

cPa DIXON, WALLER & CO., INC.

PROWERS COUNTY

SCHOOL DISTRICT RE-1

GRANADA, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2016

E

RECEIVED

By Justin L. Smith at 11:02 am, Jan 04, 2017

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

PROWERS COUNTY
SCHOOL DISTRICT RE-1
FINANCIAL STATEMENTS
JUNE 30, 2016

	<u>Page</u>
Title Page	
Table of Contents	
Roster of Officials	
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	i-xi
BASIC FINANCIAL STATEMENTS:	
Government Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet To Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8

	<u>Page</u>
Notes to Basic Financial Statements.....	9-30
 REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Governmental Funds:	
General Fund	31-33
 Pension Trend Data:	
Schedule of Proportionate Share of Net Pension Liability.....	34
Schedule of District Contributions.....	35
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	36
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	37
 Schedules of Revenues, Expenditures and Changes in Fund Balances Budget and Actual:	
Pupil Activity – Special Revenue Fund.....	38
Food Service – Special Revenue Fund.....	39
 <u>STATE REQUIRED SCHEDULE</u>	
Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)	40
Bolded Balance Sheet.....	41-43

PROWERS COUNTY SCHOOL DISTRICT RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2016

BOARD OF EDUCATION

Ty Harmon	President
Regina Jo Dorenkamp	Vice-President
Natalie Musick	Treasurer
Rita Marquez	Secretary
Leonel Morales	Member
David Holden	Member

SCHOOL OFFICIALS

Ty Kemp	Superintendent
Linda Bezona	Business Manager

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Prowers County School District RE-1
Granada, Colorado 81041

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Prowers County School District RE-1, 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 Prowers County School District RE-1, 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 31 through 35 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 Prowers County School District RE-1'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.

Dixon, Waller & Co., Inc.

Trinidad, Colorado
November 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROWERS COUNTY SCHOOL DISTRICT RE-1 GRANADA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

As management of the Prowers County School District RE-1, we offer readers of the Prowers County School District RE-1's financial statements this narrative overview and analysis of the financial activities of the Prowers County School District RE-1 for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

Financial Highlights

- The District's governmental activities increased \$244,020 over the course of the 2016 fiscal year. Total net assets decreased 6 percent, due to the GASB 68 rule which requires the District to show a Net Pension Obligation of \$4,510,600. Net Position is no longer divided between governmental activities and business-type activities.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$2,272,036 or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$456,753 or 15 percent of total revenues of \$3,093,763.
- The District had \$3,031,075 in expenses related to governmental activities; \$456,753 of these expenses were offset by program specific charges for services, grants and contributions.
- Outlays for capital assets were primarily comprised of the purchase of labor and materials for major repairs to the activity busses.
- Business-type activities are no longer separated out since the Food Service fund changed from an Enterprise Fund to a Special Revenue Fund as of July 1, 2014. Revenue in the food service fund from charges for services and operating grants and contributions was not sufficient to cover expenses in the 2016 fiscal year. \$60,000 was transferred from the General fund.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements, Statement of Net Position and Statement of Activities are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-and long-term financial information about the activities the District operates like businesses, such as food service.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements, and includes a comparison to the District's budget for the year.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Prowers County School District RE-1's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Prowers County School District RE-1 is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

The district-wide financial statement no longer distinguishes functions of the District that were principally supported by taxes and intergovernmental revenues (government activities) from other functions that were intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities now include the District's basic services such as regular and special education, transportation, administration, and food services.

The district-wide financial statements can be found on pages 3 & 4 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Prowers County School District RE-1, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, additional information in the reconciliation of the governmental funds statements explains the relationship (or differences) between them.

Prowers County School District RE-1 maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is reported as a major fund. The pupil activity and food service is reported as non-major funds.

Proprietary funds: Until the 2014-15 school year, Food Service had been an Enterprise fund and was presented under business-type activities in the district-wide financial statements. It is now presented under other governmental funds. The depreciation expense was dropped when Food Service changed to a special revenue fund. Prowers County School District RE-1 uses proprietary funds to account for its nutrition services.

Non-major Governmental Funds provide the same type of information as the district-wide financial statements, only in more detail. The non-major governmental fund financial statement provides separate information for the nutrition services and pupil activity.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 12-27 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes statements budget-to-actual information for all funds as dictated by state law.

District-wide Financial Analysis

The fiscal year ended June 30, 2016, is the twelfth year in which the financial statements of the District are reported following GASB Statement 34. Therefore, comparative information to the prior year is available for this section of the Management Discussion and Analysis.

Table 1 provides a summary of the district's net position at June 30, 2015 & June 30, 2016.

Table 1
Condensed Statement of Net Position

	Governmental Activities	Business-type Activities	2016 Total School District	2015 Total School District
Current and Other Assets	\$ 2,918,790	-	\$ 2,918,790	\$ 2,694,121
Capital Assets - Net	2,783,325	-	2,783,325	2,875,712
Deferred Outflows	562,984		562,984	194,324
Total Assets and Flows	6,265,099	-	6,265,099	5,764,157
Current Liabilities	4,733,782	-	4,733,782	4,466,780
Long Term Liabilities	-	-	-	-
Deferred Inflows	313,987	-	313,987	256
Total Liabilities	5,047,769	-	5,047,769	4,467,036
Net Position				
Net Investment in Capital Assets	2,783,325	-	2,783,325	2,875,712
Restricted For:				
Tabor Reserve	90,300		90,300	78,700
Preschool	6,386	-	6,386	6,386
Food Service	27,418		27,418	27,217
Unrestricted (Deficit)	(1,690,099)	-	(1,690,099)	(1,690,894)
Total net assets at June 30	1,217,330	-	1,217,330	\$ 1,297,121

Table 2 provides a summary of the changes in net assets. Following Table 2 is a specific discussion related to overall revenues and expenses.

