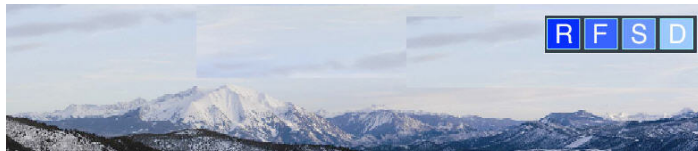


**Roaring Fork School District RE-1
Financial Report
For the Year Ended June 30, 2016**



RECEIVED

By Justin L. Smith at 1:04 pm, Dec 09, 2016

**Roaring Fork School District RE-1
Financial Report
June 30, 2016**

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June 30, 2016**

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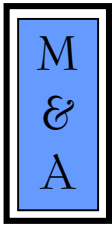
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1, (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this include 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 an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also include evaluation of the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall financial statement presentation.

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

Member: American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Roaring Fork School District RE-1**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Roaring Fork School District RE-1**

Other Matters (continued)

In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express do not express an opinion or provide any assurance on them

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepting in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

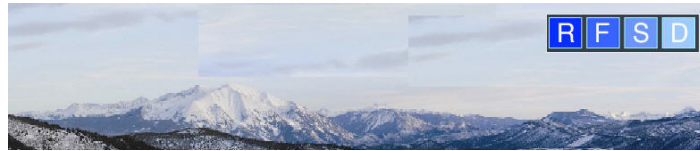
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
December 7, 2016**

Roaring Fork School District RE-1

Management's Discussion and Analysis



**Roaring Fork School District RE-1
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2016**

As management of the Roaring Fork School District RE-1 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

Financial Highlights

- On the Fund Financial Statements, as of June 30, 2016, General Fund unassigned and assigned fund balances totaled \$9.1 million or 17% of General Fund expenditures. Fund balance reserved under the provisions of TABOR was \$1.7 million. The total Governmental Funds fund balance was \$163.8 million compared to \$23.1 million for the prior year. The significant increase in fund balance was due to the issuance of general obligation bonds associated with a successful bond election in November 2015.
- On the District-wide Financial Statements, the liabilities of the District exceeded its assets as of June 30, 2016 by \$42 million (net position) compared to \$44 million for the prior year. The negative net position is due to the implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (an Amendment of GASB No. 27)*, which requires employers to recognize long-term pension liabilities. The District's allocated share of the Colorado Public Employees' Retirement Association (PERA) pension liability was \$113.5 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) District-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

The district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues. Most of the District's basic services are reflected here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance and operations, student transportation, food service, and technology and administration.

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

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's governmental funds include the General Fund, Food Service Fund, Designated Purpose Grant Fund, Capital Projects Capital Reserve Fund, Building Fund, Bond Redemption Fund and Pupil Activity Special Revenue Fund.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

Fiduciary Funds: Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Fiduciary Fund used by the District accounts for student clubs and other organizations.

The basic Fiduciary Fund financial statement can be found on page C7 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 to D32 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the District's annual appropriated budgets.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2016, the District's total net position was (\$41,728,004), which included the District's net pension liability of \$113,517,142. This net pension liability is the District's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actual valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015.

The following table provides a comparative summary of the District's net position as of June 30, 2016 and 2015:

Roaring Fork School District RE-1 Summary of Net Position

	Governmental Activities	
	FY 2016	FYE 2015
Assets:		
Current and other assets	\$ 175,781,850	32,557,123
Capital assets	114,073,111	115,459,357
Total Assets	<u>\$ 289,854,961</u>	<u>148,016,480</u>
Deferred Outflows	<u>\$ 20,004,012</u>	<u>11,038,618</u>
Liabilities:		
Other liabilities	\$ 10,862,974	8,606,410
Long-term liabilities	339,115,072	194,187,543
Total Liabilities	<u>\$ 349,978,046</u>	<u>202,793,953</u>
Deferred Inflows	<u>\$ 1,608,931</u>	<u>7,398</u>
Net Position		
Net investment in capital assets	\$ 28,048,458	27,494,416
Restricted	15,889,462	9,491,438
Unrestricted	(85,665,924)	(80,732,107)
Total Net Position	<u>\$ (41,728,004)</u>	<u>(43,746,253)</u>

Of total assets, 39% are capital assets (e.g. land, buildings, and equipment) compared to 78% for the prior year. The District uses these assets to provide instruction and related services to its students. The decrease in this percentage is due to an increase in current assets from \$33 million to \$176 million due primarily to an increase in cash and invested assets from the issuance of general obligation bonds in February of 2016.

Of total liabilities as of June 30, 2016, 32% represents the net pension liability (see description above), and 64% represents outstanding principal and unamortized premium on general obligation debt.

Note that net position may serve as an indicator of the District's financial position over time. The District's net position has improved by approximately \$2 million from the prior year.

District-wide Financial Analysis (continued):

The following table presents a summary of activities and changes in net position for the fiscal years ended June 30, 2016 and 2015:

Roaring Fork School District RE-1 Summary of Activities and Changes in Net Position

	Governmental Activities	
	FY 2016	FYE 2015
Revenues:		
<i>Program revenues</i>		
Charges for services	\$ 3,062,058	\$ 3,068,968
Operating grants and contributions	5,870,919	5,282,348
Capital grants and contributions	253,262	-
<i>General revenues</i>		
Property taxes	46,951,715	35,960,222
Specific ownership taxes	1,994,413	1,892,208
State revenue	18,702,581	20,510,701
Investment earnings	146,250	3,774
Other	1,054,215	983,201
Total revenues	<u>78,035,413</u>	<u>67,701,422</u>
Expenditures:		
Direct Instruction	44,648,669	41,687,144
Indirect Instruction	5,959,523	5,182,982
Transportation	1,825,363	1,659,198
Operations and maintenance	5,819,055	5,114,833
Support services	2,965,982	2,643,469
General and school administration	6,105,785	5,578,192
Student activities	1,755,338	1,626,065
Food services	1,590,776	1,628,775
Payments to component unit	1,229,753	1,197,748
Interest	4,116,920	3,446,571
Total Expenses	<u>76,017,164</u>	<u>69,764,977</u>
Change in net position	2,018,249	(2,063,555)
Net position- July 1	(43,746,253)	(41,682,698)
Net position - June 30	<u>\$ (41,728,004)</u>	<u>\$ (43,746,253)</u>

Governmental Activities:

Change in Net Position

Net position from governmental activities increased by \$2 million as reflected above. This change is comprised of increases in total assets and deferred outflows of \$151 million offset by increases in total liabilities and deferred inflows of \$149 million.

The increase in total assets and deferred outflows is comprised of the following:

- Current assets increased by \$143 million due primarily to an increase in cash and invested assets resulting from the voter-approved issuance of general obligation bonds for capital improvements.
- Capital assets decreased by \$1 million as a result of current year depreciation expense of \$7 million offset by net capital asset additions of \$6 million.
- Deferred charges increased by \$9 million due primarily to an increase in deferred pension expenses.

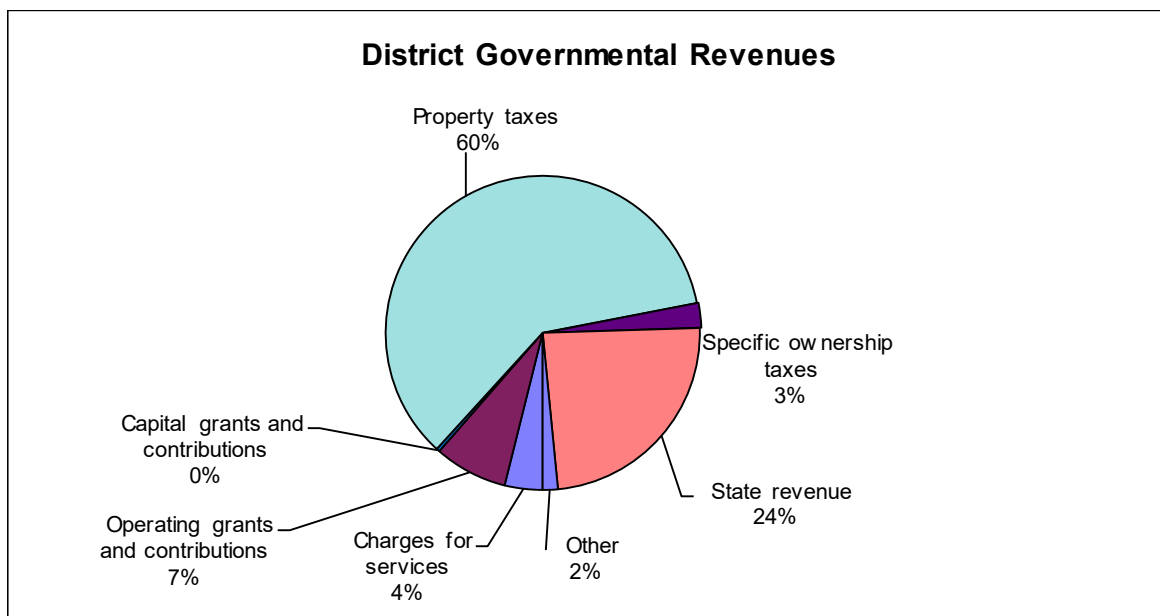
The increase in total liabilities and deferred inflows is the result of the following:

- Current liabilities increased by about \$2.3 million due primarily to an increase in accounts payable associated with design work and construction-in-progress on bond projects.
- Long-term liabilities increased by \$145 million due primarily to an increase in voter-approved bonded debt combined with an increase in the PERA pension liability.

Operating Revenues

The majority of school district operating revenues are generated from Total Program Funding as determined by the School Finance Act of 1994 (see further discussion in Economic Factors below). Total Program Funding is comprised of general fund property taxes, specific ownership taxes, and state equalization (a portion of state funding). Of the \$47 million in local property taxes reflected above, approximately 48% is generated under the School Finance Act, 19% is generated by additional voter-approved mill levy overrides, and 33% is generated by the bond redemption fund mill levy for the repayment of interest and principal on voter-approved debt.

The graph below summarizes total revenues by source for governmental activities:



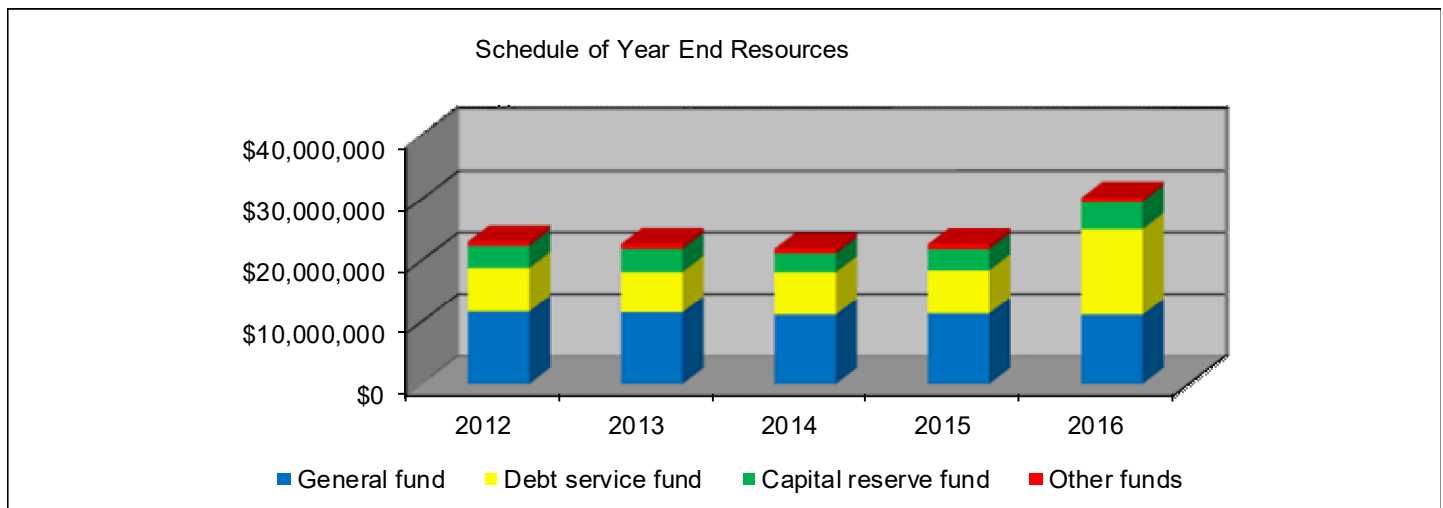
Financial Analysis of the District's Funds

The District utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$163,802,319. Of this amount, \$133 million represents the Building Fund, which will be spent within three years with the completion of projects associated with the successful November 2015 bond election. Excluding the Building Fund, combined ending fund balances were \$30.6 million, an increase of \$7.5 million from the prior year. \$7 million of this increase was due to higher property tax collections in the bond redemption fund for the repayment of principal and interest on the 2016 bond issuance.

The following graph provides a view of the District's ending fund balances for the last five fiscal years (excluding the Building Fund):



General Fund Analysis

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Required Supplementary Information beginning on page E1 of the audited financial statements. Excluding the temporary Building Fund, the most significant budgeted fund is the General Fund.

Differences between the original and final budget for the General Fund

State Law permits school districts to adopt budget revisions and supplemental appropriations for additional revenues received. There were no changes in budgeted revenues or expenditures for the General Fund during fiscal year 2015/16.

Variances between budgeted and actual revenues for the General Fund

As reflected on page E1, General Fund revenues exceeded budget by \$1 million. The primary contributors to this favorable budget variance include the following:

- \$160,000 due to higher than anticipated enrollment.
- \$80,000 for a one-time increase in state transportation funding.
- \$63,000 for higher than anticipated mineral lease revenues. This amount represents mineral lease payments that are passed through the State to local school districts based on a formula applied to county distributions. This revenue source is relatively volatile based on oil and gas development in the County, so the District budgets at conservative levels.
- \$101,000 for higher than anticipated Forest Service Reserve funding passed through to the district by local counties.
- \$111,000 due to higher than anticipated federal and state funding for special education.
- \$89,000 for increased medicaid reimbursement for services provided to students.
- \$300,000 in additional general fund property taxes due to an assessment for property tax refunds and abatements issued by the counties in the prior fiscal year.

Variances Between Budgeted and Actual General Fund Expenditures

Direct Instruction:

Direct instruction expenditures were under budget by \$1.4 million due primarily to unspent funds allocated for curricular materials, related professional development, and other school instructional supplies and technology. These funds will be carried over for expenditure in 2016/17.

Indirect Instruction:

Indirect instruction expenditures were under budget by \$153,000 due to unfilled secondary English Language Development coach positions.

Transportation:

Transportation expenditures were under budget by \$249,000 due to lower than anticipated bus fuel costs and utilization of existing repair parts inventory.

Operations and Maintenance:

Expenditures were under budget by \$326,000 due to unfilled custodial, maintenance and grounds positions, as well as lower than expected natural gas costs.

Support Services:

Other support services include insurance costs (workers' compensation, property, liability fleet and unemployment), centralized technology support, business services, human resources, and public relations activities. Support services were under budget by \$55,000 due primarily to lower than expected insurance costs.

Contingency:

Contingency Funds of \$500,000 were not spent during the current year. This amount represents remaining unallocated funds from the mill levy override passed by voters in 2011. These funds are reserved for possible future state budget reductions.

General Fund Budget – Fiscal year 2016/17:

The complete budget document can be viewed on the District's website at www.rfsd.k12.co.us.

Revenues: The budget assumes no change in enrollment, and an increase in per pupil funding from \$7,531 to \$7,660 as approved by the legislature prior to the budget's adoption in June 2016. Due to the impact of the economic recession on the State's budget, per pupil funding is approximately 11.5% or \$5.4 million less than the amount the district is entitled to under the Colorado School Finance Act before the application of the "negative factor" instituted during the recession.

Expenditures: The budget reflects the following assumptions relative to salaries and benefits, which comprise approximately 83 percent of general fund expenditures:

- Staff salaries will increase an average of 1.8 percent effective with the new fiscal year. This percentage is consistent with the typical cost-of-living increase granted in the fall.
- The District's contribution to employee health insurance will increase 3.5% from \$639 to \$661 per month per full-time employee.
- The District's contribution to PERA will increase by 0.5% from 19.15% to 19.65% of employee wages in accordance with Colorado statutes.

Reserves: The budget reflects scheduled uses of reserves of about \$1.7 million. In the unlikely event that 100 percent of such funds are expended in fiscal year 2016/17, the District's General Fund reserve (fund balance) is projected to be \$8.5 million as of June 30, 2017. This reserve level exceeds the District's "target" reserve of \$5.5 million. The target reserve level is equal to 10 percent of general fund revenues excluding funds allocated to the District charter school. Additionally, reserves would significantly exceed the statutorily required minimum emergency reserve of \$1.6 million established by the TABOR Amendment. □A detailed schedule of reserve uses is included in the budget document. All reserve amounts budgeted for expenditure in fiscal year 2016/17 are for one-time expenditures, such as capital projects, or represent areas of the budget unspent in 2015/16 that will be carried over for expenditure in 2016/17.

Capital Assets

The District's governmental capital assets, net of accumulated depreciation, totaled \$114,073,000 as of June 30, 2016. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and a useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement on page D13 of this report.

Long-Term Debt

As of the end of the current fiscal year, the District's outstanding general obligation debt was \$199.6 million representing an increase of \$117 million from the prior year.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessor's Office or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessor's Office. The District was below the limits of \$203 million and \$531 million, respectively, as of June 30, 2016 and 2015.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements on pages D15 through D21 of this report.

Economic Factors

The Public School Finance Act of 1994 is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes into account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, among other factors. The purpose of this act was to establish a financial base of support for public education, to move toward a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources under the School Finance Act are derived by the following formula:

$$\text{Total Program Funding} = \text{local property taxes} + \text{general specific ownership taxes} + \text{state equalization}$$

For fiscal year 2015/16, local property and specific ownership taxes comprised 56% of Total Program Funding (TPF) while state equalization generated 44%, compared to 50% and 50%, respectively, for the prior year.

In 2007, state legislation was passed to stabilize school district mill levies in order to address a growing revenue imbalance created by TABOR and the School Finance Act of 1994. The revenue limits in TABOR, which were repeated in the School Finance Act, had historically forced mill levies downward in districts, such as ours, when property values were rising. This resulted, to some degree, in the State being required to fund a higher percentage share of the School Finance Act. The new legislation froze the mill levy essentially allowing school property tax collections to increase at the same rate as assessed values. The legislation resulted in a significant increase in the local tax share of the District's TPF from 69% in 2008/09 to 88% in 2010/11. The increase in local funding results in a related decrease in the State's share of funding required by the School Finance Act. Conversely, since TABOR does not allow mill levies to increase as assessed values decrease (the mill levy freeze remains intact), this trend reversed in FY 2011/12 due to the 29% decline in District assessed values that occurred as a result of the impact of the recession. The downward trend in the percentage of TFP funded through local taxes continued with another decline in assessed value in 2013/14. This trend reversed again in 2015/16 with an 18% increase in assessed value.

School district finance has also been significantly impacted by Amendment 23 since its approval by voters in November 2000. This state constitutional amendment required that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window expired, the state was required to increase funding at the rate of inflation. This funding calculation attempted to align Colorado districts to inflation-adjusted funding levels of 1988. However, with significant revenue shortfalls in fiscal year 2011, the State added a negative factor to the per pupil School Finance Act calculation described above. This negative factor has essentially negated the intent of Amendment 23.

Next Year's Budget and Fund Balance

The District's General Fund fund balance at the end of fiscal year 2016 totaled \$11.1 million. The fiscal year 2017 budget anticipates decreasing this balance by \$1.7 million as discussed above. The entire amount of the reserve has been appropriated for expenditure if necessary.

Component Units

Only summary information regarding component units appears in the District's financial statements. The District has one component unit, Carbondale Community (charter) School. The charter's financial statement information is presented in a separate column in the Government-wide Statement of Net Position and in the Statement of Activities on pages C1 and C2, respectively. The charter school issues its own audited financial statement report which can be viewed on their website at compass.ccs.schoolfusion.us.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Roaring Fork School District, CFO/Asst. Superintendent, 1405 Grand Avenue, Glenwood Springs, Colorado 81601. Additional financial information can be obtained on the District's website at www.rfsd.k12.co.us.

Roaring Fork School District RE-1

District-Wide Financial Statements



Roaring Fork School District RE-1
Statement of Net Position
June 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Carbondale Community School
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 170,844,909	\$ 263,120
Accounts receivable	142,876	98,699
Taxes receivable	3,374,049	-
Due from other governments	1,402,981	-
Inventories	17,035	-
Total Current Assets	175,781,850	361,819
Capital Assets:		
Land	19,963,021	445,000
Construction in progress	3,792,907	-
Buildings and improvements	163,295,739	2,575,074
Equipment and vehicles	9,265,604	162,767
Less accumulated depreciation	(82,244,160)	(1,559,852)
Total Capital Assets	114,073,111	1,622,989
Total Assets	289,854,961	1,984,808
Deferred Outflows of Resources:		
Deferred charge on refundings	4,038,228	-
Deferred pension expenses	15,965,784	-
Total Deferred Outflows of Resources	20,004,012	-
Liabilities:		
Current Liabilities:		
Accounts, retainage, and deposits payable	3,195,090	7,198
Accrued liabilities	550,600	-
Accrued compensation	6,283,095	180,792
Accrued interest	291,379	-
Unearned revenue	542,810	-
Total Current Liabilities	10,862,974	187,990
Noncurrent Liabilities:		
Compensated absences:		
Due within one year	950,662	-
Due in more than one year	1,425,993	-
Bonded debt and leases payable:		
Due within one year	7,954,793	-
Due in more than one year	215,266,482	-
Net pension liability:		
Due in more than one year	113,517,142	-
Total Noncurrent Liabilities	339,115,072	-
Total Liabilities	349,978,046	187,990
Deferred Inflows of Resources:		
Deferred pension expenses	1,608,931	-
Total Deferred Inflows of Resources	1,608,931	-
Net Position:		
Net investment in capital assets	28,048,458	1,622,989
Restricted for:		
TABOR	1,687,944	38,939
Charter school	-	134,890
Debt service	13,950,544	-
Other purposes	250,974	-
Unrestricted	(85,665,924)	-
Total Net Position	\$ (41,728,004)	\$ 1,796,818

The notes to the financial statements are an integral part of this statement.

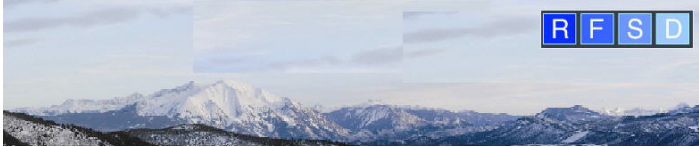
ROARING FORK SCHOOL DISTRICT RE-1
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses)	Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position	
				Governmental Activities		
Governmental Activities:						
Current:						
Direct instruction	\$ 44,648,669	\$ 1,061,411	\$ 4,094,504	\$ 253,262	\$ (39,239,492)	\$ -
Indirect instruction	5,959,523	-	502,287	-	(5,457,236)	-
Transportation	1,825,363	-	-	-	(1,825,363)	-
Operations and maintenance	5,819,055	-	-	-	(5,819,055)	-
Support services	2,965,982	-	331,270	-	(2,634,712)	-
General and school administration	6,105,785	-	-	-	(6,105,785)	-
Student activities	1,755,338	1,567,811	-	-	(187,527)	-
Food service	1,590,776	432,836	942,858	-	(215,082)	-
Payments to component	1,229,753	-	-	-	(1,229,753)	-
Interest	4,116,920	-	-	-	(4,116,920)	-
Total governmental activities	<u>76,017,164</u>	<u>3,062,058</u>	<u>5,870,919</u>	<u>253,262</u>	<u>(66,830,925)</u>	<u>-</u>
Total Primary Government	<u>76,017,164</u>	<u>3,062,058</u>	<u>5,870,919</u>	<u>253,262</u>	<u>(66,830,925)</u>	<u>-</u>
Component Unit:						
Carbondale Charter School	1,723,871	-	349,700	-	-	(1,374,171)
Total component unit	<u>1,723,871</u>	<u>-</u>	<u>349,700</u>	<u>-</u>	<u>-</u>	<u>(1,374,171)</u>
General revenues:						
Property taxes levied for general purposes					31,369,483	1,229,753
Property taxes levied for debt service					15,582,232	-
Specific ownership taxes					1,994,413	-
State equalization					18,702,581	-
Grants and contributions not restricted to specific programs					1,054,215	-
Interest and investment earnings					146,250	148
Total general revenues					<u>68,849,174</u>	<u>1,229,901</u>
Change in net position					2,018,249	(144,270)
Net position, beginning					(43,746,253)	1,941,088
Net position, ending					<u>\$ (41,728,004)</u>	<u>\$ 1,796,818</u>

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1

Fund Financial Statements



ROARING FORK SCHOOL DISTRICT RE-1

**Balance Sheet
Governmental Funds
June 30, 2016**

	Special Revenue Funds				Debt Service	Capital Projects		Total Governmental Funds
	General Fund	Food Service Fund	Governmental Designated Purpose Grant Fund	Pupil Activity Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	
Assets:								
Cash and cash equivalents	17,255,926	498,204	413,654	601,113	12,925,102	134,693,455	4,457,455	170,844,909
Accounts receivable	141,483	1,393	-	-	-	-	-	142,876
Taxes receivable	1,875,895	-	-	-	1,498,154	-	-	3,374,049
Due from other governments	553,276	103,081	559,407	-	1,420	100,379	85,418	1,402,981
Inventory	-	17,035	-	-	-	-	-	17,035
Total Assets	19,826,580	619,713	973,061	601,113	14,424,676	134,793,834	4,542,873	175,781,850
Liabilities, Deferred Inflows and Fund Equity:								
Liabilities:								
Accounts, retainage, arbitrage and deposits payable	804,730	13,805	75,697	-	-	1,635,440	-	2,529,672
Accrued liabilities	516,534	9,992	24,074	-	-	-	-	550,600
Accrued salaries and benefits	6,474,731	119,598	348,972	-	-	-	5,210	6,948,511
Unearned revenue	-	18,490	524,318	-	-	-	-	542,808
Total Liabilities	7,795,995	161,885	973,061	-	-	1,635,440	5,210	10,571,591
Deferred Inflows:								
Unavailable property tax revenue	933,808	-	-	-	474,132	-	-	1,407,940
Total Deferred Inflows	933,808	-	-	-	474,132	-	-	1,407,940
Fund Balances:								
Non-spendable	-	17,035	-	-	-	-	-	17,035
Spendable:								
Restricted	1,687,944	-	-	-	13,950,544	133,158,394	250,974	149,047,856
Committed	350,902	440,793	-	601,113	-	-	4,286,689	5,679,497
Assigned	1,755,697	-	-	-	-	-	-	1,755,697
Unassigned	7,302,234	-	-	-	-	-	-	7,302,234
Total Fund Balances	11,096,777	457,828	-	601,113	13,950,544	133,158,394	4,537,663	163,802,319
Total Liabilities, Deferred Inflows and Fund Balances	\$ 19,826,580	\$ 619,713	\$ 973,061	\$ 601,113	\$ 14,424,676	\$ 134,793,834	\$ 4,542,873	\$ 175,781,850

The notes to the financial statements are an integral part of this statement.

ROARING FORK SCHOOL DISTRICT RE-1
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2016

Governmental Funds Total Fund Balance	\$ 163,802,319
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	1,407,937
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.	196,317,271
Deferred items such as premiums and deferred refunding costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Position.	(19,293,271)
Accumulated depreciation is not recognized in the governmental funds because capital acquisition costs are expended at the time of acquisition.	(82,244,160)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of bonded debt payable.	(199,889,777)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of compensated absences not currently payable.	(2,376,655)
Interest payable on debt is not recorded on the fund statements but, rather is recognized as an expenditure when due. This is the accrued interest on bonded debt that has been incurred, but not yet due.	(291,379)
Long-term liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension liability, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension plan, that are amortized over the average remaining service life of all active and inactive plan participants.	(99,160,289)
Governmental Activities Net Position	\$ (41,728,004)

The notes to the financial statements are an integral part of this statement.

ROARING FORK SCHOOL DISTRICT RE-1
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds				Debt Service	Capital Projects		Total Governmental Funds
	General Fund	Food Service Fund	Governmental Designated Purpose Grant Fund	Pupil Activity Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	
Revenues:								
Taxes								
Property taxes	\$ 31,011,409	\$ -	\$ -	\$ -	\$ 15,582,232	\$ -	\$ -	\$ 46,593,641
Specific ownership taxes	1,994,413	-	-	-	-	-	-	1,994,413
Delinquent taxes, interest, and abatements	(72,540)	-	-	-	-	-	-	(72,540)
Intergovernmental revenues:								
State sources	20,190,743	28,112	627,037	-	-	206,150	-	21,052,042
Federal sources	1,324,933	912,357	845,027	-	-	-	-	3,082,317
Charges for services	1,043,247	435,226	-	-	-	-	-	1,478,473
Investment income	24,622	45	-	-	-	120,307	1,276	146,250
Student activities	-	-	-	1,567,811	-	-	-	1,567,811
Other	398,036	-	1,033,087	-	-	-	331,270	1,762,393
Total Revenues	<u>55,914,863</u>	<u>1,375,740</u>	<u>2,505,151</u>	<u>1,567,811</u>	<u>15,582,232</u>	<u>326,457</u>	<u>332,546</u>	<u>77,604,800</u>
Expenditures:								
Direct instruction	33,400,079	-	1,403,261	-	-	-	-	34,803,340
Indirect instruction	4,017,033	-	1,143,183	-	-	-	-	5,160,216
Transportation	1,423,443	-	-	-	-	-	-	1,423,443
Operations and maintenance of plant services	5,053,604	-	-	-	-	-	-	5,053,604
Support services	2,258,720	-	-	-	-	-	-	2,258,720
General and school administration	5,029,944	-	134,962	-	-	-	-	5,164,906
Student activities	-	-	-	1,755,338	-	-	-	1,755,338
Food service	-	1,431,478	-	-	-	-	-	1,431,478
Payment to component unit	1,229,753	-	-	-	-	-	-	1,229,753
Debt Service:								
Principal	-	-	-	-	5,215,000	2,306,529	588,758	8,110,287
Interest and fiscal charges	-	-	-	-	3,453,578	-	127,542	3,581,120
Capital outlay	-	-	85,299	-	-	3,792,907	2,009,434	5,887,640
Total Expenditures	<u>52,412,576</u>	<u>1,431,478</u>	<u>2,766,705</u>	<u>1,755,338</u>	<u>8,668,578</u>	<u>6,099,436</u>	<u>2,725,734</u>	<u>75,859,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,502,287</u>	<u>(55,738)</u>	<u>(261,554)</u>	<u>(187,527)</u>	<u>6,913,654</u>	<u>(5,772,979)</u>	<u>(2,393,188)</u>	<u>1,744,955</u>
Other Financing Sources (Uses):								
Transfers in	-	-	261,554	-	-	-	3,458,861	3,720,415
Transfers (out)	(3,720,415)	-	-	-	-	-	-	(3,720,415)
Debt proceeds	-	-	-	-	-	139,644,686	-	139,644,686
Debt issuance costs	-	-	-	-	-	(713,313)	-	(713,313)
Total Other Financing Sources (Uses)	<u>(3,720,415)</u>	<u>-</u>	<u>261,554</u>	<u>-</u>	<u>-</u>	<u>138,931,373</u>	<u>3,458,861</u>	<u>138,931,373</u>
Net Change in Fund Balances	(218,128)	(55,738)	-	(187,527)	6,913,654	133,158,394	1,065,673	140,676,328
Fund Balances - Beginning of the Year	11,314,905	513,566	-	788,640	7,036,890	-	3,471,990	23,125,991
Fund Balances - End of the Year	<u>\$ 11,096,777</u>	<u>\$ 457,828</u>	<u>\$ -</u>	<u>\$ 601,113</u>	<u>\$ 13,950,544</u>	<u>\$ 133,158,394</u>	<u>\$ 4,537,663</u>	<u>\$ 163,802,319</u>

The notes to the financial statements are an integral part of this statement.

ROARING FORK SCHOOL DISTRICT RE-1
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Governmental Funds Changes in Fund Balances	\$ 140,676,328
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year, net of disposals.	(1,386,246)
Deferred property tax revenue does not provide current financial resources and are deferred on the governmental fund financial statements but, recognized on the government-wide financial statements. This is the deferred property tax recognized in the Statement of Activities.	430,615
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal payments.	8,110,287
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is the change in interest payable during the year.	(138,779)
Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(71,384)
Changes in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals.	(6,274,177)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of the bond proceeds.	(139,644,686)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	316,291
Governmental Activities Change in Net Position	\$ 2,018,249

The notes to the financial statements are an integral part of this statement.

ROARING FORK SCHOOL DISTRICT RE-1
Statement of Fiduciary Net Position
Fiduciary Fund
Student Activity Fund
June 30, 2016

Assets:

Cash and cash equivalents	\$ 492,582
	<u>492,582</u>
Total Assets	<u>492,582</u>

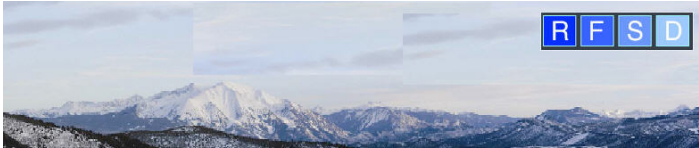
Liabilities:

Due to students	492,582
	<u>492,582</u>
Total Liabilities	<u>\$ 492,582</u>

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1

Notes to the Financial Statements



**Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016**

I. Summary of Significant Accounting Policies

Roaring Fork School District RE-1 (the "District") was formed in 1959 and is located in Colorado's Central Rocky Mountains. The geographical boundaries include portions of Eagle, Garfield, and Pitkin counties. For 2016, the District provided services to five thousand seven hundred nine (5,709) students. The District's mission is "*Roaring Fork Schools will ensure that every student develops the enduring knowledge, skills and character to thrive in a changing world*". The District operates the following Schools:

Elementary Schools	Middle Schools	High Schools
Sopris Elementary School	Basalt Middle School	Basalt High School
Glenwood Springs Elementary	Glenwood Springs Middle	Roaring Fork High School
Crystal River Elementary School	Carbondale Middle School	Glenwood Springs High School
Basalt Elementary School		Bridges High School
Carbondale Community School		

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

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District and organizations for which the District is considered to be financially accountable. The District applied various criteria to determine if it is financially accountable for any organization, which would require that organization to be included in the District's reporting entity. Criteria include fiscal dependency, financial benefit or burden, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based upon the above criteria, the District is financially responsible for funding the Carbondale Community School. The Carbondale Community School is a charter school governed by the Colorado Revised Statutes, and is financed by a portion of the District's School Finance Act Revenues (based on enrollment), state and federal grants, as well as other revenues generated by the Carbondale Community School. Separately issued financial statements are available from the Carbondale Community School. The Carbondale Community School is a discretely presented component unit to the District because of their financial relationship with the District.

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding sources. However, the District is not included in any other governmental reporting entity.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

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

1. District-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note 3.C).

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The *Food Service Fund* accounts for all financial activities associated with the District's school lunch program.

The *Governmental Designated Purpose Grant Special Revenue Fund* - accounts for all federal, state, and local grants which are restricted as to the type of expenditures for which they may be used.

The *Student Activity Special Revenue Fund* - accounts for District sponsored activities for students. Each year, the School Board of the District commits funding by way of the budget approval process.

The *Capital Reserve Capital Projects Fund* – This capital projects fund accounts for and reports financial resources that are restricted by outside parties (i.e., land dedication fees), as well as amounts committed by the School Board of the District for expenditures of capital outlay, including the acquisition or construction of capital facilities and other capital assets. It excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The *Building Capital Projects Fund* – This capital projects fund accounts for resources available for acquiring capital sites, buildings, and equipment such as bond sale proceeds and grants.

The *Bond Redemption Debt Service Fund* - accounts for and reports financial resources that are restricted to expenditure for principal and interest that have been legally mandated, as well as the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The District reports the other following fund types:

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

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

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments.

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 records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

2. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes levied in 2015 but not yet collected in 2016 are identified as property taxes receivable and deferred inflows at June 30, 2016, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

3. Inventory and Prepaid Items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories recorded in the Food Service Fund consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental columns in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset, as applicable.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed.

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 - 30
Buildings and improvements	20 - 50
Equipment and vehicles	5 - 10

5. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the district-wide financial statements. No liability is recorded for non-vesting accumulating rights.

After the completion of fifteen years of full-time service, staff members are eligible for voluntary early retirement. Staff members are entitled to a percentage of their salary as determined from their highest salary during the last five years of employment with the District. The estimated liability for all employees participating in voluntary early retirement is recorded in governmental activities in the Statement of Net Position, as a component of compensated absences.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the 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 Capital Reserve Fund. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Pensions

The District participates in the School Division Trust Fund ("SDHDTF"), 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.

8. Deferred Outflows and Inflows of Resources

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

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Fund Equity

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

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

E. Significant Accounting Policies

1. Use of Estimates

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

2. Credit Risk

The receivables of the various funds of the District are primarily due from other governments. Management believes that the credit risk related to the receivables is minimal.

3. Restricted and Unrestricted Resources

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.

**Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)**

II. Reconciliation of District-wide and Fund Financial Statements

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

III. Stewardship, Compliance, and Accountability

A. Bond Trustee

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

B. Budgetary Information

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

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

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

Supplemental appropriations for the District during fiscal 2016 resulted in budget amendments as follows:

Fund	Original Appropriation	Final Appropriation
Building Fund	\$ -	15,513,000

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more.

The District has reserved a portion of its June 30, 2016 year-end fund balance in the General Fund for emergencies as required under TABOR. As of June 30, 2016, the District had reserved \$1,687,944 in the General Fund for this purpose, which is approximately 3% of the fiscal year spending.

In 1997, the District's electorate passed a ballot question exempting the District from the revenue and expenditure limitations imposed by the TABOR Amendment. The District's electorate approved the following ballot question: *"retain, and spend all revenues received from any source...that are in excess of fiscal year spending limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution"*.

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The deposits and investments held by the District at June 30, 2016, were as follows (including fiduciary funds):

<u>Type</u>	<u>Fair Value</u>	<u>Maturities (Years)</u>	
		<u>Less Than One Year</u>	<u>One To Five Years</u>
Deposits:			
Cash with fiscal agent	\$ 12,923,343	-	-
Checking accounts	1,611,241	-	-
Investments:			
Investment pool	156,802,907	156,802,907	-
Total	<u>\$ 171,337,491</u>	<u>156,802,907</u>	<u>-</u>

The Investment Pool represents investments in Colotrust, which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Credit quality distribution for investments, with credit exposure as a percentage of total investments, are as follows at year end:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Colotrust investment pool	AAAm	100%

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Investments may only be made in those allowed by Colorado statutes. As a result, the District generally invests in financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, or investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

B. Receivables

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

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Governmental Designated Purpose Grant Funds</u>	<u>Pupil Activity Fund</u>
Receivables:				
Taxes	\$ 1,875,894	-	-	-
Accounts	141,483	1,393	-	-
Intergovernmental	553,276	103,080	559,406	-
Gross receivables	<u>2,570,653</u>	<u>104,473</u>	<u>559,406</u>	<u>-</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u>\$ 2,570,653</u>	<u>104,473</u>	<u>559,406</u>	<u>-</u>

	<u>Bond Redemption Fund</u>	<u>Capital Reserve Fund</u>	<u>Building Fund</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,498,154	-	-	3,374,048
Accounts	-	-	-	142,876
Intergovernmental	1,421	85,420	100,379	1,402,982
Gross receivables	<u>1,499,575</u>	<u>85,420</u>	<u>100,379</u>	<u>4,919,906</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u>\$ 1,499,575</u>	<u>85,420</u>	<u>100,379</u>	<u>4,919,906</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$1,407,940 of property tax revenue levied in fiscal 2016 but not available until fiscal 2017.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:
Primary Government:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 19,259,656	703,365	-	19,963,021
Construction in progress	-	3,792,907	-	3,792,907
Capital assets being depreciated:				
Improvements	4,676,145	66,905	-	4,743,050
Building	158,202,282	350,407	-	158,552,689
Equipment	8,644,965	691,185	(70,546)	9,265,604
Total capital assets being depreciated	<u>171,523,392</u>	<u>1,108,497</u>	<u>(70,546)</u>	<u>172,561,343</u>
Total capital assets - cost	<u>190,783,048</u>	<u>5,604,769</u>	<u>(70,546)</u>	<u>196,317,271</u>
Less accumulated depreciation for:				
Building and improvements	(68,853,677)	(6,511,772)	-	(75,365,449)
Equipment and vehicles	(6,470,014)	(479,243)	70,546	(6,878,711)
Total accumulated depreciation	<u>(75,323,691)</u>	<u>(6,991,015)</u>	<u>70,546</u>	<u>(82,244,160)</u>
Governmental Activities Capital Assets, Net	<u>\$ 115,459,357</u>	<u>(1,386,246)</u>	<u>-</u>	<u>114,073,111</u>

The District had the following capital outlay and depreciation expense for the following functions:

Governmental activities:	Capital Outlay	Depreciation
Direct instruction	\$ 4,523,474	5,660,190
Indirect instruction	-	126,287
General and school administration	11,807	338,392
Support programs	-	472,934
Operations and maintenance	787,551	95,367
Transportation	281,939	257,426
Food service	-	40,419
Total Governmental Activities	<u>\$ 5,604,771</u>	<u>\$ 6,991,015</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

Discretely presented component units:

Carbondale Community Charter School:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 445,000	-	-	445,000
Total capital assets not being depreciated	445,000	-	-	445,000
Capital assets being depreciated:				
Improvements	154,340	-	-	154,340
Building	2,420,734	-	-	2,420,734
Equipment	162,767	-	-	162,767
Total capital assets being depreciated	2,737,841	-	-	2,737,841
Total capital assets - cost	3,182,841	-	-	3,182,841
Less accumulated depreciation for:				
Building and improvements	(1,316,856)	(90,992)	-	(1,407,848)
Equipment and vehicles	(134,825)	(17,179)	-	(152,004)
Total accumulated depreciation	(1,451,681)	(108,171)	-	(1,559,852)
Total Capital Assets, Net	\$ 1,731,160	(108,171)	-	1,622,989

D. Interfund Transfers

Transfers were as follows:

Fund In (Out)	Amount	Reason
Governmental designated purpose grant fund/ (General fund)	\$ 261,554	To record the District's cash matching obligation(s) for grants awards
Capital reserve capital projects fund/ (General fund)	3,458,861	To support future capital reserve expenditures

E. Operating Leases

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt

All general obligation bonds outstanding are paid by the Bond Redemption Fund.

1. General Obligation Bonds, Series 2005A

On January 20, 2005, the District issued General Obligation Bonds Series 2005A in the amount of \$86,000,000. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds of this issue are not subject to redemption prior to maturity. Principal payment dates are June 15 and December 15 each year and interest rates on the outstanding bonds vary from 2.25% to 5.00%, and the bonds mature on December 15, 2027. These bonds will be serviced by the Bond Redemption Fund.

On December 26, 2006 and January 30, 2007, the District advance refunded a portion of the Series 2005A bonds in the amount \$16,830,000 through the issuance of General Obligation Refunding Bonds, Series 2006 and General Obligation Refunding Bonds, Series 2007.

On September 21, 2011 and February 7, 2012, the District advance refunded additional amounts of the Series 2005A bonds in the total aggregate amount of \$63,390,000, through the issuance of General Obligation Refunding Bonds, Series 2011 and General Obligation Refunding Bonds, Series 2012.

The portion of the 2005A bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 - 2017	\$ 230,000	4,370	234,370
Totals	<u>\$ 230,000</u>	<u>4,370</u>	<u>234,370</u>

2. General Obligation Refunding Bonds, Series 2006

On December 26, 2006, the District issued General Obligation Refunding Bonds Series 2006 in the amount of \$8,719,989. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on and after December 15, 2017 are subject to redemption prior to maturity at the option of the District. The Capital Appreciation Bonds are not subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 4.0% and the bonds mature on December 15, 2027. These bonds will be serviced by the Bond Redemption Fund.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

2. General Obligation Refunding Bonds, Series 2006 (continued)

The portion of the 2006 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 - 2017	\$ 80,000	322,400	402,400
2017 - 2018	80,000	319,200	399,200
2018 - 2019	85,000	315,900	400,900
2019 - 2020	90,000	312,400	402,400
2020 - 2021	95,000	308,700	403,700
2021 - 2026	525,000	1,483,500	2,008,500
2026 - 2027	7,159,989	2,124,111	9,284,100
Totals	<u>\$ 8,114,989</u>	<u>5,186,211</u>	<u>13,301,200</u>

3. General Obligation Refunding Bonds, Series 2007

On January 30, 2007, the District issued General Obligation Refunding Bonds Series 2007 in the amount of \$8,209,995. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on and after December 15, 2017 are subject to redemption prior to maturity at the option of the District. The Capital Appreciation Bonds are not subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 4.0% and the bonds mature on December 15, 2026. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2007 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 - 2017	\$ 75,000	310,875	385,875
2017 - 2018	80,000	307,725	387,725
2018 - 2019	80,000	304,425	384,425
2019 - 2020	85,000	301,022	386,022
2020 - 2021	85,000	297,516	382,516
2021 - 2026	485,000	1,430,241	1,915,241
2026 - 2027	6,729,995	1,727,883	8,457,878
Totals	<u>\$ 7,619,995</u>	<u>4,679,687</u>	<u>12,299,682</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

4. General Obligation Refunding Bonds, Series 2011

On September 21, 2011, the District issued General Obligation Refunding Bonds, Series 2011 in the amount of \$53,245,000 to advance refund a portion of the General Obligation Bonds, Series 2005A. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on or before December 15, 2021 are not subject to redemption prior to maturity. Bonds maturing on or after December 15, 2022 are subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rates on the outstanding bonds ranges from 1.5% to 5% and the bonds mature on December 15, 2023. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2011 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 - 2017	\$ 4,990,000	1,956,175	6,946,175
2017 - 2018	5,350,000	1,802,525	7,152,525
2018 - 2019	5,535,000	1,585,181	7,120,181
2019 - 2020	5,785,000	1,346,588	7,131,588
2020 - 2021	6,010,000	1,104,794	7,114,794
2021 - 2023	19,760,000	1,489,000	21,249,000
Totals	<u>\$ 47,430,000</u>	<u>9,284,263</u>	<u>56,714,263</u>

5. General Obligation Refunding Bonds, Series 2012

On February 7, 2012, the District issued General Obligation Refunding Bonds, Series 2011 in the amount of \$14,250,000 to advance refund a portion of the General Obligation Bonds, Series 2005A. Net proceeds after issuance costs were deposited with an escrow agent.

The bonds are subject to redemption prior to maturity at the option of the District, in whole or part, on December 15, 2021 and on any date thereafter. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 5% and the bonds mature on December 15, 2025. These bonds will be serviced by the Bond Redemption Fund.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

5. General Obligation Refunding Bonds, Series 2012 (continued)

The portion of the 2012 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 - 2017	\$ -	712,500	712,500
2017 - 2018	-	712,500	712,500
2018 - 2019	-	712,500	712,500
2019 - 2020	-	712,500	712,500
2020 - 2021	-	712,500	712,500
2021 - 2026	14,250,000	2,858,750	17,108,750
Totals	<u>\$ 14,250,000</u>	<u>6,421,250</u>	<u>20,671,250</u>

6. Certificates of Participation, Series 2009

On June 1, 2009, the District issued Certificates of Participation Series 2009 in the amount of \$3,405,000. Net proceeds after issuance costs were deposited with an escrow agent. The Certificates evidence assignments of proportionate undivided interests in certain payments pursuant to an annually renewable lease Purchase Agreement between the District and the UMB Bank, as trustee. The Certificates are subject to mandatory redemption prior to maturity if the lease is terminated.

The Certificates are payable solely from based rentals and the purchase option price paid by the District under the lease and money held by the Trustee in the funds created under the indenture. Principal and interest payment dates are December 15 of each year, and interest rates range from 2.00% to 4.75%. The Certificates are insured by Assured Guaranty Corporation.

During fiscal year 2016, the Certificates were all paid off.

7. 2002 Ground Lease - Wells Fargo

On August 15, 2002, the District entered into a ground lease agreement (the "Ground Lease") with Wells Fargo Brokerage Services, LLC ("Wells Fargo") whereby the District leased certain land owned by the District (the "North Face Property") to Wells Fargo in return for a single payment of \$2,747,250. Unless otherwise terminated, the Ground Lease ends on the earlier of June 15, 2017 or the termination of the Sublease, as detailed below. In February 2008, this lease was refinanced to obtain a lower rate of interest. Issuance costs associated with this refinance have been rolled into the new payment structure.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

7. 2002 Ground Lease - Wells Fargo (continued)

Concurrent with the execution of the Ground Lease, the District entered into a lease and purchase option agreement (the "Sublease") with Wells Fargo whereby the North Face Property was sublet to the District. The Sublease, which initially terminated on June 30, 2003, may be renewed solely at the District's option, for fourteen successive annual terms, with the latest date of termination on June 15, 2017. The sublease may also be terminated concurrently with the termination of the Ground Lease, as detailed above. Under the terms of the Sublease, the District is required to make annual principal and semi-annual interest payments to Wells Fargo, in accordance with a base rental schedule. At the end of the term of the lease, all rights, titles, and interest of Wells Fargo in the North Face Property are conveyed to the District upon payment of \$1.

The following is a schedule of future minimum rental payments due under the terms of the Sublease:

<u>Fiscal Year Ended</u>	
2017	\$ 252,161
Total	<u>252,161</u>
Less: interest	<u>(7,368)</u>
Net present value of future minimum lease payments	<u>\$ 244,793</u>

8. General Obligation Bonds, Series 2016

On January 21, 2016, the District issued General Obligation Bonds, Series 2016 in the amount of \$122,000,000 to acquire, construct, repair and improve District capital assets and to pay the costs of issuance of the Bonds.

The bonds are subject to redemption prior to maturity at the option of the District, in whole or part, on December 15, 2026 and on any date thereafter. The bonds have bi-annual payment dates of June 15 and December 15. Interest rates on the outstanding bonds vary from 1.00% to 5.00% and the bonds mature on December 15, 2035. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2016 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 - 2017	\$ 2,335,000	6,695,878	9,030,878
2017 - 2018	1,360,000	5,100,750	6,460,750
2018 - 2019	1,390,000	5,066,300	6,456,300
2019 - 2020	1,425,000	5,016,950	6,441,950
2020 - 2021	1,490,000	4,966,100	6,456,100
2021 - 2026	8,805,000	23,982,425	32,787,425
2026 - 2031	37,420,000	19,742,000	57,162,000
2031 - 2036	67,775,000	6,990,300	74,765,300
Totals	<u>\$ 122,000,000</u>	<u>77,560,703</u>	<u>199,560,703</u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

9. Defeasance of Debt

As noted above, proceeds of the refunding bond issues were used to purchase U.S. government securities to retire outstanding issuances. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The District is unable to determine the amount of defeased bonds outstanding at year-end.

10. Schedule of Future Payments

The District's annual debt service is as follows:

<u>Fiscal Year Ending:</u>	<u>Ground Lease</u>	<u>General Obligation Series 2005A</u>	<u>Obligation Refunding 2006</u>	<u>General Obligation Refunding 2007</u>
2017	\$ 252,161	234,370	402,400	385,875
2018	-	-	399,200	387,725
2019	-	-	400,900	384,425
2020	-	-	402,400	386,022
2021	-	-	403,700	382,516
2022 - 2026	-	-	2,008,500	1,915,241
2027 - 2031	-	-	9,284,100	8,457,878
2032 - 2036	-	-	-	-
Total	<u>252,161</u>	<u>234,370</u>	<u>13,301,200</u>	<u>12,299,682</u>
Less: interest	(7,368)	(4,370)	(5,186,211)	(4,679,687)
Debt Outstanding	<u><u>244,793</u></u>	<u><u>230,000</u></u>	<u><u>8,114,989</u></u>	<u><u>7,619,995</u></u>

<u>Fiscal Year Ending:</u>	<u>General Obligation Refunding 2011</u>	<u>General Obligation Refunding 2012</u>	<u>General Obligation 2016</u>	<u>Total</u>
2017	6,946,175	712,500	9,030,878	17,964,359
2018	7,152,525	712,500	6,460,750	15,112,700
2019	7,120,181	712,500	6,456,300	15,074,306
2020	7,131,588	712,500	6,441,950	15,074,460
2021	7,114,794	712,500	6,456,100	15,069,610
2022 - 2026	21,249,000	17,108,750	32,787,425	75,068,916
2027 - 2031	-	-	57,162,000	74,903,978
2032 - 2036	-	-	74,765,300	74,765,300
Total	<u>56,714,263</u>	<u>20,671,250</u>	<u>199,560,703</u>	<u>303,033,629</u>
Less: interest	(9,284,263)	(6,421,250)	(77,560,703)	(103,143,852)
Debt Outstanding	<u><u>47,430,000</u></u>	<u><u>14,250,000</u></u>	<u><u>122,000,000</u></u>	<u><u>199,889,777</u></u>

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

11. Changes in Long-term Debt

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

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
General Obligation, Series 2005A \$	830,000	-	(600,000)	230,000	230,000
Refunding Bonds, Series 2006	8,189,989	-	(75,000)	8,114,989	80,000
Refunding Bonds, Series 2007	7,689,995	-	(70,000)	7,619,995	75,000
Refunding Bonds, Series 2011	51,900,000	-	(4,470,000)	47,430,000	4,990,000
Refunding Bonds, Series 2012	14,250,000	-	-	14,250,000	-
General Obligation, Series 2016	-	122,000,000	-	122,000,000	2,335,000
Unamortized premium	6,798,708	-	16,532,790	23,331,498	-
Certificates of Participation, 2009	2,660,000	-	(2,660,000)	-	-
Ground Lease	480,080	-	(235,287)	244,793	244,793
Accrued compensated absences	2,305,271	92,441	(21,057)	2,376,655	950,662
Net unfunded pension liability	99,083,500	14,433,642	-	113,517,142	-
	<u>\$ 194,187,543</u>	<u>136,526,083</u>	<u>8,401,446</u>	<u>339,115,072</u>	<u>8,905,455</u>

G. Fund Balance Disclosures

The District classifies governmental fund balances as follows:

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

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has restricted \$1,687,944 for TABOR reserves, \$13,950,544 for debt service, 133,158,394 for building fund and \$250,974 for land dedication fees.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the School Board of the District. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review, and/or make changes to each department's budget. The budget is formally presented to the School Board of the District via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after School Board approval, must be presented via a public process and again approved by the School Board of the District. The District has committed \$350,902 representing technology mill levy reserves within the General Fund, \$440,793 for the food service fund, \$601,113 for pupil activity fund and \$4,286,689 for the capital reserve fund.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Fund Balance Disclosures (continued)

Spendable Fund Balance (continued):

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board of the District or its management designees. The District has assigned \$1,755,697 of fund balance in the General Fund for special appropriations as directed by the School Board.

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

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

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

At June 30, 2016, the District reported a liability of \$113,517,142 for its proportionate share of the net pension liability of the SCHDTF. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportionate share of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015, relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportionate share was 0.7422% as compared to its proportionate share of 0.7311% at December 31, 2014.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

For the year ended June 30, 2016, the District recognized pension expense of \$12,526,121. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,499,008	\$ 4,728
Change of assumptions or other inputs	-	1,604,195
Net difference between projected and actual earnings on pension plan investments	9,652,141	-
Changes in proportionate share of contributions	1,781,424	-
Difference between actual and reported contributions recognized	6,637	8
Contributions subsequent to measurement date	3,026,574	-
	\$ 15,965,784	\$ 1,608,931

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability calculated at the December 31, 2016 measurement date. 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,	Amortization
2017	\$ 3,342,386
2018	3,216,752
2019	2,791,851
2020	1,979,290
	\$ 11,330,279

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

Programming Changes:

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Methodology Changes:

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

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Govt/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	<u>100.00%</u>	

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Collective net pension liability	\$ 19,825,875,000	\$ 15,294,294,000	\$ 11,524,864,000
Proportionate share of net pension liability	\$ 147,151,394	\$ 113,517,143	\$ 85,539,720

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.

V. Other Information

A. Defined Benefit Pension Plan

Plan Description: Eligible employees of the District are provided with pensions through the SCHDFT – a cost sharing multiple employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of Colorado Revised Statutes ("CRS") 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 annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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.

**Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)**

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$6,251,944 for the year ended June 30, 2016.

B. Postemployment Healthcare Benefits

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

Funding Policy. The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ended June 30, 2016, 2015, and 2014, the District's contributions to HCTF were approximately \$335,146, \$322,991, and \$304,798, respectively, equal to their required contributions for each year.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

C. Defined Contribution Pension Plan

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

Funding Policy: Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2016, 2015, and 2014, the 401(k) Plan member contributions from the District were \$431,287, \$355,227, and \$437,212, respectively. The District did not make any contributions to the plan for the years ended June 30, 2015, 2014, and 2013.

D. Risk Management

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

E. Contingencies

1. Legal Matters

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

2. Federal Programs

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

3. State Programs

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

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

F. Jointly Governed Organization - BOCES

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

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

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

Assets	\$ 5,958,982
Liabilities	(8,860,777)
Net Position	<u>(2,901,795)</u>
Expenses	(10,656,311)
Program Revenues	10,240,983
General Revenues	149,921
Change in Net Position	<u>(265,407)</u>
Net Position - Beginning (Restated)	(2,636,388)
Net Position - Ending	<u>\$ (2,901,795)</u>

For the year ended June 30, 2016 and 2015, the District made operating contributions of \$1,033,038 and \$968,527, respectively. For a complete audit report please contact Mountain BOCES at 1713 Mount Lincoln Drive West, Leadville, Colorado 80461.

G. Mill Levy Override Approvals

In 1999 and 2004, the electorate approved ballot questions authorizing the District to raise and expend local property tax revenues of \$4,000,000 in excess of limitation set forth by the Public School Finance Act of 1994 and Section 20 of Article X of the State Constitution for the purpose of meeting the District's strategic plan by attracting and retaining a quality staff, maintaining a lower student-teacher ratio in grades kindergarten through three, and providing technology resources for the District. All related expenditures are accounted for in the General Fund.

On November 1, 2011, the electorate approved a ballot question authorizing the District to raise and expend local property tax revenues of \$4.8 million annually, in addition to the \$4 million previously authorized (See note V.G.). In accordance with the ballot language, funds are to be used to preserve small class sizes, attract and retain quality staff, provide learning materials, and preserve safe learning environments.

Roaring Fork School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

H. Subsequent Event

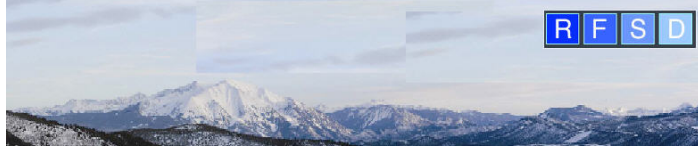
On July 27, 2016, the District issued Series 2016B General Obligation Refunding Bonds totaling \$15,475,000. Proceeds from the new bonds will be used to refund certain of the District's outstanding general obligation bonds and pay the costs of issuance of the Bonds.

I. Capital Project Commitments

The District has active capital projects as of June 30, 2016, which include acquiring, constructing, repairing and improving District capital assets. The District has entered into various agreements with multiple vendors for these capital projects. The aggregate amount of these agreements is \$12,939,075.

Roaring Fork School District RE-1

Required Supplementary Information



ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016			2015 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues:				
Taxes				
Property taxes	\$ 31,223,119	\$ 31,011,409	\$ (211,710)	\$ 27,646,273
Specific ownership taxes	1,961,262	1,994,413	33,151	1,892,208
Delinquent taxes, interest, and abatements	50,000	(72,540)	(122,540)	(165,358)
Tuition and fees	1,003,283	1,043,247	39,964	974,501
Investment income	4,729	24,622	19,893	3,666
State sources	19,245,135	20,190,743	945,608	21,851,821
Federal sources	1,092,106	1,324,933	232,827	1,105,083
Other	323,238	398,036	74,798	539,871
Total Revenues	<u>54,902,872</u>	<u>55,914,863</u>	<u>1,011,991</u>	<u>53,848,065</u>
Expenditures:				
Direct instruction	34,806,037	33,400,079	1,405,958	32,144,014
Indirect instruction	4,170,034	4,017,033	153,001	3,495,374
Transportation	1,672,278	1,423,443	248,835	1,345,861
Operations and maintenance of plant services	5,379,895	5,053,604	326,291	4,752,542
Support services	2,313,768	2,258,720	55,048	2,083,045
General and school administration	4,880,276	5,029,944	(149,668)	4,887,227
Payment to component unit	1,187,274	1,229,753	(42,479)	1,197,748
Contingency	500,000	-	500,000	-
Total Expenditures	<u>54,909,562</u>	<u>52,412,576</u>	<u>2,496,986</u>	<u>49,905,811</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,690)</u>	<u>3,502,287</u>	<u>3,508,977</u>	<u>3,942,254</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(3,747,471)</u>	<u>(3,720,415)</u>	<u>27,056</u>	<u>(3,751,282)</u>
Total Other Financing (Uses)	<u>(3,747,471)</u>	<u>(3,720,415)</u>	<u>27,056</u>	<u>(3,751,282)</u>
Net Change in Fund Balances	(3,754,161)	(218,128)	3,536,033	190,972
Fund Balances - Beginning of the Year	<u>11,357,085</u>	<u>11,314,905</u>	<u>(42,180)</u>	<u>11,123,933</u>
Fund Balances - End of the Year	<u>\$ 7,602,924</u>	<u>\$ 11,096,777</u>	<u>\$ 3,493,853</u>	<u>\$ 11,314,905</u>

Roaring Fork School District RE-1
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016			2015 Actual
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	
Revenues:				
Food sales	\$ 417,241	\$ 435,226	\$ 17,985	\$ 440,457
Investment income	21	45	24	43
Federal sources:				
Federal government lunch reimbursement	964,667	822,117	(142,550)	884,489
USDA Commodity contribution	80,730	90,240	9,510	86,696
State sources	29,049	28,112	(937)	28,507
Total Revenues	<u>1,491,708</u>	<u>1,375,740</u>	<u>(115,968)</u>	<u>1,440,192</u>
Expenditures:				
Food Service:				
Salaries and employee benefits	870,460	822,286	48,174	796,595
Other services	50,616	40,499	10,117	40,403
Food and milk	676,979	461,349	215,630	576,763
USDA donated commodities	80,730	90,240	(9,510)	86,696
Non-food and other	20,000	17,104	2,896	17,975
Total Expenditures	<u>1,698,785</u>	<u>1,431,478</u>	<u>267,307</u>	<u>1,518,432</u>
Excess (Deficiency) of Revenues Over Expenditures	(207,077)	(55,738)	151,339	(78,240)
Other Financing Sources (Uses):				
Transfers in	95,999	-	(95,999)	-
Total Other Financing Sources (Uses)	<u>95,999</u>	<u>-</u>	<u>(95,999)</u>	<u>-</u>
Net Change in Fund Balance	(111,078)	(55,738)	55,340	(78,240)
Fund Balance - Beginning of the Year	<u>503,305</u>	<u>513,566</u>	<u>10,261</u>	<u>591,806</u>
Fund Balance - End of the Year	<u>\$ 392,227</u>	<u>\$ 457,828</u>	<u>\$ 65,601</u>	<u>\$ 513,566</u>

ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Governmental Designated Purpose Grant Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016		Final Budget Variance Positive (Negative)	2015 Actual
	Original and Final Budget	Actual		
Revenues:				
Intergovernmental revenue:				
State revenue	\$ 427,666	\$ 627,037	\$ 199,371	\$ 554,886
Federal revenue	915,932	845,027	(70,905)	891,185
Other revenue	1,400,000	1,033,087	(366,913)	826,876
Total Revenues	<u>2,743,598</u>	<u>2,505,151</u>	<u>(238,447)</u>	<u>2,272,947</u>
Expenditures:				
Direct instruction	1,559,857	1,403,261	156,596	1,293,239
Indirect instruction	1,376,352	1,143,183	233,169	1,115,070
General and school administration	-	134,962	(134,962)	105,791
Building services	-	85,299	(85,299)	23,534
Food service	-	-	-	1,165
Total Expenditures	<u>2,936,209</u>	<u>2,766,705</u>	<u>169,504</u>	<u>2,538,799</u>
Excess (Deficiency) of Revenues Over Expenditures	(192,611)	(261,554)	(68,943)	(265,852)
Other Financing Sources (Uses):				
Transfers in	192,611	261,554	68,943	265,852
Total Other Financing Sources (Uses)	<u>192,611</u>	<u>261,554</u>	<u>68,943</u>	<u>265,852</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning of the Year	-	-	-	-
Fund Balances - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Roaring Fork School District RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Student Activity Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016		Final Budget Variance Positive (Negative)	2015 Actual
	Original and Final Budget	Actual		
Revenues:				
Student activities	\$ 1,300,500	\$ 1,567,811	\$ 267,311	\$ 1,637,775
Total Revenues	<u>1,300,500</u>	<u>1,567,811</u>	<u>267,311</u>	<u>1,637,775</u>
Expenditures:				
Student activities	2,047,899	1,755,338	292,561	1,626,065
Total Expenditures	<u>2,047,899</u>	<u>1,755,338</u>	<u>292,561</u>	<u>1,626,065</u>
Excess (Deficiency) of Revenues over Expenditures	(747,399)	(187,527)	559,872	11,710
Fund Balances - Beginning of the Year	<u>747,399</u>	<u>788,640</u>	<u>41,241</u>	<u>776,930</u>
Fund Balances - End of the Year	<u>\$ -</u>	<u>\$ 601,113</u>	<u>\$ 601,113</u>	<u>\$ 788,640</u>

Roaring Fork School District RE-1
Schedule of Employer's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's portion of the net pension liability	0.7422%	0.7311%	0.7189%
District's proportionate share of the net pension liability	113,517,142	99,083,500	91,701,414
District's covered-employee payroll	32,857,437	31,665,804	29,882,161
District's proportionate share of the net pension liability as a percentage of its covered payroll	345%	313%	307%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.84%	64.07%

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

Notes to the Schedule of Employer's Proportionate Share of the Net Pension Liability for the year ended June 30, 2016:

Note 1. Changes of assumptions.

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

The following programming changes were made:

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

The following methodology changes were made:

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

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

**Roaring Fork School District
Schedule of District Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years ***

	2016	2015
Contractually required contribution	\$ 5,844,156	\$ 5,347,478
Contributions in relation to the contractually required contribution	\$ (5,844,156)	\$ (5,347,478)
Contribution deficiency (excess)	\$ -	\$ -
District's covered payroll	\$ 32,857,437	\$ 31,665,804
Contributions as a percentage of covered-employee payroll	17.79%	16.89%

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

**Notes to the Schedule of Employers Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2016:**

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

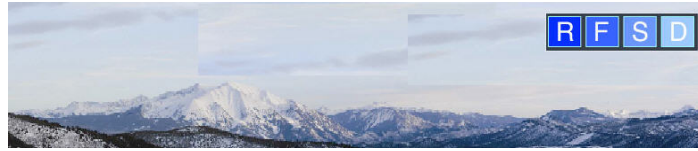
No changes during the years presented above.

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

No changes during the years presented above.

Roaring Fork School District RE-1

Supplementary Information



Roaring Fork School District RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016			2015 Actual
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	
Revenues:				
General property taxes	\$ 8,921,285	\$ 15,582,232	\$ 6,660,947	\$ 8,592,962
Total Revenues	<u>8,921,285</u>	<u>15,582,232</u>	<u>6,660,947</u>	<u>8,592,962</u>
Expenditures:				
Debt Service:				
Principal	5,215,000	5,215,000	-	4,840,000
Interest and fiscal charges	3,461,928	3,453,578	8,350	3,653,171
Total Expenditures	<u>8,676,928</u>	<u>8,668,578</u>	<u>8,350</u>	<u>8,493,171</u>
Net Change in Fund Balances	244,357	6,913,654	6,669,297	99,791
Fund Balances - Beginning of the Year	<u>7,067,488</u>	<u>7,036,890</u>	<u>(30,598)</u>	<u>6,937,099</u>
Fund Balances - End of the Year	<u>\$ 7,311,845</u>	<u>\$ 13,950,544</u>	<u>\$ 6,638,699</u>	<u>\$ 7,036,890</u>

ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016			2015 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues:				
Property in lieu of land	\$ 20,000	\$ 102,005	\$ 82,005	\$ 19,072
Investment income	-	1,276	1,276	64
Other	-	229,265	229,265	4,000
Total Revenues	<u>20,000</u>	<u>332,546</u>	<u>312,546</u>	<u>23,136</u>
Expenditures:				
Capital outlay:				
Land acquisition	-	703,365	(703,365)	-
Site and buildings	6,127,334	823,323	5,304,011	2,074,515
Equipment	-	482,746	(482,746)	428,701
Technology	-	-	-	54,423
Debt service:				
Capital leases - Principal	378,003	588,758	(210,755)	371,151
Capital leases - Interest	129,827	127,542	2,285	141,210
Total Expenditures	<u>6,635,164</u>	<u>2,725,734</u>	<u>3,909,430</u>	<u>3,070,000</u>
Excess (Deficiency) of Revenues over Expenditures	(6,615,164)	(2,393,188)	4,221,976	(3,046,864)
Other Financing Sources (Uses):				
Transfers In	3,458,861	3,458,861	-	3,485,430
Total Other Financing Sources (Uses)	<u>3,458,861</u>	<u>3,458,861</u>	<u>-</u>	<u>3,485,430</u>
Net Change in Fund Balance	(3,156,303)	1,065,673	4,221,976	438,566
Fund Balances - Beginning of the Year	<u>3,418,678</u>	<u>3,471,990</u>	<u>53,312</u>	<u>3,033,424</u>
Fund Balances - End of the Year	<u>\$ 262,375</u>	<u>\$ 4,537,663</u>	<u>\$ 4,275,288</u>	<u>\$ 3,471,990</u>

ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Building Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016				2015 Actual
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues:					
Intergovernmental revenue:					
State revenue	\$ -	\$ 2,000,000	\$ 206,150	\$ (1,793,850)	\$ -
Investment income	-	113,000	120,307	7,307	-
Total Revenues	-	2,113,000	326,457	(1,786,543)	-
Expenditures:					
Capital outlay:					
Site and buildings	-	13,113,000	3,792,907	9,320,093	-
Debt service:					
Capital leases - Principal	-	2,400,000	2,306,529	93,471	-
Total Expenditures	-	15,513,000	6,099,436	9,413,564	-
Excess (Deficiency) of Revenues over Expenditures	-	(13,400,000)	(5,772,979)	7,627,021	-
Other Financing Sources (Uses):					
Debt proceeds	-	139,644,686	139,644,686	-	-
Issuance costs	-	(723,800)	(713,313)	10,487	-
Total Other Financing Sources (Uses)	-	138,920,886	138,931,373	10,487	-
Net Change in Fund Balance	-	125,520,886	133,158,394	7,637,508	-
Fund Balances - Beginning of the Year	-	-	-	-	-
Fund Balances - End of the Year	\$ -	\$ 125,520,886	\$ 133,158,394	\$ 7,637,508	\$ -

ROARING FORK SCHOOL DISTRICT RE-1
Schedule of Fiduciary Fund Increases and Decreases - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activities Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	2015 Actual
	Original and Final Budget	Actual		
Increases:				
Student activities	\$ 950,000	\$ 1,088,840	\$ 138,840	\$ 980,243
Total Increases	<u>950,000</u>	<u>1,088,840</u>	<u>138,840</u>	<u>980,243</u>
Decreases:				
Student activities	<u>1,144,113</u>	<u>907,681</u>	<u>236,432</u>	<u>856,555</u>
Total Decreases	<u>1,144,113</u>	<u>907,681</u>	<u>236,432</u>	<u>856,555</u>
Change in Due to Students	(194,113)	181,159	375,272	123,688
Due to Students - Beginning of Year	<u>194,113</u>	<u>311,423</u>	<u>117,310</u>	<u>187,735</u>
Due to Students - End of Year	<u>\$ -</u>	<u>\$ 492,582</u>	<u>\$ 492,582</u>	<u>\$ 311,423</u>



Colorado Department of Education
Auditors Integrity Report
 District: 1180 - ROARING FORK RE-1
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	11,314,905	50,355,329	50,573,457	11,096,777
18 Risk Mgmt Sub-Fund of General Fund	0	609,365	609,365	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	11,314,905	50,964,695	51,182,822	11,096,777
11 Charter School Fund	209,928	1,579,601	1,615,700	173,830
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	513,566	1,375,739	1,431,478	457,827
22 Govt Designated-Purpose Grants Fund	0	2,766,705	2,766,705	0
23 Pupil Activity Special Revenue Fund	788,640	1,567,811	1,755,338	601,113
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	7,036,890	15,582,232	8,668,578	13,950,544
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	139,971,142	6,812,750	133,158,392
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	3,471,991	3,791,407	2,725,734	4,537,665
Totals	23,335,920	217,599,333	76,959,105	163,976,148
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	311,424	1,088,840	907,681	492,582
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	311,424	1,088,840	907,681	492,582

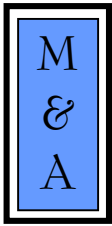
FINAL

*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.

Roaring Fork School District RE-1

Reports and Schedules for Reporting Requirements
Of Uniform Guidance





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1 (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion of the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 7, 2016

**INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

**To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO**

Report on Compliance for Each Major Program

We have audited the compliance of the Roaring Fork School District RE-1 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based in our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the Guide. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

As described in item 2015-01 in the accompanying schedule of Schedule of Audit Findings and Questioned Costs, the District did not comply with the reporting requirements applicable to its Child Nutrition Cluster Programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to the program.

INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Roaring Fork School District RE-1
Glenwood Springs, CO

Opinion on Each Major Federal Program

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based in the requirements of Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 7, 2016

**Roaring Fork School District RE-1
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No
Major programs -	
School Breakfast Program	CFDA# 10.553
National School Lunch Program	CFDA# 10.555
Food Distribution, Commodities	CFDA# 10.555
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

**Roaring Fork School District RE-1
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Findings related to federal awards as required by Government Auditing Standards:

Finding Reference:

2015-1	The finding has been corrected in the year fiscal year ended June 30, 2016.
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**Roaring Fork School District RE-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Project Code</u>	<u>Major Program (Yes/No)</u>	<u>Expenditures</u>	
United States Department of Education					
Passed through Colorado Department of Education:					
Title I	84.010	4010	No	\$ 571,159	A
Title I School Support	84.010	5010	No	25,516	A
Title III English Language Acquisition	84.365	4365	No	109,029	
Title II Part A Training	84.367	4367	No	127,134	
Race to the Top - EC Readiness	84.412	5412	No	3,759	
Total United States Department of Education				<u>836,597</u>	
United States Department of Agriculture:					
Passed through Garfield and Eagle County Treasurers:					
Forest Reserve	10.665	7665	No	5,916	
Passed through Colorado Department of Education:					
School Breakfast Program	10.553	4553	Yes	180,677	B
National School Lunch Program	10.555	4555	Yes	646,578	B
Passed through Colorado Department of Human Services:					
Food Distribution, Commodities (noncash)	10.555	4555	Yes	89,485	B
Total United States Department of Agriculture				<u>922,656</u>	
Total Federal Expenditures				<u>\$ 1,759,253</u>	

Additional Information for Clusters:

A Title I, Part A Cluster	\$ 596,675
B Child Nutrition Cluster	\$ 916,740

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2016:

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Roaring Fork School District RE-1, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of these general purpose financial statements.

Note 2. Determining the Value of Non-Cash Awards Expended:

Food Commodities: Fair market value of commodities at the time recipient received award and the assessed value provided by the federal agency.

Note 3. Sub recipients:

Roaring Fork School District RE-1 did not provide any federal awards received to sub recipients.