
Deferred Pension Cost – Entity	-	-
Deferred Pension Cost – Contributions Subsequent to Pension Measurement Date	<u>168,748</u>	<u>168,748</u>
<u>Total Deferred Outflows of Resources</u>	<u>765,969</u>	<u>765,969</u>
<u>LIABILITIES</u>		
Accounts Payable	17,928	17,928
Accrued Salaries and Benefits	216,909	216,909
Compensated Absences	64,369	64,369
Accrued Interest Payable	5,520	5,520
NonCurrent Liabilities:		
GO Bonds Due Within One Year	1,250,000	1,250,000
GO Bonds Due In More Than One Year	1,315,000	1,315,000
Unamortized Bond Premium	33,623	33,623
Net Pension Liability	<u>6,079,630</u>	<u>6,079,630</u>
<u>Total Liabilities</u>	<u>8,982,979</u>	<u>8,982,979</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred Pension – Plan	86,169	86,169
Deferred Pension - Entity	<u>113,771</u>	<u>113,771</u>
<u>Total Deferred Inflows</u>	<u>199,940</u>	<u>199,940</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	8,614,232	8,614,232
Restricted for:		
TABOR Reserve	99,000	99,000
Preschool	-	-
Food Service	16,380	16,380
Debt Service	1,601,957	1,601,957
Unrestricted:	<u>(2,697,797)</u>	<u>(2,697,797)</u>
<u>TOTAL NET POSITION</u>	<u>7,633,772</u>	<u>7,633,772</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>FUNCTIONS</b>	<b>Expenses</b>				
Instructional Services	1,883,023	29,587	135,544	(1,717,892)	(1,717,892)
Supporting Services:					
Students	86,412	-	-	(86,412)	(86,412)
Instructional Staff	54,194	-	-	(54,194)	(54,194)
District Administration	275,379	-	-	(275,379)	(275,379)
School Administration	98,711	-	-	(98,711)	(98,711)
Business	85,861	-	-	(85,861)	(85,861)
Operation & Maintenance					
Of Facilities	519,446	26,024	-	(493,422)	(493,422)
Transportation	274,521	-	41,009	(233,512)	(233,512)
Central Support	136,960	-	-	(136,960)	(136,960)
Food Service	163,685	-	61,147	(102,538)	(102,538)
Capital Outlay	7,011	-	-	(7,011)	(7,011)
Interest on Long Term Debt	119,426	-	-	(119,426)	(119,426)
Pension Cost	227,754	-	-	(227,754)	(227,754)
<b>Total Governmental Activities</b>	<b>3,932,383</b>	<b>55,611</b>	<b>237,700</b>	<b>(3,639,072)</b>	<b>(3,639,072)</b>
<b>Total School District</b>	<b>3,932,383</b>	<b>55,611</b>	<b>237,700</b>	<b>(3,639,072)</b>	<b>(3,639,072)</b>
	<b>General Revenues</b>				
	Property Taxes Levied for General Purposes			2,257,231	2,257,231
	Specific Ownership Taxes			251,457	251,457
	Equalization			1,813,936	1,813,936
	Earnings on Investments			9,599	9,599
	Other Revenues			32,436	32,436
	<b>Total General Revenues</b>			<b>4,364,659</b>	<b>4,364,659</b>
	<b>Change in Net Position</b>			<b>725,587</b>	<b>725,587</b>
	<b>Net Position, Beginning</b>			<b>6,953,584</b>	<b>6,953,584</b>
	<b>Prior Period Adjustment</b>			<b>(45,399)</b>	<b>(45,399)</b>
	<b>Net Position, Ending</b>			<b>7,633,772</b>	<b>7,633,772</b>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	<u>General</u>	<u>Bond Redemption</u>	<u>Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and Equivalents	3,192,570	1,571,741	26,197	26,030	4,816,538
Accounts Receivable	-	-	1,564	-	1,564
Accrued Revenue	-	-	-	-	-
Due From Other Funds	26,616	-	-	-	26,616
Property Taxes Receivable	18,000	32,800	-	-	50,800
Inventories	-	-	-	2,588	2,588
<u>Total Assets</u>	<u>3,237,186</u>	<u>1,604,541</u>	<u>27,761</u>	<u>28,618</u>	<u>4,898,106</u>
<b><u>LIABILITIES</u></b>					
Accounts Payable	16,359	-	1,569	-	17,928
Accrued Salaries and Benefits	207,331	-	-	9,578	216,909
Due To Other Funds	-	-	26,192	424	26,616
<u>Total Liabilities</u>	<u>223,690</u>	<u>-</u>	<u>27,761</u>	<u>10,002</u>	<u>261,453</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>					
Property Tax	<u>3,057</u>	<u>2,584</u>	<u>-</u>	<u>-</u>	<u>5,641</u>
<b><u>FUND BALANCES</u></b>					
Nonspendable:					
Inventories	-	-	-	2,588	2,588
Restricted:					
Emergency Reserve	99,000	-	-	-	99,000
Debt Service	-	1,601,957	-	-	1,601,957
Preschool	-	-	-	-	-
Food Service	-	-	-	13,792	13,792
Committed:					
Capital Outlay	354,687	-	-	2,236	356,923
Rental Maintenance	108,373	-	-	-	108,373
Assigned:					
Recreation	-	-	-	-	-
Student Activities	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Unassigned:	<u>2,448,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,448,379</u>
<u>Total Fund Balances</u>	<u>3,010,439</u>	<u>1,601,957</u>	<u>-</u>	<u>18,616</u>	<u>4,631,012</u>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>					
	<u>3,237,186</u>	<u>1,604,541</u>	<u>27,761</u>	<u>28,618</u>	<u>4,898,106</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2016