Table 2
Changes in Net Assets From Operating Results

	Governmental Activities	Business- Type Activities	2016 Total School District	2015 Total School District
Revenues				
Capital Grants & Contributions	\$ -	\$ -	\$ -	-
Charges for Services	144,994	-	\$ 144,994	\$ 157,266
Operating Grants & Contributions	311,759	-	\$ 311,759	272,065
General Revenues				
Property Taxes	428,320		428,320	382,758
State Equalization	1,843,716		1,843,716	1,818,453
Other	9,345	-	9,345	5,603
Other Revenue	355,629		355,629	100,265
Transfers	-	-	-	-
Total Revenues	3,093,763	-	3,093,763	2,736,410
Expenses				
Instruction	1,568,164	-	1,568,164	1,669,840
Support Services:				
Students	58,860	-	58,860	70,782
Instructional Staff	66,161	-	66,161	65,554
General Administration	201,021	-	201,021	201,937
School Administration	33,188	-	33,188	36,684
Operations and Maintenance	674,646	-	674,646	384,221
Student Transportation	86,976	-	86,976	104,976
Central Supporting Services	55,126	-	55,126	60,159
Other Support	35,093	-	35,093	35,112
Capital Outlay	-	-	-	-
Food Service Operations	156,895	-	156,895	154,034
Transfers	-	-	-	-
Pension Amortization	94,945	-	94,945	24,135
Total Expenses	3,031,075		3,031,075	2,807,434
Increase (Decrease) in Net	\$ 62,688	\$ -	\$ 62,688	\$ (71,024)

Property taxes and per pupil state formula revenue (state equalization) account for most of the District’s revenue, contributing about 14 cents and 59 cents respectively for every dollar raised (see Table 3). Another 10 cents came from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District expenses predominantly relate to instruction and support services, which includes support for students and instructional staff, administration, operations and maintenance, and transportation. Given that Prowers County School District RE-1 is a service organization providing education services to students, the majority of expenses are paid in the form of compensation (salaries and benefits) to the District’s employees.

Detailed below in Tables 3 and 4 are charts displaying revenues by source and expenses by program for the total school district.

Table 3 Sources of Revenue for Fiscal Year 2016

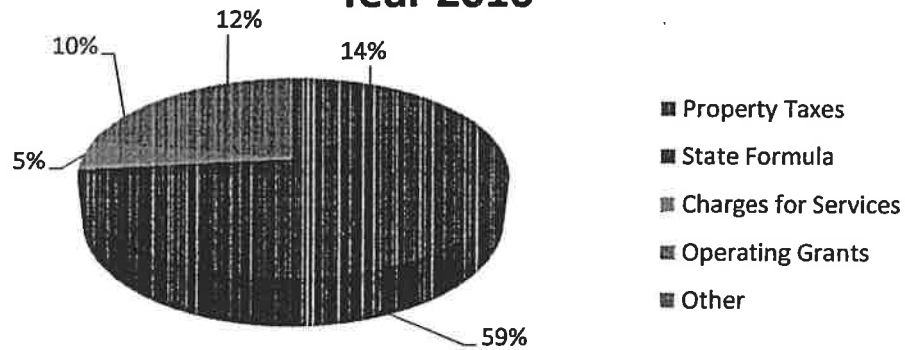
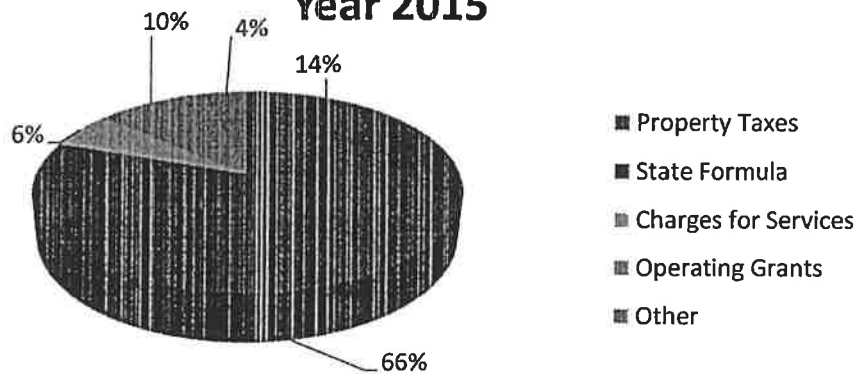
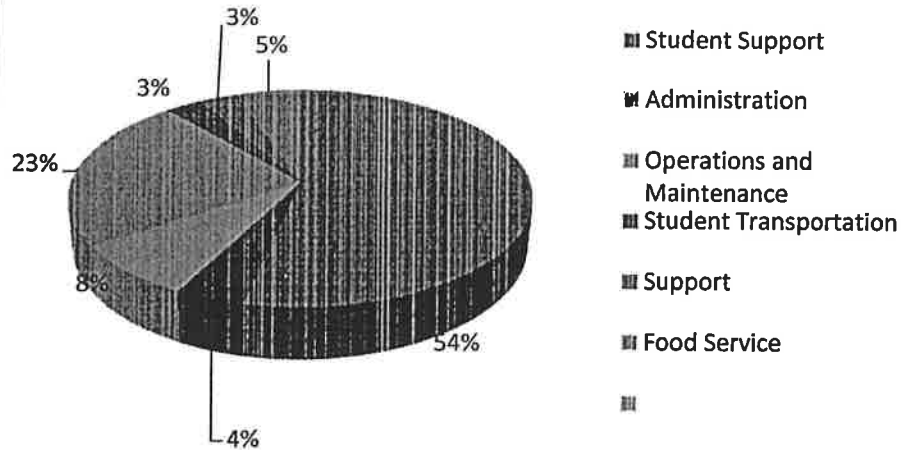


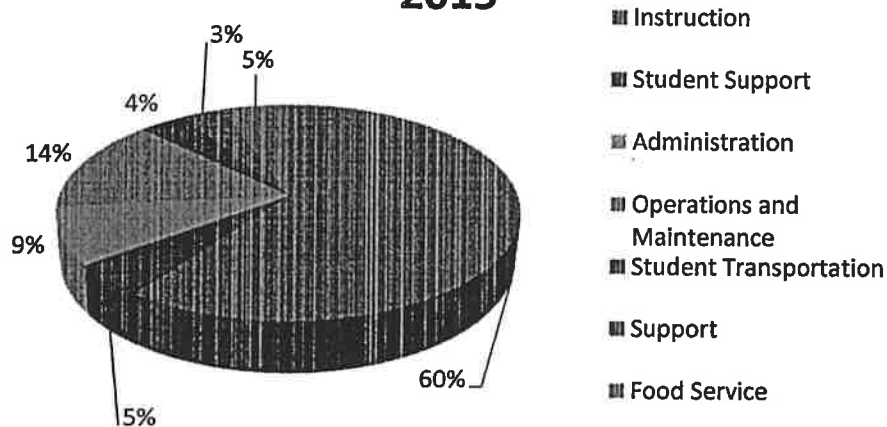
Table 3 Sources of Revenue for Fiscal Year 2015



**Table 4 Expenses for Fiscal Year
2016**



**Table 4 Expenses for Fiscal Year
2015**



Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the district received, \$11,214 per funded student. In fiscal year 2015-2016, the funded pupil count was 202.4. Funding for the school finance act comes from property taxes, specific ownership taxes and state equalization. The district receives approximately 59 percent of this funding from state equalization while the remaining amounts come from property taxes and specific ownership tax. The district receives approximately 14 percent of funding from property tax.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table 5 reflects each program's net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these programs.

Table 5
Net Cost of Governmental Activities (in dollars)

	Total Cost	Net Cost
	of Services	of Services
Instruction	\$ 1,568,164	\$ -1,229,083
Students	58,860	-58,860
Instructional Staff	66,161	-66,161
General Administration	201,021	-201,021
School Administration	33,188	-33,188
Operations and Maintenance	674,646	-669,696
Student Transportation	86,976	-71,232
Central Supporting Services	55,126	-55,126
Other Support	35,093	-35,093
Capital Outlay	0	0
Food Service	156,895	-59,917
Pension Amortization	94,945	-94,945
Total	\$ 3,031,075	\$ -2,574,322

- The cost of all governmental activities this year was \$3,031,075.
- Federal and State government subsidized certain programs with grants and contributions amounting to \$311,759.
- Most of the District's costs were financed by District and State taxpayers for a total of \$2,272,036.
- This portion of governmental activities was financed with \$428,320 in property taxes, \$1,843,716 in state aid (equalization) based on the statewide formula for per pupil funding, and \$9,345 in investment earnings and other miscellaneous revenues, \$355,629 not pertaining specifically to a program.

Business-type Activities

Business-type activities are no longer reported separately since the Food Service fund changed from an Enterprise Fund to a Special Revenue Fund as of July 1, 2014. Lunch prices increased in the 2012-13 school year. In future years, lunch prices and other charges may be adjusted to continue to meet expected costs.

Financial Analysis of the District's Funds

Information about the District's funds starts on page 5. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$3,087,763 and expenditures of \$2,843,743. The net change in governmental fund balances for the year was most significant after transferring 60,000 to food service.

General Fund Budgetary Highlights

The actual expenditures were \$2,387,327 below budget, primarily because the District budgeted \$2,378,933 from fund balance for unplanned expenditures (contingency). The District did not spend any of the contingency on the assets purchased. The fund balance as of June 30, 2016 (budgetary basis) was \$2,552,765, compared to \$2,287,965 as of June 30, 2015, including \$90,300, and \$78,700 respectively, for TABOR Amendment emergency reserves.

Capital Assets

By the end of the fiscal year 2016, the District had invested \$5,832,219 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 6.)

Table 6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 488,022	\$ 488,022	-	\$ -	\$ 488,022	\$ 488,022
Building	1,922,626	2,010,307	-	-	1,922,626	2,010,307
Vehicles	36,112	52,623	-	-	36,112	52,623
Equipment	336,565	324,760	-	-	336,565	324,760
Work in Progress						
Total	\$ 2,783,325	\$ 2,875,712	\$ -	\$ -	\$ 2,783,325	\$ 2,875,712

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- Information from the 2015-2016 student enrollment "October count" shows that Prowers County School District RE-1 had less students than last year, resulting in a decrease in revenue from the funded pupil count.
- Based on historical trends, our projections for student enrollment for fall 2016 will show District enrollment continuing to decline.
- The United States and the State of Colorado have experienced slowing economic conditions in the past several years. One impact of this economic slowing is the reduction in the State of Colorado's general fund revenues, which are expected to

continue to decline. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District anticipates its revenues may be adversely impacted. If the District revenues are reduced, the District will be required to reduce its future expenditures. The district implemented a reduction in force in the 2011-12 year to offset the decline in revenues.

- Due to the current recession, future years will see a decline in state share funding. The state funding formula included a negative factor resulting in over \$400,000.00 less funding in the 2012-13 fiscal year. The district cut back on expenditures to make up the difference.
- During the 2014-15 school year, the State replaced the Transitional Colorado Assessment Program (TCAP) with the Partnership for Assessment of Readiness for College and Careers (PARCC). The PARCC tests are given to assess Math and Reading in grades three through nine. Colorado Measures of Academic Success (CMAS) tests assess Science in fifth or eighth or eleventh grades and Social Studies in fourth or seventh grades. Twelfth grade is no longer tested in Science and Social Studies. In the 2015-16 school year sophomores started taking the PSAT test. Juniors still take the ACT and will start taking SAT tests in 2016-17. The 2014-15 year began the first year of PARCC testing in Language Arts and Math. Schools receiving a priority improvement or turn-around status for three straight years face takeover by the State and conversion to a charter school. The Colorado Department of Education determined that the Prowers County School District RE-1 is meeting the intent of the requirements, as set forth in Colorado State Board of Education Rules 2202-R-0.00 through 4.02 (5), and continues to be fully accredited.
- The district, experienced a significant change with the implementation of GASB 68 in the 2014-15 school year, which required the disclosure of the PERA (Public Employees' Retirement Association) pension obligation.
- In the 2014-15 school year, the Food Service Fund changed from an Enterprise Fund to a Special Revenue Fund. The district-wide financial statement no longer offers a good comparative, because there is a significant difference in the Governmental Activities due the Food Service Fund no longer being reflected as a Business Type Activity.
- In the 2015-16 school year, the school facilities experienced major hail damage, requiring the roofs and several air conditioner units to be replaced. The Granada RE-1 School Board purchased a riding lawn mower and made facility improvements, by installing a 3-sided bus barn and replacing the damaged fascia on the school building in the 2015-16 school year. The Granada RE-1 School Board ordered a 14-passenger Blue Bird bus and a 40-passenger Thomas Saf-T-Liner bus to be budgeted for in the 2016-17 school year. They were also proactive in budgeting for tree removal and pavement repair for the 2016-17 school year.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Prowers County School District RE-1, 201 South Hoisington Street, Granada, CO 81041.

BASIC FINANCIAL STATEMENTS

PROWERS COUNTY SCHOOL DISTRICT RE-1
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Investments	2,832,221	2,832,221
Accounts Receivable	6,814	6,814
Receivables – Other	-	-
Accrued Revenue	44,650	44,650
Property Taxes Receivable	27,100	27,100
Inventories	8,005	8,005
Capital Assets	5,832,219	5,832,219
Accumulated Depreciation	(3,048,894)	(3,048,894)
<u>Total Assets</u>	<u>5,702,115</u>	<u>5,702,115</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
District Contributions Subsequent to Pension Measurement Date	119,894	119,894
Pension Outflows – Plan Level	443,090	443,090
Pension Outflows – Employer Level	-	-
<u>Total Deferred Outflow of Resources</u>	<u>562,984</u>	<u>562,984</u>
 <u>LIABILITIES</u>		
Accounts Payable	31,795	31,795
Accrued Salaries	191,387	191,387
Compensated Absences	-	-
Long Term Liabilities:		
Due Within One Year	-	-
Due in More than One Year	-	-
Net Pension Obligation	4,510,600	4,510,600
<u>Total Liabilities</u>	<u>4,733,782</u>	<u>4,733,782</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pension Inflows – Plan Level	63,931	63,931
Pension Inflows – Employer Level	250,056	250,056
<u>Total Deferred Inflow of Resources</u>	<u>313,987</u>	<u>313,987</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	2,783,325	2,783,325
Restricted for:		
TABOR Reserve	90,300	90,300
Preschool	6,386	6,386
Food Services	27,418	27,418
Unrestricted	(1,690,099)	(1,690,099)
<u>TOTAL NET POSITION</u>	<u>1,217,330</u>	<u>1,217,330</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2016

	Program Revenues			Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position Primary Government	
FUNCTIONS	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities	Total	Total
Instructional Services	1,568,164	121,676	217,405	(1,229,083)	(1,229,083)	(1,229,083)
Supporting Services						
Students	58,860	-	-	(58,860)	(58,860)	(58,860)
Instructional Staff	66,161	-	-	(66,161)	(66,161)	(66,161)
District Administration	201,021	-	-	(201,021)	(201,021)	(201,021)
School Administration	33,188	-	-	(33,188)	(33,188)	(33,188)
Business	-	-	-	-	-	-
Operation & Maintenance of Facilities	674,646	4,950	-	(669,696)	(669,696)	(669,696)
Transportation	86,976	-	15,744	(71,232)	(71,232)	(71,232)
Central	55,126	-	-	(55,126)	(55,126)	(55,126)
Other	35,093	-	-	(35,093)	(35,093)	(35,093)
Food Service	156,895	18,368	78,610	(59,917)	(59,917)	(59,917)
Capital Outlay	-	-	-	-	-	-
Pension Expense	94,945	-	-	(94,945)	(94,945)	(94,945)
<u>Total Governmental Activities</u>	<u>3,031,075</u>	<u>144,994</u>	<u>311,759</u>	<u>(2,574,322)</u>	<u>(2,574,322)</u>	<u>(2,574,322)</u>
<u>Total School District</u>	<u>3,031,075</u>	<u>144,994</u>	<u>311,759</u>	<u>(2,574,322)</u>	<u>(2,574,322)</u>	<u>(2,574,322)</u>
<u>General Revenues</u>						
Property Taxes Levied for General Purposes				373,513		373,513
Specific Ownership Taxes				54,807		54,807
Equalization				1,843,716		1,843,716
Earnings on Investments				9,345		9,345
Other Revenues				355,629		355,629
Transfers				-		-
<u>Total General Revenues & Transfers</u>				<u>2,637,010</u>		<u>2,637,010</u>
<u>Change in Net Position</u>				62,688		62,688
<u>Net Position, Beginning</u>				1,297,121		1,297,121
<u>Prior Period Adjustment</u>				(142,479)		(142,479)
<u>Net Position, Ending</u>				<u>1,217,330</u>		<u>1,217,330</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Investments	2,718,883	113,338	2,832,221
Accounts Receivable	44,650	6,814	51,464
Accrued Revenue	-	-	-
Due From Other Funds	-	-	-
Property Taxes Receivable	27,100	-	27,100
Inventories	-	8,005	8,005
<u>Total Assets</u>	<u>2,790,633</u>	<u>128,157</u>	<u>2,918,790</u>
<u>LIABILITIES</u>			
Accounts Payable	29,292	2,503	31,795
Accrued Salaries	190,576	811	191,387
Due To Other Funds	-	-	-
Other Payables	-	-	-
<u>Total Liabilities</u>	<u>219,868</u>	<u>3,314</u>	<u>223,182</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Property Taxes	<u>18,000</u>	-	<u>18,000</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventories	-	8,005	8,005
Restricted for:			
Emergencies	90,300	-	90,300
Preschool	6,386	-	6,386
Food Service	-	19,413	19,413
Committed for:			
Capital Outlay	-	-	-
Assigned for:			
Pupil Activities	-	97,425	97,425
Unassigned	<u>2,456,079</u>	-	<u>2,456,079</u>
<u>Total Fund Balances</u>	<u>2,552,765</u>	<u>124,843</u>	<u>2,677,608</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,790,633</u>	<u>128,157</u>	<u>2,918,790</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2016

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

TOTAL FUND BALANCE – GOVERNMENTAL FUNDS	2,677,608
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$5,832,219 and the accumulated depreciation is \$3,048,894.	2,783,325
Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available.	18,000
The District’s portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(4,510,600)
Deferred flows for contributions made toward the net pension obligation from December 31, 2015 until June 30, 2016 is not reported in the funds.	119,894
Net deferred pension flows – Plan level.	379,159
Net deferred pension flows – Employer level.	<u>(250,056)</u>
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	<u>1,217,330</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Property Taxes	367,513	-	367,513
Specific Ownership Taxes	54,807	-	54,807
Earnings on Investments	9,199	146	9,345
Other Local Sources	360,493	140,130	500,623
State Aid	1,986,419	1,877	1,988,296
Federal Aid	90,446	76,733	167,179
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	<u>2,868,877</u>	<u>218,886</u>	<u>3,087,763</u>
<u>EXPENDITURES</u>			
<u>Current:</u>			
Instructional Services	1,425,393	142,771	1,568,164
Supporting Services:			
Students	58,860	-	58,860
Instructional Staff	66,161	-	66,161
District Administration	201,021	-	201,021
School Administration	33,188	-	33,188
Business	-	-	-
Operation & Maintenance of Facilities	584,034	-	584,034
Transportation	85,201	-	85,201
Central	55,126	-	55,126
Other	35,093	-	35,093
Food Service	-	156,895	156,895
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>2,544,077</u>	<u>299,666</u>	<u>2,843,743</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>324,800</u>	<u>(80,780)</u>	<u>244,020</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(60,000)	60,000	-
<u>Total Other Financing Sources (Uses)</u>	<u>(60,000)</u>	<u>60,000</u>	-
<u>NET CHANGE IN FUND BALANCES</u>	<u>264,800</u>	<u>(20,780)</u>	<u>244,020</u>
<u>FUND BALANCES – Beginning</u>	<u>2,287,965</u>	<u>145,623</u>	<u>2,433,588</u>
<u>FUND BALANCES – Ending</u>	<u>2,552,765</u>	<u>124,843</u>	<u>2,677,608</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2016

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

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS		244,020
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful 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	14,736	
Depreciation Expense	<u>(107,123)</u>	(92,387)
<p>Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred inflows in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues increased this year.</p>		
		6,000
<p>The statement of activities reports net pension obligation which is not reported in the fund financial statements.</p>		
Change in net pension obligation		(292,353)
Deferred flows from net pension obligations		<u>197,408</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>62,688</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Prowers County School District RE-1 (District) conform with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with 6 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 Prowers County School District RE-1. The District receives funding from local, state, and federal government sources and must comply with 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 and proprietary funds. Major individual governmental funds (General Fund) and 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.

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The 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 balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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.

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, 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:

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

• 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.

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, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and Capital Reserve Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

J. 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.

On November 4, 1997 the registered voters approved a ballot resolution authorizing Prowers County School District RE-1 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Constitutional Amendment (Continued)

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 \$90,300 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.

K. 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 Prowers County was as follows:

Levy Date	December 22, 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

L. 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

PROWERS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Pupil Activity Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>				
Inventories	-	-	8,005	8,005
<u>Restricted:</u>				
Emergencies	90,300	-	-	90,300
Preschool	6,386	-	-	6,386
Food Service	-	-	19,413	19,413
<u>Assigned:</u>				
Pupil Activities	-	97,425	-	97,425
<u>Unassigned</u>	<u>2,456,079</u>	<u>-</u>	<u>-</u>	<u>2,456,079</u>
<u>Total Fund Balances</u>	<u>2,552,765</u>	<u>97,425</u>	<u>27,418</u>	<u>2,677,608</u>

N. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and the balance sheet 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 and the balance sheet 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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 governmental 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.

	Items Eliminated	
	Transfers Out	Transfers In
General Fund	60,000	-
Food Service	-	60,000
	60,000	60,000

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, Management 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. Management 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, and Enterprise Funds.
6. Budgets for the General, Special Revenue, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 3 BUDGETARY INFORMATION (Continued)

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.

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,576,839	2,581,003
Cash with County Treasurer	5,382	-
Cash on Hand	<u>-</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>2,832,221</u>	<u>2,831,003</u>

As presented above, deposits with a bank balance of \$2,581,003 and a carrying balance of \$2,576,839 as of June 30, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	<u>488,022</u>	-	-	<u>488,022</u>
<u>Capital Assets Being Depreciated</u>				
Buildings & Site Improvements	3,563,064	-	-	3,563,064
Transportation Equipment	689,810	-	-	689,810
Equipment	<u>1,085,563</u>	<u>14,736</u>	<u>8,976</u>	<u>1,091,323</u>
<u>Total Capital Assets Being Depreciated</u>	<u>5,338,437</u>	<u>14,736</u>	<u>8,976</u>	<u>5,344,197</u>
<u>Less Accumulated Depreciation for:</u>				
Building & Site Improvements	1,552,757	87,681	-	1,640,438
Transportation Equipment	637,187	16,511	-	653,698
Equipment	<u>760,803</u>	<u>2,931</u>	<u>8,976</u>	<u>754,758</u>
<u>Total Accumulated Depreciation</u>	<u>2,950,747</u>	<u>107,123</u>	<u>8,976</u>	<u>3,048,894</u>
 <u>Total Capital Assets Being Depreciated, Net</u>	 <u>2,387,690</u>	 <u>(92,387)</u>	 <u>-</u>	 <u>2,295,303</u>
 <u>Governmental Activities Capital Assets, Net</u>	 <u>2,875,712</u>	 <u>(92,387)</u>	 <u>-</u>	 <u>2,783,325</u>

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

<u>Governmental Activities:</u>	
Instruction	-
Student Support	-
Instructional Support	-
General Administration Support	-
School Administration Support	-
Business Services Support	-
Operations and Maintenance	90,612
Transportation	<u>16,511</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>107,123</u>

NOTE 6 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Prowers County School District RE-1 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 Prowers County School District RE-1 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.

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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 PENSION PLAN (Continued)

Contributions. Eligible employees and Prowers County School District RE-1 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 Prowers County School District RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Prowers County School District RE-1 were \$228,519 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 Prowers County School District RE-1 reported a liability of \$4,510,600 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 Prowers County School District RE-1 proportion of the net pension liability was based on Prowers County School District RE-1 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 Prowers County School District RE-1 proportion was 0.0294 percent, which was a decrease of 0.0002 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Prowers County School District RE-1 recognized pension expense of \$94,945. At June 30, 2016, the Prowers County School District RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 6 PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	59,563	(188)
Changes of assumptions or other inputs	0	(63,743)
Net difference between projected and actual earnings on pension plan investments	383,527	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	0	(250,056)
Contributions subsequent to the measurement date	119,894	N/A
Total	562,984	(313,987)

\$119,894 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	(13,575)
2018	2,290
2019	61,741
2020	78,647
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

PROWERS COUNTY SCHOOL DISTRICT RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 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:

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 6 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 6 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 Prowers County School District RE-1 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-percent-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	5,847,056	4,510,600	3,398,918

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.

NOTE 6 PENSION PLAN (Continued)

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Prowers County School District RE-1 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees, PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – 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, program members contributed \$15,500.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Prowers County School District RE-1 contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Prowers County School District RE-1 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 Prowers County School District RE-1 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 Prowers County School District RE-1 contributions to the HCTF were \$13,139, \$15,511 and \$12,783, respectively equal to their required contributions for each year.

NOTE 7 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.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 8 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager 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 General Fund.

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	46,958,320
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	<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 9 LITIGATION

None.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 10 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 11 JOINT VENTURES

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

The District has one member on the Board. The 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 rate basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2015, the latest year for which complete information is available is as follows:

Assets and Deferred Outflows	<u>1,123,165</u>
Liabilities and Deferred Inflows	3,407,692
Net Position	<u>(2,284,527)</u>
	<u>1,123,165</u>
Revenues	2,552,237
Expenses	<u>2,445,378</u>
Excess (Deficiency)	<u>106,859</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. The BOCES is audited annually and files a report with the Colorado State Auditor.

NOTE 12 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, at June 30, 2016, are estimated to be \$191,387. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 13 COMPENSATED ABSENCES

There is no material liability for compensated absences payable at June 30, 2016.

NOTE 14 INTERFUND BALANCES AND TRANSFERS

Transfers

<u>Major Governmental Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	-	-	60,000
 <u>Non Major Governmental Funds</u>				
Pupil Activity Fund	-	-	-	-
Food Service Fund	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>

Transfers were made from the General Fund for the purpose of assisting operations.

NOTE 15 INVENTORIES

Food Service Fund inventories at June 30, 2016, consisted of USDA, purchased food, and non-food amounting to \$8,005. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 16 PRIOR PERIOD CORRECTION

A prior period correction of \$142,479 was recorded to reflect an employer level pension flow for the change in the employer's allocation percentage on collective net pension liability that was not recorded at June 30, 2015.

BUDGETARY COMPARISONS

MAJOR GOVERNMENTAL FUNDS

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.

Pension Trend Data

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES – 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	343,694	343,694	367,513	23,819
Specific Ownership Taxes	53,735	53,735	54,807	1,072
Earnings on Investments	18,500	18,500	9,199	(9,301)
Delinquent Taxes & Interest	1,700	1,700	911	(789)
Other	157,957	157,957	359,582	201,625
<u>State Sources</u>				
Equalization	1,843,343	1,843,343	1,843,716	373
Transportation	13,000	13,000	15,744	2,744
Vocational Education	-	-	-	-
Special Education	13,500	13,500	7,500	(6,000)
Other	5,377	5,377	119,459	114,082
<u>Federal Sources</u>				
Other	149,019	149,019	90,446	(58,573)
<u>Allocations</u>	<u>50,000</u>	<u>50,000</u>	-	<u>(50,000)</u>
<u>TOTAL REVENUES</u>	<u>2,649,825</u>	<u>2,649,825</u>	<u>2,868,877</u>	<u>219,052</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
Salaries	951,502	951,502	944,704	6,798
Employee Benefits	351,977	351,977	342,519	9,458
Purchased Services - Professional	48,525	48,525	67,429	(18,904)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	5,000	5,000	2,818	2,182
Supplies and Materials	221,334	221,334	63,119	158,215
Property	2,000	2,000	-	2,000
Other Objects	9,000	9,000	4,804	4,196
<u>Total Instruction</u>	<u>1,589,338</u>	<u>1,589,338</u>	<u>1,425,393</u>	<u>163,945</u>
 <u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	35,057	35,057	35,110	(53)
Employee Benefits	9,966	9,966	9,112	854
Purchased Services – Professional	19,956	19,956	14,638	5,318
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	240	240	-	240
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>65,219</u>	<u>65,219</u>	<u>58,860</u>	<u>6,359</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Instructional Staff</u>				
Salaries	42,550	42,550	42,550	-
Employee Benefits	15,326	15,326	15,275	51
Purchased Services - Professional	100	100	-	100
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	4,880	4,880	8,336	(3,456)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>62,856</u>	<u>62,856</u>	<u>66,161</u>	<u>(3,305)</u>
<u>General Administration</u>				
Salaries	128,176	128,176	127,492	684
Employee Benefits	39,355	39,355	36,733	2,622
Purchased Services – Professional	27,000	27,000	22,036	4,964
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	4,203	(4,203)
Supplies and Materials	6,680	6,680	7,308	(628)
Property	-	-	-	-
Other Objects	4,000	4,000	3,249	751
<u>Total General Administration</u>	<u>205,211</u>	<u>205,211</u>	<u>201,021</u>	<u>4,190</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	25,320	25,320	22,145	3,175
Employee Benefits	11,846	11,846	9,802	2,044
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	1,600	1,600	1,241	359
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>38,766</u>	<u>38,766</u>	<u>33,188</u>	<u>5,578</u>
<u>Operations and Maintenance</u>				
Salaries	72,036	72,036	69,742	2,294
Employee Benefits	31,380	31,380	29,063	2,317
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	30,500	30,500	15,442	15,058
Purchased Services – Other	26,380	26,380	27,835	(1,455)
Supplies and Materials	151,000	151,000	128,424	22,576
Property	30,000	30,000	313,528	(283,528)
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>341,296</u>	<u>341,296</u>	<u>584,034</u>	<u>(242,738)</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES -- BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Student Transportation</u>				
Salaries	37,598	37,598	36,893	705
Employee Benefits	10,949	10,949	12,740	(1,791)
Purchased Services - Professional	-	-	3,016	(3,016)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	18,420	18,420	10,789	7,631
Supplies and Materials	40,000	40,000	9,527	30,473
Property	32,000	32,000	12,236	19,764
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>138,967</u>	<u>138,967</u>	<u>85,201</u>	<u>53,766</u>
<u>Central Support</u>				
Salaries	19,086	19,086	19,112	(26)
Employee Benefits	8,343	8,343	8,286	57
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	33,900	33,900	27,553	6,347
Supplies and Materials	400	400	175	225
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>61,729</u>	<u>61,729</u>	<u>55,126</u>	<u>6,603</u>
<u>Other Support</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	49,089	49,089	35,093	13,996
Supplies and Materials	-	-	-	-
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Other Support</u>	<u>49,089</u>	<u>49,089</u>	<u>35,093</u>	<u>13,996</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>963,133</u>	<u>963,133</u>	<u>1,118,684</u>	<u>(155,551)</u>
<u>APPROPRIATED RESERVES</u>	<u>2,378,933</u>	<u>2,378,933</u>	<u>-</u>	<u>2,378,933</u>
<u>TOTAL EXPENDITURES</u>	<u>4,931,404</u>	<u>4,931,404</u>	<u>2,544,077</u>	<u>2,387,327</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(2,281,579)</u>	<u>(2,281,579)</u>	<u>324,800</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Assets	-	-	-	-
Transfers	-	-	(60,000)	(60,000)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(2,281,579)</u>	<u>(2,281,579)</u>	<u>264,800</u>	
<u>FUND BALANCE, July 1</u>	<u>2,281,579</u>	<u>2,281,579</u>	<u>2,287,965</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>2,552,765</u>	

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
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)	0.0295%	0.0311%	0.3260%	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$4,510,600	\$4,218,248	\$4,165,012	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,288,102	\$1,292,632	\$1,313,583	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	350%	326%	317%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.80%	64.06%	-	-	-	-	-	-	-

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
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	\$ 228,519	\$ 231,459	\$ 223,395	\$ 214,959	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	\$ <u>(228,519)</u>	\$ <u>(231,459)</u>	\$ <u>(223,395)</u>	\$ <u>(214,959)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered-employee payroll	\$1,288,102	\$1,292,632	\$1,313,583	\$1,335,067	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	17.74%	17.91%	17.01%	16.10%	-	-	-	-	-	-

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.

Pupil Activities – This fund accounts for all financial transactions through individual school activity accounts.

PROWERS COUNTY SCHOOL DISTRICT RE-1
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments	13,410	99,928	113,338
Accounts Receivable	6,814	-	6,814
Accrued Revenue	-	-	-
Due From Other Funds	-	-	-
Property Taxes Receivable	-	-	-
Inventories	<u>8,005</u>	<u>-</u>	<u>8,005</u>
<u>Total Assets</u>	<u>28,229</u>	<u>99,928</u>	<u>128,157</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	-	2,503	2,503
Accrued Salaries	811	-	811
Due To Other Funds	-	-	-
Other Payables	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities</u>	<u>811</u>	<u>2,503</u>	<u>3,314</u>
 <u>Fund Balances</u>			
Nonspendable:			
Inventories	8,005	-	8,005
Restricted:			
Food Service	19,413	-	19,413
Assigned:			
Pupil Activities	<u>-</u>	<u>97,425</u>	<u>97,425</u>
<u>Total Fund Balances</u>	<u>27,418</u>	<u>97,425</u>	<u>124,843</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>28,229</u>	 <u>99,928</u>	 <u>128,157</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

	<u>Food Service</u>	<u>Pupil Activity</u>	<u>Total Nonmajor Governmental Funds</u>
<u>REVENUES</u>			
Property Taxes	-	-	-
Specific Ownership Taxes	-	-	-
Earnings on Investments	32	114	146
Other Local Sources	18,454	121,676	140,130
State Aid	1,877	-	1,877
Federal Aid	<u>76,733</u>	<u>-</u>	<u>76,733</u>
<u>Total Revenues</u>	<u>97,096</u>	<u>121,790</u>	<u>218,886</u>
 <u>EXPENDITURES</u>			
Current:			
Instructional Services	-	142,771	142,771
Supporting Services:			
Students	-	-	-
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation and Maintenance of Facilities	-	-	-
Transportation	-	-	-
Central	-	-	-
Food Service	156,895	-	156,895
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>156,895</u>	<u>142,771</u>	<u>299,666</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(59,799)</u>	 <u>(20,981)</u>	 <u>(80,780)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>60,000</u>	<u>-</u>	<u>60,000</u>
<u>Total Other Financing Sources (Uses)</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 201	 (20,981)	 (20,780)
 <u>FUND BALANCE, Beginning</u>	 <u>27,217</u>	 <u>118,406</u>	 <u>145,623</u>
 <u>FUND BALANCE, Ending</u>	 <u>27,418</u>	 <u>97,425</u>	 <u>124,843</u>

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 PUPIL ACTIVITY FUND - SPECIAL REVENUE FUND
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Sources	160,000	121,790	(38,210)
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Revenues</u>	<u>160,000</u>	<u>121,790</u>	<u>(38,210)</u>
 <u>EXPENDITURES</u>			
Salary	-	-	-
Benefits	-	-	-
Purchased Services – Professional	-	-	-
Purchased Services – Property	-	-	-
Purchased Services – Other	-	-	-
Supplies and Materials	-	-	-
Other	353,437	142,771	210,666
<u>Total Expenditures</u>	<u>353,437</u>	<u>142,771</u>	<u>210,666</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 (193,437)	 (20,981)	
 <u>OTHER FINANCING SOURCES (USES):</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 (193,437)	 (20,981)	
 <u>FUND BALANCE, Beginning</u>	 <u>193,437</u>	 <u>118,406</u>	
 <u>FUND BALANCE, Ending</u>	 <u>-</u>	 <u>97,425</u>	

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

PROWERS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOOD SERVICE – SPECIAL REVENUE FUND
 For the Year Ended June 30, 2016

<u>REVENUES</u>	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
<u>Local Sources</u>			
Food Sales	32,700	18,368	(14,332)
Earnings on Investments	100	32	(68)
Other	1,500	86	(1,414)
<u>State Sources</u>			
School Lunches	-	1,877	1,877
<u>Federal Sources</u>			
School Lunches	55,000	69,113	14,113
Commodities	<u>9,000</u>	<u>7,620</u>	<u>(1,380)</u>
<u>Total Revenues</u>	<u>98,300</u>	<u>97,096</u>	<u>(1,204)</u>
 <u>EXPENDITURES</u>			
Salaries	55,458	52,063	3,395
Employee Benefits	31,396	30,414	982
Purchased Services – Professional	-	-	-
Purchased Services – Property	300	-	300
Purchased Services - Other	-	-	-
Supplies and Materials	70,500	69,443	1,057
Capital Outlay	-	-	-
Other	500	-	500
Commodities	<u>-</u>	<u>4,975</u>	<u>(4,975)</u>
<u>Total Expenditures</u>	<u>158,154</u>	<u>156,895</u>	<u>1,259</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 (59,854)	 (59,799)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers from General Fund	<u>50,000</u>	<u>60,000</u>	<u>10,000</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 (9,854)	 201	
 <u>FUND BALANCE, Beginning</u>	 <u>27,217</u>	 <u>27,217</u>	
 <u>FUND BALANCE, Ending</u>	 <u>17,363</u>	 <u>27,418</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 2650 - GRANADA RE-1
 Fiscal Year 2015-16
 Colorado School District/BOCES

Fund Type & Number	Beg Fund Balance & Prior Per Adj. (6880*)	1000 - 5999 Total Revenues & Other Sources	1001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj. (6880*) Ending Fund Balance
Governmental				
10 General Fund	2,281,579	2,808,877	2,544,077	2,546,379
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	6,386	0	0	6,386
Sub-Total	2,287,965	2,808,877	2,544,077	2,552,765
11 Charter School Fund	0	0	0	0
20.26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	27,217	157,096	156,896	27,418
22 Gov Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	118,406	121,790	142,771	97,425
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
Totals	2,413,548	3,027,664	2,641,744	2,577,603
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60.65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0
FINAL				

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



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2650 - GRANADA RE-1
 Fiscal Year 2015-16
 Colorado School District/BOCES

	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		
ASSETS															
Cash and Investments (8100-8104,8111)	2,713,501	0	0	13,410	99,928	0	0	0	0	0	0	0	2,826,839		
Cash with Fiscal Agent (8105)	5,382	0	0	0	0	0	0	0	0	0	0	0	5,382		
Taxes Receivable (8121,8122)	27,100	0	0	0	0	0	0	0	0	0	0	0	27,100		
Interfund Loans Receivable (8131,8132)	0	0	6,386	0	0	0	0	0	0	0	0	0	6,386		
Grants Accounts Receivable (8142)	44,650	0	0	0	0	0	0	0	0	0	0	0	44,650		
Other Receivables (8151-8154,8161)	0	0	0	6,814	0	0	0	0	0	0	0	0	6,814		
Inventories (8171,8172,8173)	0	0	0	8,006	0	0	0	0	0	0	0	0	8,006		
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Assets	2,790,632	0	6,386	28,229	99,928	0	0	0	0	0	0	0	2,925,175		

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	
Interfund Payables (7401,7402)	6,386	0	0	0	0	0	0	0	0	0	0	6,386		
Other Payables (7421-7423)	29,291	0	0	0	2,503	0	0	0	0	0	0	31,794		
Accrued Expenses (7461)	190,576	0	0	811	0	0	0	0	0	0	0	191,387		
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0		
Deferred Inflow (7800)	18,000	0	0	0	0	0	0	0	0	0	0	18,000		
Total Liabilities	244,253	0	0	811	2,503	0	0	0	0	0	0	247,567		

Governmental

Proprietary

Fludiciary

FUND EQUITY	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	8,006	0	0	0	0	0	0	0	0	8,006
Restricted Fund Balance 6720	0	0	0	19,412	0	0	0	0	0	0	0	0	19,412
TABOR 3% Emergency Reserve 6721	90,300	0	0	0	0	0	0	0	0	0	0	0	90,300
TABOR Multi-Year 6722	0	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	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	6,386	0	0	0	0	0	0	0	0	0	6,386
Full-Day Kindergarten Reserve 6725	0	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	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	2,456,079	0	0	0	97,425	0	0	0	0	0	0	0	2,456,079
Unassigned Fund Balance 6770	0	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	0
Restricted Net Assets 6791	0	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	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,546,379	0	6,386	27,418	97,425	0	0	0	0	0	0	0	2,677,608

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	Totals
Total Liabilities & Fund Equity	2,790,632	0	6,386	28,229	99,928	0	0	0	0	0	0	0	2,925,175

Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
For Each Fund Type:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes