



STEAMBOAT SPRINGS SCHOOL DISTRICT RE-2
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2016



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CONTENTS

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	3
<i>BASIC FINANCIAL STATEMENTS</i>	
District-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	17
Statement of Fund Net Position – Proprietary Fund	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Statement of Fiduciary Fund Net Position	21
Notes to the Financial Statements	22
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Schedule of Activity – Net Pension Liability	46
Schedule of Activity – Employer Pension Contributions	47
<i>SUPPLEMENTARY INFORMATION</i>	
Balance Sheet – Nonmajor Governmental Funds	48
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Food Service Fund	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Designated Grants Fund	51
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Net Position – Budget and Actual – Insurance Internal Service Fund	54
Schedule of Changes in Assets and Liabilities – Fiduciary Fund	55
Auditor's Integrity Report – CDE	



INDEPENDENT AUDITORS' REPORT

November 11, 2016

The Board of Education
Steamboat Springs School District RE-2
Steamboat Springs, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Steamboat Springs School District RE-2 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Steamboat Springs School District RE-2
Page Two

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 discretely presented component unit, each major fund and the aggregate remaining fund information of Steamboat Springs School District RE-2, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedule of activity – net pension liability, and schedule of activity – employer pension contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statement and schedule for the nonmajor governmental funds, the budgetary comparison schedules, the schedule of changes in assets and liabilities of the agency fund, and the Auditor’s Integrity Report of the Colorado Department of Education (the Report) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Steamboat Springs School District RE-2
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2016

As management of the Steamboat Springs School District RE-2, Routt County, Colorado (the District), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the primary government for the fiscal year ended June 30, 2016.

Financial Highlights

- The assets and deferred outflows of the District were less than its liabilities at the close of the most recent fiscal year by (\$15,609,211) (*net position* for the primary reporting entity excluding the charter school). Of this amount, (\$38,728,975) (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors. These negative net positions are strongly impacted by the accounting principle change to add Net Pension Obligation, which is an attempt to illustrate the District's share of PERA's unfunded liability.
- The District's total net position decreased by (\$3,521,770). The decrease is primarily due to additional Net Pension Liability.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,287,616, a decrease of \$1,094,191 in comparison with the prior year. Most of that decrease was from the General Fund, which dropped by (\$1,184,906). The decrease was based upon two events. The first is a prior period adjustment to align with GASB34 which dictates that Benefits are accrued to the proper period with the corresponding salaries. SSSD in the past has not accrued the benefits, the total of which is (\$774,022). (\$658,926) is previous years accumulated total and (\$115,096) is Fiscal Year 2016's amount. This event does not affect our Cash. It is a reduction of unassigned fund balance and an increase in a liability. The remaining amount of \$410,884 was from operations; the January Budget amount of deficit was (\$515,000), before considering contingency. \$6,147,539 is *available for spending* at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,147,539, or 25.1% of total general fund expenditures.
- The District's long-term obligations increased by \$5,113,528 as a result of current year payments on bonded debt and additional Net Pension Liability.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages **11-45** are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader of the District's financial statements a broad overview of the financial activities in a manner similar to a private sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the District's assets, deferred outflows, liabilities, and deferred inflows. The difference between assets, deferred outflows, liabilities, and deferred inflows is reported as *net position*. Over time changes in net position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The district-wide financial statements consolidate governmental activities that are supported from taxes and intergovernmental revenues. Governmental activities consolidate governmental funds including the general fund, debt service, capital projects, and special revenue funds, as well as the internal service insurance fund.

The district-wide financial statements also include information on component units that are legally separate from the District (known as the *primary government*). At the close of the current fiscal year, the District has included information for one *component unit*, the North Routt Community Charter School.

Financial information for the Charter School is presented separately from the primary government because the Charter School is financially accountable to the District and provides services to the District's students.

The district-wide financial statements can be found on pages **11-12**.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for essentially the same information reported in the *governmental activities* of the district-wide financial statements. However, unlike the district-wide statements, the 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 the financing requirements in the near term.

Since the *governmental funds* and the *governmental activities* report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains five different governmental funds. The major funds are the general fund and the debt service fund. They are presented separately in the fund financial statements with the remaining governmental funds in a single column presentation labeled Non-major Governmental Funds.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget.

The governmental fund financial statements can be found on pages **13-17**.

Proprietary funds. The District maintains one type of proprietary funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for revenues and expenses associated with health insurance claims and premiums.

The proprietary fund financial statements are presented on pages **18-20**.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are *not* reflected in the district-wide financial statement 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 financial statement is presented on page **21**.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages **22-45** of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains certain *supplementary information* concerning the budget to actual comparison for all of the District's funds. Required supplementary information can be found on pages **46-47** and fund statements can be found on pages **48-54** of this report.

District-wide Financial Analysis

District-wide Net position

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives approximately 90% of the annual property tax assessment in March through June.

Capital assets are used in the operations of the District. These assets are land, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Deferred outflows of resources represents a consumption of net position that applies to a future period, and so will not be recognized as an outflow of resources until then.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenue, interest payable, estimates for claims and premiums, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal 2017. Long-term liabilities such as long-term debt obligations, early retirement benefits and compensated absences will be liquidated from resources that will become available after fiscal 2016.

The assets and deferred outflows of the primary government activities are less than liabilities and deferred inflows by (\$15,609,211) with an unrestricted net position balance of (\$38,728,975). Total net position of the primary government does not include internal balances.

A net investment of \$18,408,878 in land, buildings, equipment, and vehicles to provide the services to the District's 2,563 public school students represents 118% of the District's net position. Net position of \$3,834,883 accumulated due to voter approved bonded debt mill levy assessments have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The legally required TABOR, \$774,921 and multiple year commitment, \$101,082, reserves are restricted.

Business-type activities are no longer applicable as the Food Service Fund moved from business-type to governmental fund.

The following table shows net position for fiscal years 2016, 2015, and 2014.

**Steamboat Springs School District
Condensed Statement of Net Position**

	Governmental Activities			Business-type Activities			Government Wide			
	6/30/2016	6/30/2015	6/30/2014	6/30/2016	6/30/2015	6/30/2014	6/30/2016	6/30/2015	6/30/2014	
Assets										
Current Assets	\$ 16,255,615	\$ 16,719,450	\$ 17,858,285				\$ 125,758	\$ 16,255,615	\$ 16,719,450	\$ 17,984,043
Capital Assets net of depreciation	51,618,155	53,153,709	54,290,241				76,003	51,618,155	53,153,709	54,366,244
Total assets	67,873,770	69,873,159	72,148,526	-	-	201,761	67,873,770	69,873,159	72,350,287	
Deferred outflows	9,164,082	4,314,952	1,753,220	-	-	-	9,164,082	4,314,952	1,753,220	
Liabilities										
Current liabilities	4,307,156	3,762,476	5,518,119				57,452	4,307,156	3,762,476	5,575,571
Noncurrent liabilities	87,539,820	82,426,292	38,106,162				888	87,539,820	82,426,292	38,107,050
Total liabilities	91,846,976	86,188,768	43,624,281	-	-	58,340	91,846,976	86,188,768	43,682,621	
Deferred Inflows	800,087	86,784					800,087			
Net position:										
Net investment in capital assets	18,408,878	17,613,259	16,255,236				76,003	18,408,878	17,613,259	16,331,239
Restricted	4,710,886	4,864,219	4,592,293				-	4,710,886	4,864,219	4,592,293
Unrestricted	(38,728,975)	(34,564,919)	9,429,936				67,418	(38,728,975)	(34,564,919)	9,497,354
Total net position	\$ (15,609,211)	\$ (12,087,441)	\$ 30,277,465	\$ -	\$ -	\$ 143,421	\$ (15,609,211)	\$ (12,087,441)	\$ 30,420,886	

District-wide Activities

- District-wide activities and the prior period adjustment decreased the net position of the District by \$3,521,770 during the year ended June 30, 2016. The cause of this decrease is due to depreciation on capital assets as well as a loss on the refinancing of the District's General Obligation Bonds payable, but largely due the change in accounting principle.

The following table shows the change in net position for fiscal years 2016, 2015, and 2014.

Steamboat Springs School District
Condensed Statement of Changes in Net Position

	Governmental Activities			Business-type Activities			Government Wide		
	6/30/2016	6/30/2015	6/30/2014	6/30/2016	6/30/2015	6/30/2014	6/30/2016	6/30/2015	6/30/2014
Revenues									
Program Revenues:									
Charges for services	\$ 603,294	\$ 942,200	\$ 692,054		\$ 437,044	\$ 603,294	\$ 942,200	\$ 1,129,098	
Operating grants and contributions	7,314,862	4,748,104	2,886,075		199,914	7,314,862	4,748,104	3,085,989	
Capital grants and contributions			-		-	-	-	-	
General Revenues:									
Property taxes	4,173,687	4,051,998	4,044,301		-	4,173,687	4,051,998	4,044,301	
Specific ownership taxes	1,055,228	1,129,729	899,327		-	1,055,228	1,129,729	899,327	
Investment earnings	23,263	12,582	309,921		9	23,263	12,582	309,930	
State equalization aid	8,409,556	7,928,833	6,619,919		-	8,409,556	7,928,833	6,619,919	
Other revenues	178,277	157,227	1,277,635		-	178,277	157,227	1,277,635	
Total Revenues	31,758,167	28,970,673	26,729,232	-	-	636,967	31,758,167	28,970,673	27,366,199
Expenses									
Governmental activities									
Instruction	20,772,625	16,585,241	14,822,759	-	-	-	20,772,625	16,585,241	14,822,759
Pupil support services	2,155,619	1,843,851	1,742,094	-	-	-	2,155,619	1,843,851	1,742,094
Instructional staff	1,736,232	1,560,799	1,126,343	-	-	-	1,736,232	1,560,799	1,126,343
General administration	975,717	776,816	1,010,166	-	-	-	975,717	776,816	1,010,166
School administration	1,825,882	1,594,043	1,302,787	-	-	-	1,825,882	1,594,043	1,302,787
Business services	642,547	569,893	582,292	-	-	-	642,547	569,893	582,292
Plant maintenance and operations	2,326,871	3,362,876	4,644,846	-	-	-	2,326,871	3,362,876	4,644,846
Transportation	1,108,917	1,023,656	1,076,089	-	-	-	1,108,917	1,023,656	1,076,089
Central support	1,294,089	1,079,625	906,642	-	-	-	1,294,089	1,079,625	906,642
Community services	1,580	2,689	1,767	-	-	-	1,580	2,689	1,767
Interest expenses	1,016,855	1,125,010	1,823,804	-	-	-	1,016,855	1,125,010	1,823,804
Food services	764,077	708,813	-	-	-	673,068	764,077	708,813	673,068
Total expenses	34,621,011	30,233,312	29,039,589	-	-	673,068	34,621,011	30,233,312	29,712,657
Excess before transfers and other	(2,862,844)	(1,262,639)	(2,310,357)	-	-	(36,101)	(2,862,844)	(1,262,639)	(2,346,458)
Transfers			(19,879)			19,879			
Proceeds of note receivable	-	-	-			-			
Gain (loss) on sale of capital assets	-	20,000	20,000			-		20,000	20,000
Change in net position	(2,862,844)	(1,242,639)	(2,310,236)	-	-	(16,222)	(2,862,844)	(1,242,639)	(2,326,458)
Beginning net position	(12,087,441)	30,277,465	32,587,701			159,643	(12,087,441)	30,277,465	32,747,344
Change in Accounting Principle	(658,926)	(41,122,267)					(658,926)	(41,122,267)	-
Ending net position	\$ (15,609,211)	\$ (12,087,441)	\$ 30,277,465	\$ -	\$ -	\$ 143,421	\$ (15,609,211)	\$ (12,087,441)	\$ 30,420,886

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The governmental funds of the District provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unreserved fund balance, in particular, measures the District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. Student funded pupil count (FPC) increased by 56.8, 2,470.5 from 2,413.7, students during the fiscal year. Student per pupil funding (PPF) was increased by \$300, \$7,314 from \$7,014. These two variables increased funding by \$1,138,376 from the state's School Finance Act funding. The School Finance Act dictates that local property tax, a portion of specific ownership tax collected locally, and state equalization fund Total Program (FPC * PPF) of \$18,069,665. The split was Local property tax 45%, Specific ownership 4%, and State 51%.

The bond redemption debt service fund has adequate resources accumulated to make the December 2016 principal and interest payments. The mill levy to accumulate resources for the June 2017 interest payments will be certified in December 2016.

The capital projects fund is contracting resources to fund future capital improvements and acquisitions. Fund balance in this fund increased by \$474 during the current year. This fund's balance has continued to decrease over the years, and will be a budget focal point in future years.

Financial Analysis of the District's Proprietary Fund

The District uses an internal service fund to account for revenues and expenses associated with health insurance claims and premiums. This fund was set up July 1, 2012 when the district went to a self-funded insurance model. Medical, prescription, dental, vision, and administrative costs are funded through premiums from the district and employees. The fund's fund balance increased to \$125,711 from being zero after three years. The fund balance is only 4.4% of FY16's operating expenses. The ideal minimum for this fund would be more in the 15-20% range. The risk of this fund having a low fund balance is that the General Fund is ultimately responsible to meet any shortfall in the fund's annual performance. This fund's expenses are very volatile and hard to accurately budget, which is why a healthy fund balance is needed.

General Fund Budgetary Highlights

Differences between the final budget and actual can be briefly summarized as follows:

- Actual revenues were \$135,698, or .6%, higher than budgeted.
 - Property tax revenues was slightly higher by \$39,034, or .4%, due to actual collections,
 - State equalization was \$31,556, or .7%, higher than budget.
 - Specific Ownership was \$55,228, or 5.5%, higher than budget
 - Other State was \$34,645, or 7.3%, higher than budget
 - Net Allocations to other Funds: Capital \$70,000 higher and Food service was \$45,000 lower as it did not need a general fund subsidy of operations.
- Actual expenditures, negating the Contingency budgeted, were \$146,679, or .6%, above budget.
 - Salary expense was \$52,734, or .3%, higher than expected due to the "retirement" payout amounts.
 - Benefits expense was \$83,523, or 1.7%, higher than expected due to the \$115K of Benefit Accrual.
 - Purchased Services expense was \$121,333, of 6.6%, higher than expected.
 - Snow removal was \$80K over budget,
 - Phone and Internet was \$40K over budget
 - Workers Compensation was \$15K over budget due to a premium adjustment
 - Supplies expense was \$110,917, or 5.3%, lower than budget.
 - Natural Gas was \$54.7K lower than budget
 - Electricity was \$107.6K lower than budget
 - Fuel for Vehicles was \$13.4K lower than budget
- Net Fund Balance change was a reduction of \$525,980, \$10,980 over the budgeted deficit of \$515,000. \$115,096 of the \$525,980 was from the aforementioned prior period adjustment relating to properly accruing the Benefits in the correct period. The resulting \$410,884 was the reduction, before the change.

Capital Assets and Debt Administration

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2015 decreased to \$51,618,155 (net of accumulated depreciation). Capital assets include land, buildings, construction in progress, vehicles, and equipment. Capital assets decreased by 2.8% in governmental activities.

Major capital events during the year include the following:

- Bus & Small Vehicle Purchase of \$174,262.
- General repairs and maintenance of equipment \$192,392.
- Energy efficiency equipment was purchased at a cost of \$ 32,178

Steamboat Springs School District RE-2
Capital Assets (net of accumulated depreciation)
June 30, 2016

	Governmental Activities
Land & C.I.P	\$ 1,055,588
Buildings	49,170,719
Equipment	<u>1,391,848</u>
	<u>\$ 51,618,155</u>

Additional information on the District’s capital assets can be found in note D on pages **32-33** of this report.

At June 30, 2016, the District had total bonded debt outstanding of \$29,605,000 backed by the full faith and credit of the District. The District also had \$2,700,000 in certificates of participation, also backed by the full faith and credit of the District.

Steamboat Springs School District Re-2
Outstanding Debt
June 30, 2016

2007 G.O. Bonds	\$855,000
2013 G.O. Bonds	\$8,595,000
2014A G.O. Bonds	\$7,420,000
2014B G.O. Bonds	\$3,625,000
2015 G.O. Bonds	\$9,110,000
 Certificates of Participation	 \$2,700,000
 Total Outstanding Debt	 <u><u>\$32,305,000</u></u>

Total long-term debt for the District decreased during the current fiscal year according to the normal schedule of payments. We also issued new refunding bonds to defease previously issued bonds during fiscal year 2016.

The District maintains an “Aa2” rating from Moody’s for all general obligation debt, and an “AAA” rating from Standard & Poor’s for the 2006 and 2007 bonds.

State statutes limit the amount of general obligation debt to 20% of Assessed Valuation. Assessed Valuation in December 2015 was \$821,887,550. Legal debt limit is \$164,377,510, which is significantly in excess of the District’s outstanding general obligation debt.

Additional information on the District’s long-term obligations can be found in note E on pages **33-37**.

Economic Factors and Next Year's Budgets and Rates

Budget

The current budget process is to examine each program. Increases for cost of living, step and education level, are granted when funding is adequate to accommodate increases, and District provided benefit cost increases for all approved staffing. This concept assumes existing staffing ratios are level and non-compensation budgets are continued to the next year unless specifically identified to change in the budget development process.

School Report Cards

The State issues school report cards for every public school in the state. The report card gives each school a performance grade based on the state tests given to all students third through tenth grades. Eleventh graders are required to take the Scholastic Aptitude Test (SAT). The District was accredited with distinction for the 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, and 2015-2016 years.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mark Rydberg, Finance Director,
Steamboat Springs School District RE-2
325 7th Street
Steamboat Springs, CO 80477

Complete financial statements for the Charter School may be obtained at the School's offices.

Steamboat Springs School District RE-2
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Component Unit
		Charter School
ASSETS		
Cash and investments	\$ 13,943,776	\$ 188,912
Property taxes receivable (net)	763,977	-
Due from other governments	237,556	-
Note receivable from component unit	60,000	-
Internal balances	12,462	-
Other receivables	1,214,640	-
Inventories and prepaid expenses	23,204	20,947
Capital assets, net of accumulated depreciation	51,618,155	4,133,144
Total Assets	<u>67,873,770</u>	<u>4,343,003</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunded debt	1,580,812	-
Deferred outflows related to pension	7,583,270	287,612
Total Deferred Outflows of Resources	<u>9,164,082</u>	<u>287,612</u>
LIABILITIES		
Accounts payable and other accrued liabilities	157,505	13,466
Accrued compensation	3,860,845	63,321
Accrued interest	82,381	-
Claims payable	171,247	-
Unearned revenues	35,178	-
Noncurrent liabilities		
Due within one year		
Bonds/Notes	2,425,000	-
Due in more than one year		
Bonds/Notes	32,365,088	60,000
Line of credit	-	-
Net pension obligation	52,749,732	1,352,557
Total Liabilities	<u>91,846,976</u>	<u>1,489,344</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	800,087	19,165
Total Deferred Inflows of Resources	<u>800,087</u>	<u>19,165</u>
NET POSITION		
Net investment in capital assets	18,408,878	4,133,144
Restricted for:		
Debt service	3,834,883	-
TABOR	774,921	-
Multiple year commitments	101,082	-
Construction	-	35,140
Unrestricted	(38,728,975)	(1,046,178)
Total Net Position	<u>\$ (15,609,211)</u>	<u>\$ 3,122,106</u>

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

Steamboat Springs School District RE-2
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Charter School	
Functions/Programs							
Governmental activities:							
Instruction	\$ 20,772,625	\$ 450	\$ 6,937,303	\$ -	\$ (13,834,872)	\$ -	
Pupil support services	2,155,619	-	-	-	(2,155,619)	-	
Instructional staff	1,736,232	-	-	-	(1,736,232)	-	
General administration	975,717	-	-	-	(975,717)	-	
School administration	1,825,882	-	-	-	(1,825,882)	-	
Business services	642,547	-	-	-	(642,547)	-	
Operations and maintenance	2,326,871	-	-	-	(2,326,871)	-	
Transportation	1,108,917	104,000	151,243	-	(853,674)	-	
Central support	1,294,089	-	-	-	(1,294,089)	-	
Community services	1,580	-	-	-	(1,580)	-	
Food service	764,077	498,844	226,316	-	(38,917)	-	
Interest on long-term debt	1,016,855	-	-	-	(1,016,855)	-	
Total governmental activities	\$ 34,621,011	\$ 603,294	\$ 7,314,862	\$ -	\$ (26,702,855)	\$ -	
Component units:							
Charter school	\$ 1,104,625	\$ 67,015	\$ 132,771	\$ 23,497	-	(881,342)	
Total component unit	\$ 1,104,625	\$ 67,015	\$ 132,771	\$ 23,497	-	(881,342)	
General revenues:							
Property taxes, levied for general purposes					10,867,233		
Property taxes, levied for debt service					3,306,454		
Specific ownership taxes					1,055,228		
State aid – equalization					8,409,556	732,205	
Other State aid					49,695		
Federal aid					128,582		
Investment earnings					23,263	16	
Total general revenues					23,840,011	732,221	
Change in net position					(2,862,844)	(149,121)	
Net position - beginning					(12,087,441)	3,271,227	
Prior period adjustment					(658,926)		
Net position - beginning, restated					(12,746,367)	3,271,227	
Net position - ending					(15,609,211)	\$ 3,122,106	

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

Steamboat Springs School District RE-2
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 930,687	\$ 88,914	\$ 1,526,396	\$ 2,545,997
Investments	7,523,133	3,651,366	-	11,174,499
Property taxes receivable	607,594	156,383	-	763,977
Due from other governments	191,130	-	46,426	237,556
Due from other funds	103,018	-	-	103,018
Inventory	-	-	1,013	1,013
Prepaid items	22,191	-	-	22,191
Other receivables	1,193,300	-	21,340	1,214,640
Total Assets	<u>\$ 10,571,053</u>	<u>\$ 3,896,663</u>	<u>\$ 1,595,175</u>	<u>\$ 16,062,891</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 155,148	\$ -	\$ 1,034	\$ 156,182
Accrued compensation	3,091,638	-	61,407	3,153,045
Due to other funds	75,000	-	90,556	165,556
Unearned revenues	-	-	35,178	35,178
Total Liabilities	<u>3,321,786</u>	<u>-</u>	<u>188,175</u>	<u>3,509,961</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	203,534	61,780	-	265,314
FUND BALANCES				
Nonspendable	22,191	-	1,013	23,204
Restricted				-
Emergencies	774,921	-	-	774,921
Debt service	-	3,834,883	-	3,834,883
Multiple year commitments	101,082	-	-	101,082
Assigned				
Other capital projects	-	-	1,302,002	1,302,002
Food service	-	-	103,985	103,985
Unassigned	6,147,539	-	-	6,147,539
Total fund balances	<u>7,045,733</u>	<u>3,834,883</u>	<u>1,407,000</u>	<u>12,287,616</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,571,053</u>	<u>\$ 3,896,663</u>	<u>\$ 1,595,175</u>	<u>\$ 16,062,891</u>

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

Steamboat Springs School District RE-2
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2016

Total fund balances – governmental funds \$ 12,287,616

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$81,862,050 and the accumulated depreciation is \$30,243,895 51,618,155

Deferred charge on refunded debt is not a financial resource and therefore is not reported as an asset in the governmental funds 1,580,812

Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 125,711

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds. 265,311

Long-term assets, including notes receivable are not collectible in the current period, and therefore, are not reported as assets in the funds 60,000

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds and COPs payable	(32,305,000)	
Accrued interest payable	(82,381)	
Compensated absences	(497,027)	
Special termination benefits payable	(210,771)	
Premium on bonds	(2,485,088)	
Net pension obligation	(52,749,732)	
Deferred inflows related to pension	(800,087)	
Deferred outflows related to pension	7,583,270	<u>(81,546,816)</u>

Total net position – governmental activities \$ (15,609,211)

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

Steamboat Springs School District RE-2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 10,899,034	\$ 3,325,652	\$ -	\$ 14,224,686
Specific ownership taxes	1,055,228	-	-	1,055,228
Federal sources	141,323	-	472,750	614,073
State sources				
Equalization	8,409,556	-	-	8,409,556
Transportation	151,243	-	-	151,243
Other State	357,402	-	68,134	425,536
Mineral leases	49,695	-	-	49,695
Local and intermediate sources	3,689,470	-	559,882	4,249,352
Interest	12,747	6,209	4,307	23,263
Total revenues	<u>24,765,698</u>	<u>3,331,861</u>	<u>1,105,073</u>	<u>29,202,632</u>
EXPENDITURES				
Current				
Instruction services	14,043,880	-	267,230	14,311,110
Supporting services				
Pupil support services	1,877,160	-	1,598	1,878,758
Instructional staff	1,424,723	-	106,778	1,531,501
General administration	727,254	-	-	727,254
School administration	1,580,167	-	-	1,580,167
Business services	565,926	-	-	565,926
Operations and maintenance	2,039,157	-	-	2,039,157
Transportation	902,293	-	-	902,293
Central support	1,156,158	-	-	1,156,158
Community services	1,580	-	-	1,580
Food services	-	-	688,788	688,788
Capital outlay	-	-	398,833	398,833
Debt service				
Principal	115,000	2,270,000	-	2,385,000
Interest	88,380	1,006,396	-	1,094,776
Other	-	126,864	-	126,864
Total expenditures	<u>24,521,678</u>	<u>3,403,260</u>	<u>1,463,227</u>	<u>29,388,166</u>
Excess of revenues over (under) expenditures	244,020	(71,399)	(358,154)	(185,534)
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bonds	-	9,110,000	-	9,110,000
Proceeds from refunding bond premium	-	1,312,938	-	1,312,938
Payment to bond escrow agent	-	(10,297,670)	-	(10,297,670)
Transfers in	-	-	395,000	395,000
Transfers out	(770,000)	-	-	(770,000)
Net change in fund balances	(525,980)	53,869	36,846	(435,266)
Fund balances, beginning of year	8,230,639	3,781,014	1,370,154	13,381,807
Prior period adjustment	(658,926)	-	-	(658,926)
Restated Fund balances, beginning of year	<u>7,571,713</u>	<u>3,781,014</u>	<u>1,370,154</u>	<u>12,722,881</u>
Fund balances, end of year	<u>\$ 7,045,733</u>	<u>\$ 3,834,883</u>	<u>\$ 1,407,000</u>	<u>\$ 12,287,616</u>

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

Steamboat Springs School District RE-2
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE
 STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Change in fund balances – governmental funds	\$ (435,266)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because: Capital outlays are reported in governmental funds 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 exceeds capital outlays in the period.</p>	
Depreciation expense	(1,812,685)
Capital outlays	277,131
	(1,535,554)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	2,385,000
<p>Payment to the escrow agent is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position</p>	10,297,670
<p>Issuance of bonds and their related premiums is a revenue in the governmental funds, but is a liability on the statement of net position</p>	(10,422,938)
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.</p>	(50,999)
<p>In the statement of activities, certain operating expenses – compensated absences and special termination benefits – are measured by the amounts <i>earned</i> during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year, vacation time earned was less than the amounts used by \$28,294. Special termination benefits paid were more than the amounts earned by \$20,500.</p>	7,794
<p>In the governmental funds, expenditures for the defined benefit pension plan are measured by the amount of financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension liability and related deferred inflows and outflows (increased) decreased in the current year.</p>	(3,312,183)
<p>Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	71,441
<p>Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities</p>	125,711
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	6,481
Change in net position of governmental activities	<u>\$ (2,862,844)</u>

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

Steamboat Springs School District RE-2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 11,067,550	\$ 10,860,000	\$ 10,899,034	\$ 39,034
Specific ownership taxes	897,190	1,000,000	1,055,228	55,228
Federal sources	180,000	147,000	141,323	(5,677)
State sources				
Equalization	8,211,540	8,378,000	8,409,556	31,556
Transportation	145,000	145,000	151,243	6,243
Other State	304,950	329,000	357,402	28,402
County sources, mineral leases	20,000	50,000	49,695	(305)
Local and intermediate sources	4,037,290	3,690,000	3,689,470	(530)
Interest	7,500	6,000	12,747	6,747
Total revenues	<u>24,871,020</u>	<u>24,605,000</u>	<u>24,765,698</u>	<u>160,698</u>
EXPENDITURES				
Current				
Instruction services	14,877,450	14,005,937	14,043,880	(37,943)
Supporting services				
Pupil support services	1,492,240	1,837,403	1,877,160	(39,757)
Instructional staff	1,341,300	1,456,910	1,424,723	32,187
General administration	735,710	727,468	727,254	214
School administration	1,688,970	1,603,430	1,580,167	23,263
Business services	512,500	562,875	565,926	(3,051)
Operations and maintenance	1,904,410	2,062,196	2,039,157	23,039
Transportation	963,070	891,441	902,293	(10,852)
Central support	1,009,080	1,024,839	1,156,158	(131,319)
Community services	2,500	2,500	1,580	920
Debt service				
Principal	125,000	115,000	115,000	-
Interest on COPs	79,250	85,000	88,380	(3,380)
Contingency	831,620	7,715,639	-	7,715,639
Total expenditures	<u>25,563,100</u>	<u>32,090,638</u>	<u>24,521,678</u>	<u>7,568,960</u>
Excess of revenues over (under) expenditures	(692,080)	(7,485,638)	244,020	7,729,658
OTHER FINANCING SOURCES (USES)				
Transfers out	(498,710)	(745,000)	(770,000)	(25,000)
Net change in fund balances	<u>(1,190,790)</u>	<u>(8,230,638)</u>	<u>(525,980)</u>	<u>7,704,658</u>
Restated fund balance, beginning of year	1,190,790	8,230,638	7,571,713	658,925
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,045,733</u>	<u>\$ 8,363,583</u>

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

Steamboat Springs School District RE-2
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
June 30, 2016

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 223,280
Due from other funds	75,000
Total assets	298,280
LIABILITIES	
Current Liabilities	
Accounts payable	1,322
Claims payable	171,247
Total liabilities	172,569
NET POSITION	
Unrestricted	125,711
Total net position	\$ 125,711

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

Steamboat Springs School District RE-2
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
Operating revenues	
Fees	\$ 2,606,534
Total operating revenues	2,606,534
Operating expenses	
Supplies and materials	-
Insurance claims	1,763,394
Administration fees	1,092,429
Total operating expenses	2,855,823
Operating income (loss)	(249,289)
Transfers in	375,000
Change in net position	125,711
Total net position, beginning	-
Total net position, ending	\$ 125,711

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

Steamboat Springs School District RE-2
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 2,606,534
Cash payments to suppliers for goods and services	(2,904,063)
Net cash provided (used) by operating activities	(297,529)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	375,000
Change in due from other funds	14,056
Net cash provided (used) by noncapital financing activities	389,056
Net increase (decrease) in cash and cash equivalents	91,527
Cash and cash equivalents at beginning of year	131,753
Cash and cash equivalents at end of year	\$ 223,280
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (249,289)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities	
Accounts payable	(23,649)
Claims payable	(24,591)
Net cash provided (used) by operating activities	\$ (297,529)

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

Steamboat Springs School District RE-2
STATEMENT OF FIDUCIARY FUND NET POSITION
June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 616,938
Investments	32,562
Cash held by others	149,047
Total assets	<u>\$ 798,547</u>
LIABILITIES	
Due to student groups	\$ 780,503
Due to other funds	12,462
Accounts payable	5,582
Total liabilities	<u>\$ 798,547</u>

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

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Steamboat Springs School District RE-2 (District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. Reporting Entity

In conformance with GASB, Steamboat Springs School District RE-2, Routt County, Steamboat Springs, Colorado, is the reporting entity for financial report purposes. The District is the primary government financially accountable for all activities of public school instruction within the geographical area organized as Steamboat Springs School District RE-2. The District meets the criteria of a primary government: its Board of Education is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

The financial statements of the District include all funds that are controlled by or are fiscally dependent upon the Board of Education. Control by or dependence on the Board of Education is determined on the basis of budget adoption, taxing authority, outstanding debt which may be secured by general obligation of the District, and the responsibility of the District to finance debt or make subsidies to funds.

Discretely Presented Component Unit: On June 25, 2001, the Steamboat Springs School District Board of Education entered into a contract with the North Routt Community Charter School (Charter School), establishing the school in north Routt County. The Charter School is considered a legally separate entity and a public school subject to the provision of the Colorado Revised Statutes Title 22, Article 7, Part 6. The District is required by State Statute to pass through to the Charter School 95% of the District's per pupil operating revenue. The Charter School is presented as a governmental fund type. Complete financial statements for the Charter School may be obtained at the entity's administrative offices.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

3. Measurement Focus, Basis of Accounting, and Basis of Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The Education Fund Board collects sales taxes and remits to the District upon grant approval. Sales taxes collected by the Education Fund Board are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The *debt service fund* accounts for and reports the financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following major proprietary fund:

The *insurance fund* internal service fund is used to account for revenues and expenditures associated with health insurance claims and premiums.

Additionally, the District reports the follow fund type:

Fiduciary fund, the pupil activity fund, is used to account for revenues and expenditures associated with class and club activities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund is charges for health insurance premiums. Operating expenses for the proprietary fund include the cost of services, administrative expenses, and payments of health insurance claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Deposits and Investments

For the purposes of the statement of cash flows, cash and cash equivalents includes all cash and investments as held by the proprietary fund with original maturities of three months or less from the date of acquisition.

Investments in securities are stated at fair value.

Receivables and Payables

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

Property taxes are levied by the Board of Education. The levy is based on assessed valuations determined by the County Assessor generally as of January 1st of each year. The levy is set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year.

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30th or, if in equal installments, at the taxpayers election on February 28th and June 15th. Delinquent taxpayers are notified in August and tax sales of the liens on delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the District.

Property tax revenues are recognized when they become both measurable and available to finance expenditures of the current period. Property taxes receivable are recognized or collected in advance of the period for which they are levied, they are recorded as deferred revenue and recognized as revenue in the period for which they are levied.

Inventories

Inventories are held by the Food Service Fund and are valued at cost using the first-in/first-out (FIFO) method. The District utilizes the purchase method of accounting for inventory. The Federal government donates surplus commodities to supplement the National School Lunch and Breakfast Programs. Such commodities are recorded as non-operating revenues when expended.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	50
Building improvements	25
Vehicles	10
Office equipment	10
Computer equipment	5

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences and Retirement Liability

Each employee of the District may accumulate unlimited sick leave, payable upon termination to the employee after a minimum of seven years of service, at one-half the daily substitute base pay. The District accrues a liability in the appropriate funds for compensated absences, which meet the following criteria:

- The District's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

Each employee who has been employed by the District for 18 or more years is eligible to participate in a retirement plan. Amounts are payable upon retirement or may be split over the last three years of employment if the employee chooses to work an additional 10 days per year.

Accrued Salaries

Salaries and benefits to teachers and certain other employees are paid over a twelve-month period from September 1, to August 30, but are earned over a school year of approximately nine months. The salaries and benefits earned, but unpaid, at June 30, 2016, are reflected in the financial statements as an accrued liability.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflows relate to the recording of the net pension liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has items, one of which arises only under a modified accrual basis of accounting and the others which relate to the recording of the net pension liability, that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resource in the period that the amounts become available.

Fund Equity

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

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a resolution approved by the Board of Education. Amounts can be un-committed only by action of the Board of Education.
4. *Assigned* fund balance classifications are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balance allows the Board of Education to delegate the authority to spend to the Superintendent or designee.
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Steamboat Springs School District's Comprehensive Fund Balance Policy:

Order of Fund Balance Spending Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

5. Jointly Governed Organization

Northwest Colorado Board of Cooperative Educational Services - The District is one of six school districts, which are members of the Northwest Colorado Board of Cooperative Educational Services (BOCES). The BOCES is a regional education service unit created under the "Board of Cooperative Services Act of 1965" of the Colorado Revised Statutes. The BOCES provides unique education services that the member districts could not provide individually on a cost-effective basis. A board made up of representatives from each member district's board governs the BOCES. The governing board is autonomous as to budgeting and fiscal matters. The BOCES is not fiscally dependent upon the District and is considered a jointly governed organization.

6. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. During April, the Finance Director submits to the Superintendent of Schools and the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Education to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental and Internal Service funds. The appropriated budget is prepared by fund. The District's department heads may not make transfers of appropriations. The legal level of control is the fund level.

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and the reallocation of budget line items within any department within any fund rests with the Finance Director. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Education. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects, and normal operating variances.

The Board of Education may authorize supplemental appropriations during the year. Supplemental appropriations were necessary during the fiscal year ended June 30, 2016.

The District did not have any funds whose expenditures exceeded appropriations.

7. Pensions

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

8. Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures/expenses. Actual results could differ from these estimates. The District believes the techniques and assumptions used in establishing these estimates are appropriate.

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all of the uninsured public deposits as a group. The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per official custodian. At June 30, 2016, the District's cash deposits, including certificates of deposit, had a book balance of \$2,024,403, and a corresponding bank balance of \$2,156,029. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. \$282,808 of the bank balance was covered by federal deposit insurance. The remainder of \$1,873,221 was covered under PDPA as explained above.

At June 30, 2016, \$149,047 was held by a third party in the District's name. The balance was covered by federal deposit insurance.

The carrying amount of the North Routt Community Charter School's deposits at June 30, 2016 was \$188,612 and bank balances were \$188,617. All bank balances at June 30, 2016 were covered by federal deposit insurance.

Investments - Colorado statutes specify investment instruments meeting defined rating and risk criteria, in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of U. S. local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Certificates of deposit.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

State statutes do not address custodial risk.

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED

At June 30, 2016, the District's deposits, classified as investments, are as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Total Fair Value</u>
Certificate of deposit	Less than 1 year	\$ 32,562
Cash in trust – COLOTRUST	Less than 1 year	2,529,979
Cash in trust – Federal Home Loan Note	Less than 1 year	517,119
Cash in trust – US Treasury Bills	Less than 1 year	604,268
CSAFE	Less than 1 year	7,407,882
COLOTRUST	Less than 1 year	<u>1,506,166</u>
	Total	<u>\$ 12,597,976</u>

Interest Rate Risk – Colorado Revised Statute 24-75-601 limits investment maturities to five year or less, as a means of managing exposure to fair value loss resulting from increasing interest rates.

Credit Risk – State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agencies. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more nationally recognized rating agencies. The Wells Fargo money market trust, government securities, and certificates of deposit are not rated. As of June 30, 2016, the local government investment pools in which the District participates, CSAFE and COLOTRUST, were both rated AAAM by Standard and Poor's, and maintain a constant net asset value of \$1 per share.

Concentration Risk – At June 30, 2016, the District's investment in CSAFE and COLOTRUST represented 83% and 17% respectively, of the total investments. State statutes do not limit the amount the District may invest in a single issuer.

Local government investment pools – Government investment pools are valued at amortized cost with each share valued at \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. Investments consist of U.S. Treasury Notes and other similar investments. Financial statements for the District's government investment pools are available at www.colotrust.com and www.csafe.org.

The following table is a reconciliation of the primary government's cash and investments on the statement of net position.

Cash	\$ 2,144,347
Investments	12,597,976
Total	<u>\$ 14,742,323</u>
Statement of Net Position:	
Cash and investments	\$ 13,943,776
Statement of Fiduciary Net Position:	
Cash, investments, held by others	798,547
Total Cash and Investments	<u>\$ 14,742,323</u>

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE C - INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2016 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 103,018	\$ 75,000
Nonmajor	-	90,556
Agency	-	12,462
Internal service	75,000	-
	<u>\$ 178,018</u>	<u>\$ 178,018</u>

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

Interfund transfers made during the year ended June 30, 2016 were as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ -	\$ 770,000
Internal service	375,000	-
Nonmajor	395,000	-
	<u>\$ 770,000</u>	<u>\$ 770,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE D - CAPITAL ASSETS

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

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,055,588	\$ -	\$ -	\$ 1,055,588
Construction in progress	<u>88,767</u>	-	<u>88,767</u>	<u>-</u>
Total	1,144,355	-	88,767	1,055,588
Capital assets, being depreciated:				
Buildings	76,691,750	-	-	76,691,750
Equipment	3,567,735	336,647	123,895	3,780,487
Food service equipment	<u>304,974</u>	<u>29,251</u>	-	<u>334,225</u>
Total	80,564,459	365,898	123,895	80,806,462

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE D - CAPITAL ASSETS - CONTINUED

Less accumulated depreciation:				
Buildings	25,959,678	1,561,353	-	27,521,031
Equipment	2,350,857	234,436	123,895	2,461,398
Food service equipment	<u>244,570</u>	<u>16,896</u>	<u>-</u>	<u>261,466</u>
Total	<u>28,555,105</u>	<u>1,812,685</u>	<u>123,895</u>	<u>30,243,895</u>
Total capital assets being depreciated, net	<u>52,009,354</u>	<u>(1,446,787)</u>	<u>-</u>	<u>50,562,567</u>
Governmental activities capital assets, net	<u>\$ 53,153,709</u>	<u>\$ (1,446,787)</u>	<u>\$ 88,767</u>	<u>\$ 51,618,155</u>

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

Instruction	\$ 1,605,782
General administration	69,616
Transportation	103,480
Food service	16,896
Operations and maintenance	<u>16,911</u>
Total governmental activities	<u>\$ 1,812,685</u>

NOTE E - LONG-TERM OBLIGATIONS

General Obligation Facilities and Improvement Bonds. General Obligation Bonds, series 2006, denominations of \$5,000, dated December 14, 2006, total issue \$9,955,000. The bonds were refunded in 2016.

General Obligation Facilities and Improvement Bonds. General Obligation Bonds, series 2007, denominations of \$5,000, dated January 16, 2007, total issue \$19,730,000. The bonds were issued for the purpose of rebuilding, remodeling, improving, repairing, equipping and furnishing the District's schools, and to pay the cost of issuance of the bonds. Interest, at a rate of 4.00% to 5.00% is payable at each June 1 and December 1. Principal is due beginning December 1, 2007, and each year thereafter to December 1, 2023. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest. Bonds maturing December 1, 2021 through December 1, 2023 were refunded in fiscal 2013. Bonds maturing December 1, 2018 through December 1, 2020 were refunded in fiscal 2014.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending			
<u>June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2017	\$ 25,800	\$ 420,000	\$ 445,800
2018	<u>8,700</u>	<u>435,000</u>	<u>443,700</u>
Total	<u>\$ 34,500</u>	<u>\$ 855,000</u>	<u>\$ 889,500</u>

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE E - LONG-TERM OBLIGATIONS - CONTINUED

General Obligation Refunding Bonds. General Obligation Refunding Bonds, series 2013, denominations of \$5,000, dated February 27, 2013, total issue \$8,875,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of 2.00% to 3.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2013, and each year thereafter to December 1, 2023. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u>			
2017	\$ 254,000	\$ 75,000	\$ 329,000
2018	252,500	75,000	327,500
2019	251,000	75,000	326,000
2020	249,500	80,000	329,500
2021	247,900	80,000	327,900
2022-24	<u>482,550</u>	<u>8,210,000</u>	<u>8,692,550</u>
Total	<u>\$ 1,737,450</u>	<u>\$ 8,595,000</u>	<u>\$ 10,332,450</u>

General Obligation Refunding Bonds. General Obligation Refunding Bonds, series 2014A, denominations of \$5,000, dated March 18, 2014, total issue \$7,530,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of 1.00% to 4.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2014, and each year thereafter to December 1, 2020. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u>			
2017	\$ 296,475	\$ 5,000	\$ 301,475
2018	296,425	5,000	301,425
2019	249,000	2,370,000	2,619,000
2020	152,200	2,470,000	2,622,200
2021	<u>51,400</u>	<u>2,570,000</u>	<u>2,621,400</u>
Total	<u>\$ 1,045,500</u>	<u>\$ 7,420,000</u>	<u>\$ 8,465,500</u>

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE E - LONG-TERM OBLIGATIONS - CONTINUED

General Obligation Refunding Bonds. General Obligation Refunding Bonds, series 2014B, denominations of \$5,000, dated March 18, 2014, total issue \$5,545,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of .40% to 1.40%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2014, and each year thereafter to December 1, 2018. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u> 2017	\$ 34,054	\$ 1,805,000	\$ 1,839,054
2018	12,740	1,820,000	1,832,740
Total	<u>\$ 46,794</u>	<u>\$ 3,625,000</u>	<u>\$ 3,671,794</u>

General Obligation Refunding Bonds. General Obligation Refunding Bonds, series 2015, denominations of \$5,000, dated December 22, 2015, total issue \$9,110,000. The bonds were issued to refinance a portion of the District's general obligation debt for the purpose of reducing debt service requirements. Interest, at a rate of 3.00% to 4.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2023, and each year thereafter to December 1, 2026. The bonds are general obligations of the District and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on the bonds, on all taxable property of the District, except to the extent other legally available funds are applied for such purpose. The bonds are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government bonds are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u> 2017	\$ 361,250	\$ —	\$ 361,250
2018	361,250	—	361,250
2019	361,250	—	361,250
2020	361,250	—	361,250
2021	361,250	—	361,250
2022-26	1,554,825	6,065,000	7,619,825
2027	60,900	3,045,000	3,105,900
Total	<u>\$ 3,421,975</u>	<u>\$ 9,110,000</u>	<u>\$ 12,531,975</u>

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE E - LONG-TERM OBLIGATIONS - CONTINUED

Certificates of Participation. Certificates of Participation, series 2014, denominations of \$5,000, dated January 8, 2014, total issue \$2,940,000. The certificates were issued to improve District facilities, decrease deferred maintenance on buildings, and reduce District utility costs. Interest, at a rate of 2.00% to 4.00%, is payable at each June 1 and December 1. Principal is due beginning December 1, 2014, and each year thereafter to December 1, 2033. The Certificates do not constitute a general obligation or other indebtedness of the District and the obligation will terminate if the District does not appropriate funds to make the payments in any fiscal year. Repayment of the Certificates is secured only by title to the District's central administration building, held by the Trustee. The Certificates are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the par amount thereof, plus accrued interest.

Annual debt service requirements to maturity for the general government certificates are as follows:

Fiscal Year Ending	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>June 30,</u>			
2017	\$ 86,031	\$ 120,000	\$ 206,031
2018	83,631	120,000	203,631
2019	81,181	125,000	206,181
2020	78,369	125,000	203,369
2021	75,181	130,000	205,181
2022-26	319,341	700,000	1,019,341
2027-31	193,044	815,000	1,008,044
2032-34	34,500	565,000	599,500
Total	<u>\$ 951,278</u>	<u>\$ 2,700,000</u>	<u>\$ 3,651,278</u>

Defeased debt. Certain outstanding general obligation bonds of the District have been defeased by placing the proceeds of refunding bonds in an irrevocable escrow account held and managed by bank trustees, and invested in federal securities, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the District's financial statements. The refunding of the 2006 series with the 2015 series resulted in a decrease of debt service payments of \$1,338,148. This refunding also resulted in net present value savings of \$1,123,884.

The defeased bonds outstanding for all issues at June 30, 2016, considered extinguished, are \$25,540,000.

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE E - LONG-TERM OBLIGATIONS - CONTINUED

Changes in Long-Term Debt. During the period ended June 30, 2016, the following changes occurred in long-term debt:

	Balance			Balance	Due within
	6/30/15	Additions	Reductions	6/30/16	one year
General obligation bonds 2006	\$ 9,955,000	\$ -	\$ 9,955,000	\$ -	\$ -
General obligation bonds 2007	1,260,000	-	405,000	855,000	420,000
General obligation bonds 2013	8,665,000	-	70,000	8,595,000	75,000
General obligation bonds 2014A	7,425,000	-	5,000	7,420,000	5,000
General obligation bonds 2014B	5,415,000	-	1,790,000	3,625,000	1,805,000
General obligation bonds 2015	-	9,110,000	-	9,110,000	-
Bond premiums	1,534,124	1,312,938	361,974	2,485,088	401,125
COPs	2,815,000	-	115,000	2,700,000	120,000
Early retirement	190,271	55,500	35,000	210,771	42,000
Compensated absences	525,321	-	28,294	497,027	-
	<u>\$ 37,784,716</u>	<u>\$ 10,478,438</u>	<u>\$ 12,765,268</u>	<u>\$ 35,497,886</u>	<u>\$ 2,868,125</u>

Liabilities for compensated absences and early retirement are liquidated by the General Fund.

NOTE F - TAX, SPENDING, AND DEBT LIMITATION

In November of 1992, Colorado voters approved a State Constitutional amendment, referred to as the Taxpayer's Bill of Rights (*TABOR*), containing tax, spending and debt limitations on the state and local governments. *TABOR* limits increases in revenues and expenditures to the rate of inflation and local growth. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of this Amendment. *TABOR* also requires local governments to establish emergency reserves to be used only for declared emergencies. The amount restricted in the General Fund at June 30, 2016 for *TABOR* equaled \$774,921. The District restricts a portion of its fund balance in further compliance with *TABOR*. For financial reporting purposes, the District reserves the statutory 3% of the Charter School's fund balance for the School.

On November 5, 1998, voters passed a referendum allowing the District to keep and spend any excess revenues from grants, fees, leases, interest, sales and use taxes, and other non-property tax revenues received during the year ended June 30, 1999, and each subsequent year thereafter.

NOTE G - CONTINGENCIES

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE H - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. The 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% and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - CONTINUED

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

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% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

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

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,745,374 for the year ended June 30, 2016.

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - CONTINUED

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

At June 30, 2016, the District reported a liability of \$52,749,732 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District proportion was .344898115%, which was an increase of .0102663 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$6,057,557. 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	\$ 696,566	\$ 2,132
Changes of assumptions or other inputs	-	745,447
Net difference between projected and actual earnings on pension plan investments	4,461,208	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,009,162	52,508
Contributions subsequent to the measurement date	1,416,334	-
Total	<u>\$ 7,583,270</u>	<u>\$ 800,087</u>

\$1,439,872 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2016:	
2017	1,512,087
2018	1,521,736
2019	1,413,285
2020	919,741
2021	-
Thereafter	-

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN – 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 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90-10.10 percent
Long-term investment rate of return, net of pension Plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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.

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. 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.

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - CONTINUED

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and 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.

Sensitivity of the District 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%, 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%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$68,379,069	\$52,749,732	\$39,749,039

Steamboat Springs School District RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - CONTINUED

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

NOTE I - POSTEMPLOYMENT HEALTH CARE 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 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% 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 contribution to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2014, 2015, and 2016, the District's employer contributions to HCTF were \$147,405, \$147,290, and \$157,904, equal to their required contributions for each year.

NOTE J - DEFINED CONTRIBUTION PENSION PLAN

Plan Description. Employees of the District who are members of SDTF may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 for the calendar year 2014, \$18,000 for 2015 and \$18,000 for 2016). In addition, catch-up contributions, up to \$5,500 for the calendar year 2014, \$6,000 for 2015, and \$6,000 for 2016 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations or IRC section 414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The District made no contributions for the years ended June 30, 2014, 2015, and 2016.

Steamboat Springs School District RE-2
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2016

NOTE K - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District has joined other school districts in the Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool operating as a common risk management and insurance program for member districts. The District pays an annual contribution to CSDSIP for its property and casualty insurance coverage. The agreement with CSDSIP provides that the pool will be financially self-sustaining through member contribution and additional assessments, if necessary. The pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE L - SELF INSURANCE PROGRAM

The District is self insured with respect to health insurance claims. However, an excess liability policy in the amount of \$75,000 has been purchased. The claims liability is based on the requirement of GASB Statement Nos. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities also include specific, incremental claim adjustment expenses. In addition, estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Expenses and liabilities are estimated through a case-by-case review of all claims and the application of historical experience for outstanding claims.

Changes in the Fund's premiums, stop loss, and claims in fiscal year 2016 were:

Beginning <u>Balance</u>	Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Ending <u>Balance</u>
\$ 195,838	\$1,763,394	\$1,787,985	\$ 171,247

NOTE M – PRIOR PERIOD ADJUSTMENT

The District previously accrued salaries, but the related benefits were not accrued, as they were not considered material by management. In fiscal year 2016, District management determined that the associated benefits are now material and require accrual in the proper period. The result of the accrual of benefits to prior periods was a reduction in beginning General Fund balance of (\$658,926), leaving a restated beginning fund balance in the General Fund of \$7,571,713.

Steamboat Springs School District RE-2

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2016

	Employer proportion of NPL	Employer proportionate share of NPL	Employer covered payroll	Employer proportionate share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
<u>Measurement date:</u>					
December 31, 2014	0.334632%	\$ 45,353,851	\$ 14,220,569	319%	63%
December 31, 2015	0.344898%	\$ 52,749,732	\$ 15,049,384	351%	59%

Steamboat Springs School District RE-2

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2016

	Required employer contribution	Employer contributions recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
June 30, 2015	\$ 2,429,217	\$ 2,429,217	\$ -	\$ 14,446,992	16.81%
June 30, 2016	2,745,374	2,745,374	-	15,481,127	17.73%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

Steamboat Springs School District RE-2
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Food Service Fund	Designated Grants Fund	Capital Projects Fund	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 148,959	\$ 75,435	\$ 1,302,002	\$ 1,526,396
Accounts Receivable	-	21,340	-	21,340
Due from other governments	19,806	26,620	-	46,426
Inventory	1,013	-	-	1,013
Total assets	<u>\$ 169,778</u>	<u>\$ 123,395</u>	<u>\$ 1,302,002</u>	<u>\$ 1,595,175</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 101	\$ 933	\$ -	\$ 1,034
Accrued compensation	36,899	24,508	-	61,407
Due to other funds	436	90,120	-	90,556
Unearned revenues	27,344	7,834	-	35,178
Total liabilities	<u>64,780</u>	<u>123,395</u>	<u>-</u>	<u>188,175</u>
Fund balances				
Nonspendable	1,013	-	-	1,013
Assigned				
Other capital projects	-	-	1,302,002	1,302,002
Food service	103,985	-	-	103,985
Total fund balances	<u>104,998</u>	<u>-</u>	<u>1,302,002</u>	<u>1,407,000</u>
Total liabilities and fund balances	<u>\$ 169,778</u>	<u>\$ 123,395</u>	<u>\$ 1,302,002</u>	<u>\$ 1,595,175</u>

Steamboat Springs School District RE-2
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

	Food Service Fund	Designated Grants Fund	Capital Projects Fund	Total Nonmajor Funds
REVENUES				
Federal sources	\$ 220,184	\$ 252,566	\$ -	\$ 472,750
State sources	6,132	62,002	-	68,134
Local and intermediate sources	498,844	61,038	-	559,882
Interest	-	-	4,307	4,307
Total revenues	<u>725,160</u>	<u>375,606</u>	<u>4,307</u>	<u>1,105,073</u>
EXPENDITURES				
Current				
Instructional	-	267,230	-	267,230
Supporting services				
Pupil support services	-	1,598	-	1,598
Instructional staff	-	106,778	-	106,778
Food services	688,788	-	-	688,788
Capital outlay	-	-	398,833	398,833
Total expenditures	<u>688,788</u>	<u>375,606</u>	<u>398,833</u>	<u>1,463,227</u>
Excess of revenues over (under) expenditures	36,372	-	(394,526)	(358,154)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	395,000	395,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>395,000</u>	<u>395,000</u>
Net change in fund balances	36,372	-	474	36,846
Fund balance, beginning of year	68,626	-	1,301,528	1,370,154
Fund balance, end of year	<u>\$ 104,998</u>	<u>\$ -</u>	<u>\$ 1,302,002</u>	<u>\$ 1,407,000</u>

Steamboat Springs School District RE-2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - FOOD SERVICE FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 195,000	\$ 240,000	\$ 220,184	\$ (19,816)
State sources	5,000	5,000	6,132	1,132
Local and intermediate sources	445,060	445,000	498,844	53,844
Total revenues	<u>645,060</u>	<u>690,000</u>	<u>725,160</u>	<u>35,160</u>
EXPENDITURES				
Current				
Supporting services				
Food service	739,430	803,626	688,788	114,838
Total expenditures	<u>739,430</u>	<u>803,626</u>	<u>688,788</u>	<u>114,838</u>
Excess of revenues over (under) expenditures	(94,370)	(113,626)	36,372	149,998
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>72,210</u>	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
Net change in fund balances	(22,160)	(68,626)	36,372	104,998
Fund balance, beginning of year, restated	<u>22,160</u>	<u>68,626</u>	<u>68,626</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,998</u>	<u>\$ 104,998</u>

Steamboat Springs School District RE-2
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DESIGNATED GRANTS FUND
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Local	\$ 40,300	\$ 51,563	\$ 61,038	\$ 9,475
State sources	208,470	184,536	62,002	(122,534)
Federal sources	239,930	263,901	252,566	(11,335)
Total revenues	<u>488,700</u>	<u>500,000</u>	<u>375,606</u>	<u>(124,394)</u>
EXPENDITURES				
Current				
Instructional	380,610	382,748	267,230	115,518
Pupil support services	-	-	1,598	(1,598)
Instructional staff	108,090	117,252	106,778	10,474
Total expenditures	<u>488,700</u>	<u>500,000</u>	<u>375,606</u>	<u>124,394</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Steamboat Springs School District RE-2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Earnings on investments	\$ 2,800	\$ 2,800	\$ 4,307	\$ 1,507
Total revenues	2,800	2,800	4,307	1,507
EXPENDITURES				
Capital outlay	1,156,200	1,629,328	398,833	1,230,495
Total expenditures	1,156,200	1,629,328	398,833	1,230,495
Excess of revenues over (under) expenditures	(1,153,400)	(1,626,528)	(394,526)	1,232,002
OTHER FINANCING SOURCES (USES)				
Transfers in	325,170	325,000	395,000	(70,000)
Total other financing sources (uses)	325,170	325,000	395,000	(70,000)
Net change in fund balances	(828,230)	(1,301,528)	474	1,302,002
Fund balance, beginning of year	828,230	1,301,528	1,301,528	-
Fund balance, end of year	\$ -	\$ -	\$ 1,302,002	\$ 1,302,002

Steamboat Springs School District RE-2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,634,940	\$ 3,347,365	\$ 3,325,652	\$ (21,713)
Interest	-	2,635	6,209	3,574
Total revenues	<u>3,634,940</u>	<u>3,350,000</u>	<u>3,331,861</u>	<u>(18,139)</u>
EXPENDITURES				
Debt service				
Principal	2,385,000	2,270,000	2,270,000	-
Interest	1,141,250	1,053,000	1,006,396	46,604
Other	17,000	142,268	126,864	15,404
Contingency	-	3,781,014	-	3,781,014
Total expenditures	<u>3,543,250</u>	<u>7,246,282</u>	<u>3,403,260</u>	<u>3,843,022</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bonds	-	9,110,000	9,110,000	-
Proceeds from refunding bond premium	-	1,312,938	1,312,938	-
Payment to bond escrow agent	-	(10,297,670)	(10,297,670)	-
	<u>-</u>	<u>125,268</u>	<u>125,268</u>	<u>-</u>
Net change in fund balances	91,690	(3,771,014)	53,869	3,824,883
Fund balance, beginning of year	-	3,771,014	3,781,014	10,000
Fund balance, end of year	<u>\$ 91,690</u>	<u>\$ -</u>	<u>\$ 3,834,883</u>	<u>\$ 3,834,883</u>

Steamboat Springs School District RE-2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - INSURANCE INTERNAL SERVICE FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fees	\$ 2,733,600	\$ 2,500,000	\$ 2,524,059	\$ 24,059
Stop loss revenue	454,000	-	82,475	82,475
Total operating revenues	<u>3,187,600</u>	<u>2,500,000</u>	<u>2,606,534</u>	<u>106,534</u>
EXPENDITURES				
Insurance Claims	1,950,000	1,750,000	1,763,394	(13,394)
Supplies	24,000	5,000	-	5,000
Administration fees	880,000	1,120,000	1,092,429	27,571
Total operating expenditures	<u>2,854,000</u>	<u>2,875,000</u>	<u>2,855,823</u>	<u>19,177</u>
Excess of revenues over (under) expenditures	333,600	(375,000)	(249,289)	125,711
OTHER FINANCING SOURCES (USES)				
Transfers in	-	375,000	375,000	-
Change in net position	333,600	-	125,711	125,711
Net position, beginning of year	-	-	-	-
Net position, end of year	<u>\$ 333,600</u>	<u>\$ -</u>	<u>\$ 125,711</u>	<u>\$ 125,711</u>

Steamboat Springs School District RE-2
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 FIDUCIARY FUND
 For the Year Ended June 30, 2016

		Actual
Additions		
Fund raising events		\$ 1,226,226
	Total additions	1,226,226
Deductions		
Athletic/Activity expenditures		1,278,082
	Total deductions	1,278,082
Change in activity funds		(51,856)
Total due to student groups, beginning of year		832,359
Total due to student groups, end of year		\$ 780,503
Total appropriation		\$ 2,332,359
Total expenditures		1,278,082
Variance positive (negative)		\$ 1,054,277