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

<u>Total Fund Balance – Governmental Funds</u>	4,631,012
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$15,695,989 and the accumulated depreciation is \$4,516,757.	11,179,232
Property tax revenue is recognized when earned (claim to resources established) rather than when “available” in the entity-wide financial statements.	5,641
Long-term liabilities, including certificates of participation and general obligation bonds are not due and payable in the current period and therefore are not reported in funds. The associated premiums are not capitalized and amortized to interest expense in the funds.	
GO Bonds	(2,565,000)
Unamortized Bond Premium	(33,623)
Interest is recognized when paid in the funds. This is accrued interest payable to year-end.	(5,520)
Compensated absences are not reported as a liability in the funds.	(64,369)
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(6,079,630)
Deferred Outflows – Pension Cost	765,969
Deferred Inflows – Pension Cost	(199,940)
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>7,633,772</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016

	<u>General</u>	<u>Bond Redemption</u>	<u>Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
Property Taxes	776,143	1,410,926	87,543	-	2,274,612
Specific Ownership Taxes	251,457	-	-	-	251,457
Earnings on Investments	7,507	2,042	29	21	9,599
Other Local Sources	87,132	446	35	433	88,046
State Aid	1,901,809	-	41,009	1,491	1,944,309
Federal Aid	6,044	-	-	101,284	107,328
<u>Total Revenues</u>	<u>3,030,092</u>	<u>1,413,414</u>	<u>128,616</u>	<u>103,229</u>	<u>4,675,351</u>
<u>EXPENDITURES</u>					
<u>Current:</u>					
Instructional Services	1,533,231	-	-	57,637	1,590,868
Supporting Services:					
Students	86,412	-	-	-	86,412
Instructional Staff	54,194	-	-	-	54,194
District Administration	275,379	-	-	-	275,379
School Administration	98,711	-	-	-	98,711
Business	85,861	-	-	-	85,861
Operation & Maintenance of Facilities	490,012	-	-	-	490,012
Transportation	-	-	224,374	-	224,374
Central	136,310	650	-	-	136,960
Food Service	1,500	-	-	152,386	153,886
Debt Service					
Principal	-	1,190,000	-	-	1,190,000
Interest	-	162,225	-	-	162,225
Capital Outlay	7,011	-	-	-	7,011
<u>Total Expenditures</u>	<u>2,768,621</u>	<u>1,352,875</u>	<u>224,374</u>	<u>210,023</u>	<u>4,555,893</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>261,471</u>	<u>60,539</u>	<u>(95,758)</u>	<u>(106,794)</u>	<u>119,458</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers	(206,352)	-	95,758	110,594	-
<u>Total Other Financing Sources (Uses)</u>	<u>(206,352)</u>	<u>-</u>	<u>95,758</u>	<u>110,594</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	55,119	60,539	-	3,800	119,458
<u>FUND BALANCE – Beginning</u>	<u>2,955,320</u>	<u>1,541,418</u>	<u>-</u>	<u>14,816</u>	<u>4,511,554</u>
<u>FUND BALANCES – Ending</u>	<u>3,010,439</u>	<u>1,601,957</u>	<u>-</u>	<u>18,616</u>	<u>4,631,012</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 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

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>	119,458
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	
Capital Outlays more than \$5,000	15,216
Depreciation Expense	(392,618) (377,402)
<p>Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities.</p>	
	(17,381)
<p>The governmental funds report debt proceeds as another financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:</p>	
Repayment of Debt Principal	1,190,000
Interest Expense	2,479
Premium Amortization	<u>40,320</u> 1,232,799
<p>Compensated absences change in the period based on amounts earned or paid.</p>	
	(4,133)
<p>The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:</p>	
Pension Cost	(227,754)
 <u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	 <u>725,587</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST AND AGENCY FUNDS  
June 30, 2016

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	<u>Student Activities Fund</u>	<u>Haag Memorial Scholarship</u>	<u>Total</u>
<u>Assets:</u>			
Cash	23,064	4,769	27,833
Investments	-	-	-
Deposits Held By Others	-	-	-
<u>Total Assets</u>	<u>23,064</u>	<u>4,769</u>	<u>27,833</u>
<u>Liabilities:</u>			
Due to Student Groups	23,064	-	23,064
Accounts Payable	-	-	-
<u>Total Liabilities</u>	<u>23,064</u>	<u>-</u>	<u>23,064</u>
<u>Net Position</u>	<u>-</u>	<u>4,769</u>	<u>4,769</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
TRUST FUND  
For The Year Ended June 30, 2016

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	<u>Haag Memorial Scholarship</u>
<u>ADDITIONS</u>	
Contributions	36
Investments Earnings	<u>5</u>
<u>Total Additions</u>	<u>41</u>
<u>DEDUCTIONS</u>	
Scholarship Payments	<u>-</u>
<u>Total Deductions</u>	<u>-</u>
<u>Change in Net Position</u>	41
<u>Net Position – Beginning of Year</u>	4,728
<u>Net Position – End of Year</u>	<u>4,769</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Primero Reorganized School District Number 2 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with six members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Primero Reorganized School District Number 2. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A.    Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B.      Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D.    Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds
  1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
  2. Transportation Fund – the fund used to account for the proceeds of a transportation mill levy and state receipts and the transportation costs funded by these revenues.
  3. Bond Redemption Fund – This fund receives ad valorem taxes levied for the purpose of general obligation debt payments.

Additionally, the District reports the following fund types: Trust and Agency Funds

Agency Fund – Pupil Activity Fund – This fund is used to account for amounts held in a fiduciary capacity for organizations.

Trust Fund – Scholarship Fund – This fund is used to account for amounts held in a fiduciary capacity for scholarships.

E.    Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F.    Receivables

Property taxes levied in 2015 but uncollected in 2016 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2016 are recorded as deferred inflows. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G.    Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H.    Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I.    Deferred Outflows / Inflows of Resources

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

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

J.    Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K.    Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

In November of 2001 the registered voters approved a ballot resolution authorizing Primero Reorganized School District Number 2 to collect, retain and expend all revenues collected during 2001 & 2002 and any subsequent year from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2016 the District reserved \$99,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

L.    Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2015 property tax calendar for Las Animas County was as follows:

Levy Date	December 15, 2015
Lien Date	January 1, 2016
Tax Bills Mailed	January 1, 2016
First Installment Due	February 28, 2016
Second Installment Due	June 15, 2016
If Paid in Full, Due	April 30, 2016
Tax Sale – 2014 Delinquent Property Taxes	October 25, 2015

M.    Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N.    Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

O.    GASB Statement No. 54

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

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

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. 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.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O.    GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

	General Fund	Capital Project Fund	Bond Redemption Fund	Designated Purpose Grants Fund	Transportation Fund	Food Service Fund	Total Governmental Funds
<u>Nonspendable:</u>							
Inventories	-	-	-	-	-	2,588	2,588
<u>Restricted:</u>							
Emergencies	99,000	-	-	-	-	-	99,000
Preschool	-	-	-	-	-	-	-
Debt Service	-	-	1,601,957	-	-	-	1,601,957
Food Service	-	-	-	-	-	13,792	13,792
<u>Committed:</u>							
Capital Outlay	354,687	2,236	-	-	-	-	356,923
Rental							
Maintenance	108,373	-	-	-	-	-	108,373
<u>Unassigned</u>	<u>2,448,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,448,379</u>
<u>Total Fund</u>							
<u>Balances</u>	<u>3,010,439</u>	<u>2,236</u>	<u>1,601,957</u>	<u>-</u>	<u>-</u>	<u>16,380</u>	<u>4,631,012</u>

NOTE 2    RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	<u>Item Eliminated</u>			
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Due To</u>	<u>Due From</u>
General Fund	-	206,352	-	26,616
Designated Purpose Grant Fund	16,001	-	424	-
Transportation Fund	95,758	-	26,192	-
Food Service	<u>94,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>206,352</u>	<u>206,352</u>	<u>26,616</u>	<u>26,616</u>

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 3      BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Fund and Bond Redemption Funds.
6. Budgets for the General, Special Revenue, Capital Project Fund and Bond Redemption Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets were adopted for Fiduciary Funds.

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4      CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 4      CASH AND INVESTMENTS (Continued)

At June 30, 2016, the District's bank balance and corresponding carrying balance were as follows:

	Carrying Balance	Bank Balance
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	3,012,042	3,023,161
Cash Equivalents	1,554,577	-
Cash with County Treasurer	27,642	-
Cash on Hand	110	-
<u>Total Cash and Deposits</u>	<u>4,844,371</u>	<u>3,273,161</u>

As presented above, deposits with a bank balance of \$3,023,161 and a carrying balance of \$3,012,042 as of June 30, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Non-Depreciable Assets:</u>				
Land	50,000	-	-	50,000
<u>Total Non-Depreciable Assets</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<u>Depreciable Assets:</u>				
Buildings & Site Improvements	14,751,457	-	-	14,751,457
Food Service Equipment	113,092	-	-	113,092
Vehicles	663,751	10,002	-	673,753
Equipment	102,473	5,214	-	107,687
<u>Total Depreciable Assets</u>	<u>15,630,773</u>	<u>15,216</u>	<u>-</u>	<u>15,645,989</u>
<u>Less Accumulated Depreciation:</u>				
Building & Site Improvements	3,427,333	337,742	-	3,765,075
Equipment & Vehicles	696,806	54,876	-	751,682
<u>Total Accumulated Depreciation</u>	<u>4,124,139</u>	<u>392,618</u>	<u>-</u>	<u>4,516,757</u>
<u>Total Capital Assets, Net</u>	<u>11,556,634</u>	<u>(377,402)</u>	<u>-</u>	<u>11,179,232</u>

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 5      CAPITAL ASSETS (Continued)

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

Governmental Activities:

Instruction	303,238
Food Service	9,799
Operations and Maintenance	29,434
Transportation	<u>50,147</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>392,618</u>

NOTE 6      ACCRUED SALARIES AND BENEFITS

Salaries and retirement 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 unpaid, and June 30, 2016, are estimated to be \$216,909. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 7      PENSION PLAN

**Defined Benefit Pension Plan**

Summary of Significant Accounting Policies

Pensions. Primero Reorganized School District Number 2 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 Primero Reorganized School District Number 2 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/investment/pera-financial-reports](http://www.copera.org/investment/pera-financial-reports).

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s), under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 24-51-601, 604, 1713, and 1714.

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

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 7      PENSION PLAN (Continued)

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

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

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

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

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

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

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 7      PENSION PLAN (Continued)

*Contributions.* Eligible employees and Primero Reorganized School District Number 2 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Primero Reorganized School District Number 2 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Primero Reorganized School District Number 2 were \$314,800 for the year ended June 30, 2016.

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

At June 30, 2016, the Primero Reorganized School District Number 2 reported a liability of \$6,079,630 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 Primero Reorganized School District Number 2 proportion of the net pension liability was based on Primero Reorganized School District Number 2 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 Primero Reorganized School District Number 2 proportion was 0.0398 percent, which was a decrease of 0.0008 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Primero Reorganized School District Number 2 recognized pension expense of \$227,754. At June 30, 2016, the Primero Reorganized School District Number 2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 7      PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	80,282	(253)
Changes of assumptions or other inputs	0	(85,916)
Net difference between projected and actual earnings on pension plan investments	516,939	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	0	(113,771)
Contributions subsequent to the measurement date	168,748	N/A
Total	765,969	(199,940)

\$168,748 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2016	
2017	85,613
2018	90,702
2019	114,962
2020	106,004
2021	-
Thereafter	-

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

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 7      PENSION PLAN (Continued)

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

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

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

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

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE 7      PENSION PLAN (Continued)

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to increase annually at a rate of 3.9%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

**NOTE 7**      **PENSION PLAN (Continued)**

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

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

*Sensitivity of the Primero Reorganized School District Number 2 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-percent-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	7,880,977	6,079,630	4,581,245

*Pension plan fiduciary net position.* Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

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**NOTE 7**      **PENSION PLAN (Continued)**

**Defined Contribution Pension Plan**

**Voluntary Investment Program**

*Plan Description* – Employees of the Primero Reorganized School District Number 2 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees, PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, there were no contributions from program members.

**Other Post-Employment Benefits**

**Health Care Trust Fund**

*Plan Description* – The Primero Reorganized School District Number 2 contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Primero Reorganized School District Number 2 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 Primero Reorganized School District Number 2 are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the Primero Reorganized School District Number 2 contributions to the HCTF were \$18,090, \$17,648 and \$16,862, respectively equal to their required contributions for each year.

**NOTE 8**      **JOINT VENTURES**

Not reflected in the accompanying financial statements is the District's participation in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

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NOTE 8     JOINT VENTURES (Continued)

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information for the year ended June 30, 2015 is as follows:

Assets and Deferred Outflows	2,480,068
Liabilities and Deferred Inflows	<u>6,846,498</u>
Net Position	<u>(4,366,430)</u>
Revenues	3,389,502
Expenses	<u>2,694,018</u>
Changes in Net Position	<u>695,484</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. An audited financial statement is filed annually with the Colorado State Auditor's Office.

NOTE 9     COMPENSATED ABSENCES

In accordance with generally accepted accounting principles for governmental entities, the District had accrued a liability for future compensated absences (sick leave, vacation allowance, etc.). The amount accrued as of June 30, 2016 is \$64,369.

NOTE 10     COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (CSDSIP)

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime and other coverage. The Board of Directors is composed of nine persons; of whom are appointed by the Board of Directors of CSDSIP. The Pool is managed by an executive director chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the fund from which they are paid.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

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NOTE 10    COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2016.

An audited summary of the Colorado School District's Pool financial information at December 31, 2015 (latest information available) follows:

Total Assets	<u>46,958,320</u>
Total Liabilities	<u>22,633,311</u>
Total Equity	<u>24,325,009</u>
Revenue	13,432,892
Underwriting Expenses	<u>16,484,758</u>
Underwriting Gain (Loss)	(3,051,866)
Net Investment Income	663,509
Other Income	-
Net Income (Loss) Before Dividend	<u>(2,388,357)</u>
Dividend	-
Net Income (Loss)	<u>(2,388,357)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>95,339</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>24,325,009</u>

NOTE 11    RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 12    LONG – TERM DEBT

Changes in long-term debt follow:

	<u>Beginning Balance</u>	<u>Added</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Current Portion</u>
GO Bonds – Series 2008	3,755,000	-	1,190,000	2,565,000	1,250,000

GENERAL OBLIGATION BOND

In December 2008, the District issued General Obligation Bonds for the purpose of funding capital projects. The bonds were issued for \$10,700,000. Payments will be made semi-annually until the bonds are redeemed in December of 2017. Coupon interest rates vary from 4.125% to 5.25%. A schedule of debt service to maturity follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	1,250,000	100,756	1,350,756
2018	1,315,000	34,519	1,349,519
	<u>2,565,000</u>	<u>135,275</u>	<u>2,700,275</u>

NOTE 13    INTERFUND ACTIVITY

Transfers from the general fund to support operational cash requirements were made in the following amounts:

Food Service Fund	94,593
Transportation Fund	95,758
Designated Purpose Grant Fund	16,001

The Transportation Fund owes the General Fund \$26,192 at year end for amounts paid by the General Fund. The Designated Purpose Grant Fund owes the General Fund \$424. All amounts are expected to be paid within the year.

NOTE 14    PRIOR PERIOD ADJUSTMENT

In the fiscal year ended June 30, 2015, no deferred inflow was recorded for the change in proportion of the District's contributions to PERA in relation to their portion of the net pension liability originally recorded during the implementation of GASB Statements No. 68 and 71. The amount of deferred inflow at June 30, 2015 that should have been recorded was \$45,399. The Statement of Activities reflects the corresponding reduction to entity-wide net position as of that date as a prior period adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

## REQUIRED SUPPLEMENTARY INFORMATION

### General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

### Transportation Fund

This Fund accounts for the tax proceeds from a transportation mill levy override. State Transportation Funds are also recorded here. The costs associated with student transportation are recorded in this fund.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended June 30, 2016

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	767,238	767,238	776,143	8,905
Specific Ownership Taxes	270,072	270,072	251,457	(18,615)
Earnings on Investments	10,438	10,438	7,507	(2,931)
Delinquent Taxes & Interest	500	500	243	(257)
Other	39,600	39,600	86,889	47,289
<u>State Sources</u>				
Equalization	1,848,382	1,848,382	1,813,936	(34,446)
Transportation	-	-	-	-
Vocational Education	30,000	30,000	25,588	(4,412)
Special Education	-	-	-	-
Other	7,050	7,050	62,285	55,235
<u>Federal Sources</u>				
Designated Purpose Grants	7,000	7,000	6,044	(956)
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b><u>2,980,280</u></b>	<b><u>2,980,280</u></b>	<b><u>3,030,092</u></b>	<b><u>49,812</u></b>
<u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
<u>Regular Programs</u>				
Salaries	999,628	999,628	981,531	18,097
Employee Benefits	359,381	359,381	359,212	169
Purchased Services - Professional	800	800	-	800
Purchased Services - Property	6,000	6,000	1,262	4,738
Purchased Services - Other	64,035	64,035	62,522	1,513
Supplies and Materials	86,107	86,107	61,976	24,131
Property	418,455	418,455	64,831	353,624
Other Objects	1,875	1,875	1,897	(22)
<u>Total Instruction</u>	<u>1,936,281</u>	<u>1,936,281</u>	<u>1,533,231</u>	<u>403,050</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	58,500	58,500	61,857	(3,357)
Employee Benefits	16,977	16,977	20,103	(3,126)
Purchased Services - Professional	100	100	-	100
Purchased Services - Property	1,000	1,000	-	1,000
Purchased Services - Other	1,500	1,500	-	1,500
Supplies and Materials	6,450	6,450	4,452	1,998
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>84,527</u>	<u>84,527</u>	<u>86,412</u>	<u>(1,885)</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended June 30, 2016

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
<u>Instructional Staff</u>				
Salaries	35,133	35,133	35,063	70
Employee Benefits	14,971	14,971	14,635	336
Purchased Services – Professional	1,000	1,000	1,024	(24)
Purchased Services – Property	500	500	-	500
Purchased Services – Other	500	500	-	500
Supplies and Materials	7,850	7,850	3,472	4,378
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>59,954</u>	<u>59,954</u>	<u>54,194</u>	<u>5,760</u>
<u>General Administration</u>				
Salaries	120,128	120,128	124,054	(3,926)
Employee Benefits	38,535	38,535	40,181	(1,646)
Purchased Services – Professional	40,000	40,000	28,025	11,975
Purchased Services – Property	12,500	12,500	8,370	4,130
Purchased Services – Other	71,275	71,275	56,516	14,759
Supplies and Materials	18,050	18,050	12,807	5,243
Property	1,500	1,500	-	1,500
Other Objects	12,200	12,200	5,426	6,774
<u>Total General Administration</u>	<u>314,188</u>	<u>314,188</u>	<u>275,379</u>	<u>38,809</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	69,903	69,903	71,058	(1,155)
Employee Benefits	23,299	23,299	23,656	(357)
Purchased Services – Professional	250	250	-	250
Purchased Services – Property	1,000	1,000	-	1,000
Purchased Services – Other	5,450	5,450	2,767	2,683
Supplies and Materials	2,150	2,150	460	1,690
Property	1,500	1,500	-	1,500
Other Objects	950	950	770	180
<u>Total School Administration</u>	<u>104,502</u>	<u>104,502</u>	<u>98,711</u>	<u>5,791</u>
<u>Business Services</u>				
Salaries	60,041	60,041	60,051	(10)
Employee Benefits	19,428	19,428	19,716	(288)
Purchased Services – Professional	500	500	2	498
Purchased Services – Property	-	-	-	-
Purchased Services – Other	1,000	1,000	290	710
Supplies and Materials	7,000	7,000	5,802	1,198
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>87,969</u>	<u>87,969</u>	<u>85,861</u>	<u>2,108</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Operations and Maintenance</u>				
Salaries	203,747	203,747	202,644	1,103
Employee Benefits	76,898	76,898	77,775	(877)
Purchased Services – Professional	25,225	25,225	22,046	3,179
Purchased Services – Property	117,338	117,338	31,477	85,861
Purchased Services – Other	32,500	32,500	29,435	3,065
Supplies and Materials	159,850	159,850	123,765	36,085
Property	16,750	16,750	2,870	13,880
Other Objects	9,300	9,300	-	9,300
<u>Total Operations and Maintenance</u>	<u>641,608</u>	<u>641,608</u>	<u>490,012</u>	<u>151,596</u>
<u>Central Support</u>				
Salaries	52,500	52,500	52,500	-
Employee Benefits	18,208	18,208	18,195	13
Purchased Services – Other	67,000	67,000	61,972	5,028
Supplies and Materials	10,000	10,000	3,643	6,357
Property	22,500	22,500	1,500	21,000
<u>Total Central Support</u>	<u>170,208</u>	<u>170,208</u>	<u>137,810</u>	<u>32,398</u>
<u>Facilities Acquisition and Construction</u>				
Supplies and Materials	66,000	66,000	7,011	58,989
Capital Outlay	10,000	10,000	-	10,000
<u>Total Community Services</u>	<u>76,000</u>	<u>76,000</u>	<u>7,011</u>	<u>68,989</u>
<u>Debt Service</u>				
Principal	-	-	-	-
Interest	-	-	-	-
<u>Total Debt Service</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,538,956</u>	<u>1,538,956</u>	<u>1,235,390</u>	<u>303,566</u>
<u>Appropriated Reserves</u>	<u>2,349,939</u>	<u>2,349,939</u>	<u>-</u>	<u>2,349,939</u>
<u>TOTAL EXPENDITURES</u>	<u>5,825,176</u>	<u>5,825,176</u>	<u>2,768,621</u>	<u>3,056,555</u>
<u>Revenues Over (Under) Expenditures</u>	(2,844,896)	(2,844,896)	261,471	
<u>Other Financing Sources (Uses)</u>				
Transfers	(232,968)	(232,968)	(206,352)	26,616
<u>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</u>	<u>(3,077,864)</u>	<u>(3,077,864)</u>	<u>55,119</u>	
<u>FUND BALANCE, July 1</u>	<u>3,077,864</u>	<u>3,077,864</u>	<u>2,955,320</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>3,010,439</u>	

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
TRANSPORTATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Tax	140,000	140,000	87,543	(52,457)
Local Sources	25	25	64	39
State Sources	40,000	40,000	41,009	1,009
Federal Sources	-	-	-	-
<u>Total Revenues</u>	<u>180,025</u>	<u>180,025</u>	<u>128,616</u>	<u>(51,409)</u>
<u>Expenditures</u>				
Salaries	123,163	123,163	120,790	2,373
Employee Benefits	40,315	40,315	43,523	(3,208)
Purchased Services – Professional	-	-	220	(220)
Purchased Services – Property	35,869	35,869	11,011	24,858
Purchased Services - Other	2,000	2,000	1,488	512
Supplies and Materials	125,636	125,636	47,342	78,294
Capital Outlay	-	-	-	-
Other Objects	-	-	-	-
<u>Total Expenditures</u>	<u>326,983</u>	<u>326,983</u>	<u>224,374</u>	<u>102,609</u>
<u>Revenues Over (Under) Expenditures</u>	(146,958)	(146,958)	(95,758)	
<u>Transfers</u>	<u>121,950</u>	<u>121,950</u>	<u>95,758</u>	<u>(26,192)</u>
<u>Net Change in Fund Balances</u>	(25,008)	(25,008)	-	
<u>FUND BALANCES, July 1</u>	<u>25,008</u>	<u>25,008</u>	<u>-</u>	
<u>FUND BALANCES, June 30</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 For The Last 10 Fiscal Years (As Available)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.0398%	0.0406%	0.0411%	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$6,079,630	\$5,505,046	\$5,242,974	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,773,534	\$1,730,167	\$1,653,168	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	343%	318%	317%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.80%	64.06%	-	-	-	-	-	-	-

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 For The Last 10 Fiscal Years (As Available)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contributions	\$ 314,800	\$ 292,272	\$ 264,486	\$ 252,445	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (314,800)</u>	<u>\$ (292,272)</u>	<u>\$ (264,486)</u>	<u>\$ (252,445)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered-employee payroll	\$1,773,534	\$1,730,167	\$1,653,168	\$1,672,326	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	17.75%	16.89%	16.00%	15.10%	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

## NON MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

Designated Purpose Grant Fund – To account for the receipt and expenditure of federal and state designated purpose grants.

### Capital Project Fund

The Capital Project Fund is used to record the expenditures related to specific construction projects. The projects are funded by General Obligation Debt.

## MAJOR GOVERNMENTAL FUNDS

### Debt Service

Bond Redemption Fund – This fund receives ad valorem taxes levied for the purpose of general obligation debt payment. Principal, interest and fees paid on general obligation debt are recorded in this fund.

## AGENCY FUNDS

### Fiduciary Fund Types

Agency Fund – Pupil Activity Fund – This fund is used to account for amounts held in a fiduciary capacity for organizations.

Trust Fund – Scholarship Fund – This fund is used to account for amounts held in a fiduciary capacity for scholarships.

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2016

	<u>Capital Project</u>	<u>Special Revenue Funds Designated Purpose Grants</u>	<u>Food Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash	2,236	10,002	13,792	26,030
Property Tax Receivable	-	-	-	-
Accrued Revenue	-	-	-	-
Inventories	-	-	2,588	2,588
Due From Other Funds	-	-	-	-
<u>Total Assets</u>	<u>2,236</u>	<u>10,002</u>	<u>16,380</u>	<u>28,618</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	-	-	-	-
Accrued Salaries	-	9,578	-	9,578
Due To Other Funds	-	424	-	424
<u>Total Liabilities</u>	<u>-</u>	<u>10,002</u>	<u>-</u>	<u>10,002</u>
<b><u>Fund Balances:</u></b>				
Nonspendable:				
Inventories	-	-	2,588	2,588
Restricted:				
Food Service	-	-	13,792	13,792
Committed:				
Capital Outlay	2,236	-	-	2,236
<u>Total Fund Balances</u>	<u>2,236</u>	<u>-</u>	<u>16,380</u>	<u>18,616</u>
<b><u>TOTAL LIABILITIES &amp; FUND BALANCES</u></b>	<b><u>2,236</u></b>	<b><u>10,002</u></b>	<b><u>16,380</u></b>	<b><u>28,618</u></b>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES -NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2016

	<u>Capital Project</u>	<u>Special Revenue Funds Designated Purpose Grants</u>	<u>Food Service</u>	<u>Total Other Governmental Funds</u>
<u>REVENUES</u>				
Property Tax Revenue	-	-	-	-
Federal Grant Revenue	-	41,627	59,657	101,284
State Grant Revenue	-	-	1,491	1,491
Local Sources	-	-	433	433
Interest	<u>3</u>	<u>9</u>	<u>9</u>	<u>21</u>
<u>Total Revenues</u>	<u>3</u>	<u>41,636</u>	<u>61,590</u>	<u>103,229</u>
<u>EXPENDITURES</u>				
Current:				
Instructional Services	-	57,637	-	57,637
Supporting Services:				
Students	-	-	-	-
Transportation	-	-	-	-
Community	-	-	-	-
Food Service	-	-	152,386	152,386
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>-</u>	<u>57,637</u>	<u>152,386</u>	<u>210,023</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>3</u>	<u>(16,001)</u>	<u>(90,796)</u>	<u>(106,794)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>-</u>	<u>16,001</u>	<u>94,593</u>	<u>110,594</u>
<u>Total Other Financing Sources</u>	<u>-</u>	<u>16,001</u>	<u>94,593</u>	<u>110,594</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>3</u>	<u>-</u>	<u>3,797</u>	<u>3,800</u>
<u>FUND BALANCES, Beginning</u>	<u>2,233</u>	<u>-</u>	<u>12,583</u>	<u>14,816</u>
<u>FUND BALANCES, Ending</u>	<u>2,236</u>	<u>-</u>	<u>16,380</u>	<u>18,616</u>

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 CAPITAL PROJECT FUND  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
State Grant	-	-	-
Earnings on Investments	-	3	3
<u>Total Revenues</u>	-	3	3
 <u>EXPENDITURES</u>			
Capital Outlay	2,233	-	2,233
<u>Total Expenditures</u>	2,233	-	2,233
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>			
	(2,233)	3	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	-	-	-
 <u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>			
	(2,233)	3	
 <u>FUND BALANCE, JULY 1</u>			
	2,233	2,233	
 <u>FUND BALANCE, JUNE 30</u>			
	-	2,236	

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOOD SERVICE – SPECIAL REVENUE FUND  
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	-	-	-
Earnings on Investments	10	9	(1)
Other	-	433	433
<u>State Sources</u>			
School Lunches and Breakfast	1,000	1,491	491
<u>Federal Sources</u>			
School Lunches and Breakfast	47,078	52,074	4,996
Commodities	3,000	7,583	4,583
<u>Total Revenues</u>	<u>51,088</u>	<u>61,590</u>	<u>10,502</u>
 <u>EXPENDITURES</u>			
Salaries	55,833	48,093	7,740
Employee Benefits	25,620	22,983	2,637
Purchased Services – Professional	-	-	-
Purchased Services – Property	350	153	197
Purchased Services - Other	500	315	185
Food Purchases	59,105	67,421	(8,316)
Capital Outlay	-	-	-
Commodities	-	7,583	(7,583)
Non-Food Supplies	4,723	5,838	(1,115)
Other	9,500	-	9,500
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>155,631</u>	<u>152,386</u>	<u>3,245</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 (104,543)	 (90,796)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>94,593</u>	<u>94,593</u>	<u>-</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 (9,950)	 3,797	
 <u>FUND BALANCE, July 1</u>	 <u>9,950</u>	 <u>12,583</u>	
 <u>FUND BALANCE, June 30</u>	 <u>-</u>	 <u>16,380</u>	

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 BOND REDEMPTION DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues</u>			
Property Tax	1,400,000	1,410,926	10,926
Local Sources	<u>900</u>	<u>2,488</u>	<u>1,588</u>
<u>Total Revenues</u>	<u>1,400,900</u>	<u>1,413,414</u>	<u>12,514</u>
 <u>Expenditures</u>			
Debt Service:			
Principal	2,562,900	1,190,000	1,372,900
Interest	325,000	162,225	162,775
Other	<u>800</u>	<u>650</u>	<u>150</u>
<u>Total Expenditures</u>	<u>2,888,700</u>	<u>1,352,875</u>	<u>1,535,825</u>
<u>Revenues Over (Under) Expenditures</u>	(1,487,800)	60,539	
 <u>Transfers</u>	-	-	-
 <u>Net Change in Fund Balance</u>	(1,487,800)	60,539	
 <u>FUND BALANCES, July 1</u>	<u>1,487,800</u>	<u>1,541,418</u>	
 <u>FUND BALANCES, June 30</u>	<u>-</u>	<u>1,601,957</u>	

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues</u>			
Local Sources	9	9	-
State Sources	-	-	-
Federal Sources	<u>56,808</u>	<u>41,627</u>	<u>(15,181)</u>
<u>Total Revenues</u>	<u>56,817</u>	<u>41,636</u>	<u>(15,181)</u>
<u>Expenditures</u>			
Salaries	45,467	41,467	4,000
Employee Benefits	22,003	16,170	5,833
Purchased Services – Professional	-	-	-
Purchased Services – Property	-	-	-
Purchased Services - Other	15,774	-	15,774
Supplies and Materials	-	-	-
Capital Outlay	-	-	-
Other Objects	-	-	-
<u>Total Expenditures</u>	<u>83,244</u>	<u>57,637</u>	<u>25,607</u>
<u>Revenues Over (Under) Expenditures</u>	(26,427)	(16,001)	-
<u>Transfers</u>	<u>16,425</u>	<u>16,001</u>	<u>(424)</u>
<u>Net Change in Fund Balance</u>	(10,002)	-	-
<u>FUND BALANCES, July 1</u>	<u>10,002</u>	<u>-</u>	-
<u>FUND BALANCES, June 30</u>	<u>-</u>	<u>-</u>	-

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
 HAAG MEMORIAL SCHOLARSHIP FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>RECEIPTS</u>			
Other Local	<u>105</u>	<u>41</u>	<u>(64)</u>
<u>Total Receipts</u>	<u>105</u>	<u>41</u>	<u>(64)</u>
<u>Expenditures</u>			
Scholarship Payments	<u>4,833</u>	<u>-</u>	<u>4,833</u>
<u>Total Expenditures</u>	<u>4,833</u>	<u>-</u>	<u>4,833</u>
<u>Net Increase (Decrease) In Net Position</u>	<u>(4,728)</u>	<u>41</u>	
<u>Net Position Held In Trust – Beginning of Year</u>	<u>4,728</u>	<u>4,728</u>	
<u>Net Position Held In Trust – End of Year</u>	<u>-</u>	<u>4,769</u>	

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

PRIMERO REORGANIZED SCHOOL DISTRICT NUMBER 2  
PUPIL ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>RECEIPTS</u>			
Other Local	<u>60,025</u>	<u>54,883</u>	<u>(5,142)</u>
<u>Total Receipts</u>	<u>60,025</u>	<u>54,883</u>	<u>(5,142)</u>
<u>Expenditures</u>			
Student Activities	<u>88,341</u>	<u>60,185</u>	<u>28,156</u>
<u>Total Expenditures</u>	<u>88,341</u>	<u>60,185</u>	<u>28,156</u>
<u>Net Increase (Decrease) In Net Position</u>	(28,316)	(5,302)	
<u>Net Position Held In Trust – Beginning of Year</u>	28,316	28,366	
<u>Net Position Held In Trust – End of Year</u>	<u>-</u>	<u>23,064</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

**Bolded Balance Sheet**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1590 - PRIMERO REORGANIZED 2  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	2,955,321	2,766,856	2,710,938	3,010,439
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Prevention Program Fund	0	57,684	57,684	0
<b>Sub-Total</b>	<b>2,955,321</b>	<b>2,823,740</b>	<b>2,768,622</b>	<b>3,010,439</b>
11 Charter School Fund	0	0	0	0
20.26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	12,583	156,382	152,386	16,280
22 Govt Designated-Purpose Grants Fund	0	57,637	57,637	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	224,373	224,373	0
31 Bond Redemption Fund	1,541,418	1,413,314	1,352,875	1,601,957
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	2,133	2	0	2,136
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
<b>Totals</b>	<b>4,511,556</b>	<b>4,675,548</b>	<b>4,558,893</b>	<b>4,631,411</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60-65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	4,723	41	0	4,769
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	28,365	54,883	60,185	23,064
75 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>31,094</b>	<b>54,924</b>	<b>60,185</b>	<b>27,833</b>

FINAL

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



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
 District 1590 - PRIMERO REORGANIZED 2  
 Fiscal Year 2015-16  
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Cash and Investments (8100-8104.8111)	3,173,140	0	10,000	13,792	35,150	1,554,577	2,236	0	0	27,833	0	4,816,728		
Cash with Fiscal Agent (8105)	9,429	0	0	0	1,049	17,164	0	0	0	0	0	27,641		
Taxes Receivable (8121.8122)	18,000	0	0	0	0	32,800	0	0	0	0	0	50,800		
Interfund Loans Receivable (8131.8132)	27,030	0	0	0	0	0	0	0	0	0	0	27,030		
Intergovernmental Accounts Rec (8141)	0	0	0	0	1,564	0	0	0	0	0	0	1,564		
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0		
Inventories (8171.8172.8173)	0	0	0	2,588	0	0	0	0	0	0	0	2,588		
Machinery and Equipment (8241.8242.8251)	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Assets</b>	<b>3,227,598</b>	<b>0</b>	<b>10,000</b>	<b>16,380</b>	<b>37,764</b>	<b>1,604,541</b>	<b>2,236</b>	<b>0</b>	<b>0</b>	<b>27,833</b>	<b>0</b>	<b>4,926,352</b>		

LIABILITIES & FUND EQUITY	Governmental							Proprietary					Fiduciary	Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85		
Interfund Payables (7401,7402)	0	0	413	0	26,616	0	0	0	0	0	0	0	0	27,030
Other Payables (7421-7423)	14,858	0	0	0	1,569	0	0	0	0	0	0	0	0	16,427
Accrued Expenses (7461)	197,744	0	3,587	0	9,578	0	0	0	0	0	0	0	0	216,909
Payroll Ded. and Withholdings (7471-7473)	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	1,500	0	0	0	0	0	0	0	0	0	0	0	0	1,500
Deferred Inflow (7800)	3,057	0	0	0	0	2,584	0	0	0	0	0	0	0	5,641
<b>Total Liabilities</b>	<b>217,160</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>37,764</b>	<b>2,584</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>267,508</b>

Governmental Proprietary Fiduciary

FUND EQUITY	Governmental						Proprietary						Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Non-spendable Fund Balance 6710	0	0	0	2,588	0	0	0	0	0	0	0	2,588			
Restricted Fund Balance 6720	0	0	0	13,792	0	1,601,957	0	0	0	0	0	1,615,749			
TABOR 3% Emergency Reserve 6721	99,000	0	0	0	0	0	0	0	0	0	0	99,000			
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0			
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0			
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0			
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0			
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0			
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0			
Committed Fund Balance 6750	463,060	0	0	0	0	0	2,236	0	0	0	0	465,296			
Assigned Fund Balance 6760	2,448,379	0	0	0	0	0	0	0	0	27,833	0	2,476,210			
Unassigned Fund Balance 6770	0	0	0	0	0	0	0	0	0	0	0	0			
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0			
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0			
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0			
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0			
<b>Total Fund Equity</b>	<b>3,010,439</b>	<b>0</b>	<b>0</b>	<b>16,380</b>	<b>0</b>	<b>1,601,957</b>	<b>2,236</b>	<b>0</b>	<b>0</b>	<b>27,833</b>	<b>0</b>	<b>4,658,844</b>			

Total Liabilities & Fund Equity	Governmental						Proprietary						Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
	3,227,598	0	10,000	16,380	37,764	1,604,541	2,236	0	0	27,833	0	4,926,352			

For Each Fund Type: Do Assets=Liability+Fund Equity	Yes		Yes		Yes		Yes		Yes		Yes	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes