

**SOUTH CONEJOS SCHOOL DISTRICT RE-10
ANTONITO, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2016**



RECEIVED

By Justin L. Smith at 7:36 am, Mar 16, 2017

SOUTH CONEJOS SCHOOL DISTRICT RE-10

ANTONITO, COLORADO

ROSTER OF SCHOOL OFFICIALS

JUNE 30, 2016

BOARD OF EDUCATION

Elizabeth Romero - President

Kristi Duran - Vice President

Robert Duran - Secretary

Eufemia Martinez Duran - Treasurer

Rod Ruybalid - Member

ADMINISTRATIVE STAFF

Carla Archuleta, Superintendent

Ramona Garcia, Office Manager/Payroll Clerk

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Roster of School Officials

Table of Contents

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Required Supplementary Information - Unaudited)

M1 – M8

INDEPENDENT AUDITORS' REPORT

1 - 2

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position

3

Statement of Activities

4

Fund Financial Statements:

Balance Sheet – Governmental Funds

5

Reconciliation of Governmental Fund Balances to Governmental Activities Net Position

6

Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

7

Reconciliation of Governmental Changes in Fund Balance to Governmental Activities
Change in Net Position

8

Notes to Financial Statements

9 – 30

REQUIRED SUPPLEMENTARY INFORMATION (Pension Schedules – Unaudited)

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

31

Schedule of District Contributions

32

TABLE OF CONTENTS
(Continued)

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION (Budgetary Comparison Schedule)	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	33 - 34
Notes to Required Supplementary Information	35
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds	37
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Food Service Fund	38
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Designated Grants Fund	39
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Pupil Activity Fund	40
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Bond Redemption Fund	41
Capital Projects Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Building Fund	42
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Capital Reserve Capital Project Fund	43
STATE COMPLIANCE	
Auditors Integrity Report	44
Bolded Balance Sheet Report	45 - 47

FINANCIAL SECTION

INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

South Conejos School District RE-10 Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

The Management for the South Conejos School District RE-10 offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

Financial Highlights

Total Net Position – The District's primary government net position as of June 30, 2016 was \$10,517,092. The net position balance has increased due to a prior period restatement of \$5,477,745.

Total Government-wide Revenues - Total government-wide revenues increased to \$3,870,323 in 2016 from 3,511,036 in 2015 which is an increase of \$359,287 including transfers. This can be largely attributed to an increase in operating grants (Save The Children, Diagnostic Grant and Pathway Grant), gain in student count increase, and miscellaneous revenues.

Total Government-wide Expenditures - Total government-wide expenditures decreased to \$3,502,022 from \$3,650,311 in 2015 which is a decrease of \$148,289.

Overview of the Financial Statements

- ❖ This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.
- ❖ The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- ❖ The remaining statements are fund financial statements that focus on individual funds of the District, reporting the District's operations in more detail than the district-wide statements.
- ❖ The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.
- ❖ Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how they have changed. Net position (the difference between the District’s assets and liabilities) are one way to measure the District’s financial position.

- ❖ Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating.
- ❖ To assess the District’s overall health, you need to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school facilities.

	Governmental Activities	
	2016	2015
Current and Other Assets	\$ 1,770,500	\$ 1,342,419
Capital Assets	<u>20,013,481</u>	<u>16,480,978</u>
Total Assets	<u>21,783,981</u>	<u>17,823,397</u>
Deferred Outflows of Financial Resources	<u>746,002</u>	<u>270,795</u>
Current Liabilities	394,263	346,694
Long-Term Liabilities	<u>11,148,585</u>	<u>11,438,997</u>
Total Liabilities	<u>11,542,848</u>	<u>11,785,691</u>
Deferred Inflows of Financial Resources	<u>470,043</u>	<u>120,632</u>
Net Investment in Capital Assets	6,050,328	2,210,522
Restricted Net Position	435,030	386,289
Unrestricted Net Position	<u>4,031,734</u>	<u>3,937,750</u>
Total Net Position (Deficit)	<u>\$ 10,517,092</u>	<u>\$ 6,534,561</u>

In the government-wide financial statements, the District's activities are divided into two categories:

- ❖ **Governmental Activities** – Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

	Governmental Activities	
	2016	2015
Program Revenues:		
Charges for Services	\$ 57,601	\$ 54,471
Operating Grants	694,613	658,720
Total Program Revenues	<u>752,214</u>	<u>713,191</u>
General Revenues:		
Taxes	1,134,530	923,712
State Equalization	1,875,417	1,817,744
Investment Income	1,212	788
Gain (Loss) on Capital Asset Disposals	(1,409,075)	-
Other Revenues	<u>8,040</u>	<u>55,600</u>
Total General Revenues	<u>1,610,124</u>	<u>2,797,844</u>
Total Revenues	<u>2,362,338</u>	<u>3,511,035</u>
Expenses		
Instruction	2,102,190	1,861,360
Supporting Services	1,537,251	1,575,547
Debt Service Interest	<u>218,111</u>	<u>232,772</u>
Total Expenses	<u>3,857,552</u>	<u>3,669,679</u>
Change in Net Position	<u>(1,495,214)</u>	<u>(158,644)</u>
Net Position - Beginning	6,534,561	(2,281,066)
Prior Period Restatement	<u>5,477,745</u>	<u>8,974,271</u>
Net Position - Beginning (As Restated)	12,012,306	6,693,205
Net Position - Ending	<u>\$ 10,517,092</u>	<u>\$ 6,534,561</u>

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

The District uses three types of funds:

- ❖ **Governmental Funds** – Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional schedules explain the relationship (or difference) between them.

- ❖ **Fiduciary Funds** – The District is the agent, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. The District has no fiduciary funds.

Analysis of District Financial Position

The South Conejos School District has struggled with decreasing enrollment over the last few years. This trend continued in fiscal year 2015 and continues in fiscal year 2016. This directly affects the funding from state equalization.

Currently the District owns two older buildings, Antonito High School buildings and an administrative building to operate. The District obtained a BEST Grant loan for \$14,082,673 and now is paying the amount of \$11,785,691 as long-term debt for a new District (Grades PK-12). Long-term liability started August 2016. The new school will be more energy-efficient and it is anticipated to reduce overhead costs significantly. The District is continuing to effectively manage expenses in order to maintain an appropriate fund balance. Until the sale of Antonito High School buildings and an administrative building are sold the District is still responsible for long-term liabilities for these buildings as well.

Analysis of Balances and Transactions of Individual Funds

General Fund: The 2016 fiscal year ended with a general fund balance of \$877,744. This is an **increase** of \$374,887 from a \$512,857 fund balance as of June 30, 2015.

Debt Service (Bond Redemption) and Capital Project (Building) Funds: The 2016 fiscal year ended with a bond redemption fund balance of \$324,652 and a building fund balance of \$0.

Pupil Activity Fund: The 2016 fiscal year ended with a pupil activity fund balance of \$141,564. This is a decrease of \$5,439 from a \$147,003 balance as of June 30, 2015. The decrease comes from the meal money paid out to students when traveling away.

Capital Reserve Capital Projects Fund: The 2016 fiscal year ended with a capital reserve projects fund balance of \$1,432.

Food Service Fund: The 2015 fiscal year ended with a total fund balance of \$9,776. This is a decrease of \$18,510 from a \$28,286 balance as of June 30, 2015. Total operating and non-operating revenue for the 2015-2016 fiscal year was \$124,990 while expenses were \$163,450. This left the food service fund with a shortfall of \$38,460. The general fund subsidized the food service fund with \$20,000 to help make up the shortfall. **This is a budget area the District is going to have to take a significant look at because of continuing shortfalls during the past several years.** The District is currently engaged in evaluating cost saving measures, food purchasing, and meal planning in order to reduce the subsidy from the general fund.

Analysis of Significant Variations between Original and Final Budget Amounts/Final Budget Amounts & Actual Budget Results

General Fund - Projected general fund revenues for fiscal year 2015-2016 were \$3,011,998 whereas actual general fund revenues were \$ 3,081,659. This was a difference of \$69,662. This can be largely attributed to an increase of ownership tax.

Debt Service (Bond Redemption) and Capital Project (Building) Funds: The District did not budget for any transactions in these funds.

Budgeted general fund expenditures were \$2,985,054 whereas actual general fund expenditures were 2,686,773. This was a difference of \$298,281. This was attributed to many expenses that were slightly over the budget. Nothing in particular stood out as being the main contributing factor.

Pupil Activity Fund – Projected pupil activity fund revenues for fiscal year 2015-2016 were \$80,400 whereas actual pupil activity fund revenues were \$52,292. This was a decrease difference of \$28,108. The budgeted pupil activity fund expenditures were \$84,000 whereas actual pupil activity fund expenditures were \$57,731. This was a difference of \$26,269.

Capital Reserve Capital Projects Fund - Projected capital reserve capital projects fund revenues for fiscal year 2015-2016 were \$2,525 whereas actual capital reserve project fund revenues were \$0. This was no difference. Projected capital reserve fund expenditures for fiscal year 2015-2016 were \$27,525 whereas actual capital reserve fund expenditures were \$0.

Food Service Fund – Food service fund projected revenues for fiscal year 2015-2016 were \$117,025 whereas actual food service fund revenues for fiscal year 2015-2016 were \$124,490. This was a difference of \$7,915. Food service fund projected expenditures for fiscal year 2015-2016 were \$190,855 whereas the actual food service fund expenditures for fiscal year 2015-2016 were \$163,450. This is a difference of \$2,7405.

Capital Assets - As of June 30, 2016 the District had \$6,238,110 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$3,839,805.

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS

	Restated			
	Balance			Balance
	<u>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2016</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 45,124	\$ -	\$ -	\$ 45,124
Construction in Progress	<u>5,477,745</u>	<u>(5,477,745)</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>5,522,869</u>	<u>(5,477,745)</u>	<u>-</u>	<u>45,124</u>
Capital Assets Being Depreciated				
Land Improvements	147,885	-	53,430	94,455
Buildings and Improvements	4,523,301	5,477,745	3,036,145	6,964,901
Equipment	288,568	-	57,777	230,791
Food Service Equipment	30,864	-	25,246	5,618
Vehicles	<u>507,766</u>	<u>61,185</u>	<u>25,211</u>	<u>543,740</u>
Total Capital Assets Being Depreciated	<u>5,498,384</u>	<u>5,538,930</u>	<u>3,197,809</u>	<u>7,839,505</u>
Total Capital Assets	<u>5,543,508</u>	<u>5,538,930</u>	<u>3,197,809</u>	<u>7,884,629</u>
Accumulated Depreciation				
Land Improvements	(121,576)	(1,924)	(53,430)	(70,070)
Buildings and Improvements	(2,341,662)	(153,823)	(1,550,880)	(944,606)
Equipment	(190,109)	(18,970)	(35,057)	(174,022)
Food Service Equipment	(30,864)	-	(25,246)	(5,618)
Vehicles	<u>(460,992)</u>	<u>(16,422)</u>	<u>(25,211)</u>	<u>(452,203)</u>
Total Accumulated Depreciation	<u>(3,145,203)</u>	<u>(191,139)</u>	<u>(1,689,824)</u>	<u>(1,646,518)</u>
Net Capital Assets	<u>\$ 2,398,305</u>	<u>\$ 5,347,791</u>	<u>\$ 1,507,985</u>	<u>\$ 6,238,110</u>

Long Term Debt - The following is a summary of general long-term obligation transactions of the District for the year ended June 30, 2016, additional information can be found in Note 7.

	Balance			Balance
	July 1,			June 30,
	2015	Additions	Retirements	2016
Governmental Activities:				
General Obligation Bonds, Series 2013	\$ 5,292,617	\$ -	\$ 187,783	\$ 5,104,834
PERA Net Pension Liability	5,737,038	257,726	-	5,994,764
Compensated Absences	35,815	-	2,161	33,654
Long-Service Compensation	26,833	-	11,500	15,333
Total Long-Term Obligations and Related Items	<u>\$ 11,092,303</u>	<u>\$ 257,726</u>	<u>\$ 201,444</u>	<u>\$ 11,148,585</u>

Requests for Information

This financial report is designed to provide a general overview of the South Conejos School District RE10 finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office Manager, 31099 County Road G, Antonito, Colorado 81120.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
South Conejos School District RE-10
Antonito, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Conejos School District RE-10, Colorado, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the South Conejos School District RE-10, Colorado, as of June 30, 2016, and the respective changes in financial for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the South Conejos School District RE-10's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M8 and pension schedules on 32-33 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 34-36 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. In addition, the combining and individual fund financial schedules on pages 37-44 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 45-48 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.



Englewood, CO
December 21, 2015

INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2016.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
ASSETS	
Current Assets	
Cash and Investments	\$ 1,258,021
Restricted Cash and Investments	285,765
Cash with Fiscal Agent	25,981
Taxes Receivable	117,986
Grants Receivable	68,838
Other Accounts Receivable	12,873
Inventory	1,036
Total Current Assets	1,770,500
Noncurrent Assets	
BEST Grant Receivable	13,775,370
Capital Assets, not being depreciated	45,124
Capital Assets, being depreciated	6,192,987
Total Noncurrent Assets	20,013,481
TOTAL ASSETS	21,783,981
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Contributions Subsequent to Measurement Date	157,117
Difference Between Actual and Expected Experience - net	79,162
Difference Between Projected and Actual Returns on Pension Plan Investments - net	509,723
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	746,002
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 22,529,983
LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 109,817
Accrued Interest	18,143
Accrued Salaries & Benefits	266,303
Total Current Liabilities	394,263
Non-Current Liabilities	
Due Within One Year	199,283
Due In More Than One Year	10,949,302
Total Noncurrent Liabilities	11,148,585
TOTAL LIABILITIES	11,542,848
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Grant Deferred Inflow	9,963
Deferred Inflows of Financial Resources	19,249
Difference Between Projected and Actual Pension Plan Experience - net	250
Changes of Assumptions - net	84,716
Change in District's Proportionate Share of Net Pension Liability - net	355,865
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	470,043
NET POSITION	
Net Investment in Capital Assets	6,050,328
Restricted Net Position	435,030
Unrestricted Net Position (Deficit)	4,031,734
TOTAL NET POSITION	10,517,092
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 22,529,983

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>			Net (Expense)	
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	Revenue and
		<u>Services</u>	<u>Grants and</u>	<u>and</u>	Change in Net
			<u>Contributions</u>	<u>Contributions</u>	Position
					Governmental
					Activities
Primary Government					
Governmental Activities					
Instruction	\$ 2,102,190	\$ 51,854	\$ 411,732	\$ -	\$ (1,638,604)
Supporting Services	1,537,251	5,747	282,881	-	(1,248,623)
Interest on Long Term Debt	218,111	-	-	-	(218,111)
Total Primary Government	<u>\$ 3,857,552</u>	<u>\$ 57,601</u>	<u>\$ 694,613</u>	<u>\$ -</u>	<u>(3,105,338)</u>
General Revenues					
Property Taxes					962,463
Specific Ownership Taxes					172,067
State Equalization					1,875,417
Investment Earnings					1,212
Gain (Loss) on Capital Asset Disposals					(1,409,075)
Other Revenues					<u>8,040</u>
Total General Revenues and Transfers					<u>1,610,124</u>
Change in Net Position					<u>(1,495,214)</u>
Beginning Net Position					6,534,561
Prior Period Restatement					<u>5,477,745</u>
Beginning Net Position (As Restated)					<u>12,012,306</u>
Ending Net Position					<u>\$ 10,517,092</u>

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue		Debt Service
		Designated Grants Fund	Pupil Activity Fund	Bond Redemption Fund
ASSETS				
Cash and Investments	\$ 1,061,735	\$ 11,436	\$ 141,564	\$ -
Restricted Cash and Investments	-	-	-	285,765
Cash with Fiscal Agent	19,882	-	-	6,099
Taxes Receivable	65,949	-	-	52,037
Interfund Accounts Receivable	77,734	14,582	-	-
Grants Receivable	1,315	67,523	-	-
Other Accounts Receivable	12,873	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 1,239,488</u>	<u>\$ 93,541</u>	<u>\$ 141,564</u>	<u>\$ 343,901</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ 10,137	\$ 62,513	\$ -	\$ -
Accounts Payable	105,493	3,517	-	-
Accrued Salaries & Benefits	226,151	27,511	-	-
Deferred Inflows	-	-	-	19,249
Deferred Grant Inflows	9,963	-	-	-
Grant Unearned Revenue	-	-	-	-
Total Liabilities	<u>351,744</u>	<u>93,541</u>	<u>-</u>	<u>19,249</u>
Deferred Inflows of Financial Resources				
Deferred Property Taxes	-	-	-	-
Fund Balance				
Restricted Fund Balance				
Restricted for Debt Service	-	-	-	324,652
Restricted for TABOR Emergencies	88,000	-	-	-
Restricted for Colorado Preschool Program	778	-	-	-
Restricted for BEST Capital Renewal Reserve	21,600	-	-	-
Committed Fund Balance				
Assigned Fund Balance				
Assigned for Fund Purpose	-	-	141,564	-
Unassigned Fund Balance	<u>777,366</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>887,744</u>	<u>-</u>	<u>141,564</u>	<u>324,652</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,239,488</u>	<u>\$ 93,541</u>	<u>\$ 141,564</u>	<u>\$ 343,901</u>

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

Other Governmental Funds	Totals	
	2016	2015
\$ 43,286	\$ 1,258,021	\$ 831,200
-	285,765	264,454
-	25,981	106,214
-	117,986	104,198
-	92,316	77,734
-	68,838	23,379
-	12,873	12,851
1,036	1,036	121
<u>\$ 44,322</u>	<u>\$ 1,862,816</u>	<u>\$ 1,420,151</u>
\$ 19,666	\$ 92,316	\$ 77,734
807	109,817	54,855
12,641	266,303	263,733
-	19,249	-
-	9,963	-
-	-	9,963
<u>33,114</u>	<u>497,648</u>	<u>406,285</u>
-	-	16,999
-	324,652	307,289
-	88,000	79,000
-	778	778
-	21,600	-
11,208	152,772	176,721
-	777,366	433,079
<u>11,208</u>	<u>1,365,168</u>	<u>996,867</u>
<u>\$ 44,322</u>	<u>\$ 1,862,816</u>	<u>\$ 1,420,151</u>

INTENTIONALLY LEFT BLANK

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2016

Fund Balance - Governmental Funds		\$ 1,365,168
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	45,124	
Capital assets, being depreciated	7,839,505	
Accumulated depreciation	<u>(1,646,518)</u>	6,238,111
Certain noncurrent assets are not available to pay for current year expenditures and are therefore deferred in the funds		
BEST Grant Receivable		13,775,370
Certain long-term pension related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date	157,117	
Difference Between Actual and Expected Experience	109,147	
Amortization of Experience Difference	(29,985)	
Difference between projected and actual investment returns on the pension plan	675,331	
Amortization of investment return difference	(165,608)	
Net pension liability	(5,994,764)	
Difference between projected and actual pension plan experience	(544)	
Amortization of experience difference	294	
Changes of Assumptions	(116,806)	
Amortization of Change in Assumptions	32,090	
Change in District's proportionate share of net pension liability	(534,485)	
Amortization of change in proportion	<u>178,620</u>	(5,689,593)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(5,104,834)	
Accrued interest payable	(18,143)	
Accrued compensated absences and long-service compensation	<u>(48,987)</u>	<u>(5,171,964)</u>
Total Net Position - Governmental Activities		<u>\$ 10,517,092</u>

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

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	<u>Special Revenue</u>			<u>Debt Service</u>
	<u>General Fund</u>	<u>Designated Grants Fund</u>	<u>Pupil Activity Fund</u>	<u>Bond Redemption Fund</u>
REVENUES				
Local Sources	\$ 909,718	\$ -	\$ 52,292	\$ 423,257
Intermediate Sources	43	-	-	-
State Sources	2,122,095	-	-	-
Federal Sources	49,803	188,175	-	-
TOTAL REVENUES	<u>3,081,659</u>	<u>188,175</u>	<u>52,292</u>	<u>423,257</u>
EXPENDITURES				
Instruction	1,402,982	174,412	57,731	-
Pupil Support	94,670	7,470	-	-
Staff Support	7,485	-	-	-
General Administration	279,237	6,293	-	-
School Administration	216,595	-	-	-
Business Services	-	-	-	-
Operations and Maintenance	293,137	-	-	-
Transportation	162,913	-	-	-
Other Central Support	112,032	-	-	-
Risk Management	87,258	-	-	-
Other Supporting Services	28,121	-	-	-
Food Service	2,342	-	-	-
Community Support	-	-	-	-
Facilities	-	-	-	-
Debt Service	-	-	-	405,894
TOTAL EXPENDITURES	<u>2,686,772</u>	<u>188,175</u>	<u>57,731</u>	<u>405,894</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	394,887	-	(5,439)	17,363
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	(20,000)	-	-	-
CHANGE IN FUND BALANCE	374,887	-	(5,439)	17,363
BEGINNING FUND BALANCE	512,857	-	147,003	307,289
ENDING FUND BALANCE	<u>\$ 887,744</u>	<u>\$ -</u>	<u>\$ 141,564</u>	<u>\$ 324,652</u>

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

Other Governmental Funds	Totals	
	2016	2015
\$ 3,679	\$ 1,388,946	\$ 1,123,899
-	43	39
978	2,123,073	1,999,183
<u>120,283</u>	<u>358,261</u>	<u>387,915</u>
<u>124,940</u>	<u>3,870,323</u>	<u>3,511,036</u>
-	1,635,125	1,617,527
-	102,140	76,726
-	7,485	6,075
-	285,530	299,579
-	216,595	225,109
-	-	(206)
-	293,137	321,211
-	162,913	148,140
-	112,032	80,005
-	87,258	61,302
-	28,121	12,310
163,450	165,792	164,376
-	-	250
-	-	134
-	<u>405,894</u>	<u>637,773</u>
<u>163,450</u>	<u>3,502,022</u>	<u>3,650,311</u>
(38,510)	368,301	(139,275)
20,000	-	-
(18,510)	368,301	(139,275)
<u>29,718</u>	<u>996,867</u>	<u>1,136,142</u>
<u>\$ 11,208</u>	<u>\$ 1,365,168</u>	<u>\$ 996,867</u>

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2016

Change in Fund Balance - Governmental Funds	\$	368,301
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	61,185	
Depreciation Expense	(191,139)	
Gain (Loss) on Asset Disposals	<u>(1,507,985)</u>	(1,637,939)
Certain long-term assets are not available to pay for current year expenditures and are therefore deferred or not reported in the funds		
Amortization of long-term grant receivable		(307,303)
Pension expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Change in contributions subsequent to measurement date	5,130	
Change in the difference between actual and expected experience	109,147	
Change in the amortization of experience difference	(29,985)	
Current year projected to actual investment return difference	543,322	
Current year amortization of overall investment return differences	(152,407)	
Change in net pension liability	(257,726)	
Current year projected to actual pension plan experience difference	(116)	
Current year amortization of overall pension plan experience differences	236	
Change in the changes of assumptions	(116,806)	
Change in the amortization of change in assumptions	32,090	
Current year change in proportionate share of cost-sharing plan liability	(414,917)	
Current year amortization of overall proportionate share differences	<u>162,315</u>	(119,717)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on bonds payable	187,783	
Change in accrued compensated absences and long term service compensation	<u>13,661</u>	<u>201,444</u>
Changes in Net Position - Governmental Activities	\$	<u><u>(1,495,214)</u></u>

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

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of South Conejos School District RE-10 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

For financial reporting purposes, the District includes all activities and funds for which the District exercises financial accountability. The school board members are elected by the public, have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Certain units of local government, over which the District exercises no financial accountability, such as the county, city, other independently elected special districts within the District, are excluded from the financial statements. These units are considered separate reporting entities and issue financial statements separate from that of the District. The District is not a component unit of any other entity.

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". Based upon the application of these criteria, no governmental organizations are includable within the District's reporting entity.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. General revenues consist of taxes and others sources not described above.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. The District currently reports no fiduciary funds.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Designated Grants Fund (Special Revenue Fund) – This fund is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

Pupil Activity Fund (Special Revenue Fund) – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

Debt Service (Bond Redemption) and Capital Project (Building) Funds – These funds are used to account for the repayment of the District's general obligation indebtedness and the District's contribution towards the BEST grant building project.

The District reports the following non-major governmental funds:

Food Service Fund (Special Revenue Fund) – The Food Service Fund accounts for the District's food service program.

Capital Reserve Project Fund (Capital Reserve Fund) – These funds are used to account for the completion of major capital projects. The capital reserve activity is funded through elective transfers from the General Fund.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year end.
- Public hearings are conducted by the Board of Education to obtain comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or as revised by the Board of Education.
- Encumbrance accounting is not utilized.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance

Cash and Investments – Cash is held in interest bearing accounts which are comprised of certificates of deposit, savings, and demand deposit accounts that are legally authorized. For reporting purposes, the investment pool is stated at fair value.

The District considers cash and cash equivalents to be all cash on hand, cash on demand deposit and highly liquid investments with a maturity of three months or less when purchased.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventories consist of expendable supplies and commodities held for consumption. Supplies inventories are stated at cost on a first-in, first-out basis. Commodities inventories are stated at the USDA's assigned values which approximate fair market value at the date of receipt on a first-in, first-out basis.

Expenditures for food items are also recorded when used. The federal government donates surplus commodities to supplement the National School Lunch Programs. Commodity contributions received by the District are recorded as revenues when consumed.

Due To and From Other Funds – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. In the fund financial statements, these receivables and payables are classified as "Due From Other Funds", or "Due to Other Funds. In the government-wide financial statements, all internal balances have been substantially eliminated.

Capital Assets – Capital assets, which include sites, site improvements, buildings and improvements, transportation, and equipment, are reported in the applicable governmental columns 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Net Position/Fund Balance (Continued)

Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	5-35 years
Vehicles	5-12 years
Other Equipment	5-25 years

Unearned Revenues – Unearned revenues are amounts that have been collected but have not met the requirements needed for revenue recognition.

Long-Term Debt – The District’s general obligation bonds are accounted for in the Bond Redemption Fund. Principal repayments are shown as expenditures in the fund level financial statements. The District’s capital lease is paid through the General Fund and is shown as an expenditure in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Long-Service Compensation – Staff that were employed with the District during the 2004 fiscal year have been awarded \$11,500 in compensation once they have completed 15 years of service to the District. Written notice of eligibility and requested payment option from the employee must be submitted to the Superintendent for approval prior to payment. As of June 30, 2016, the District had 3 employees that remained qualified for the payment.

Compensated Absences – The District’s policy allows all employees to accumulate sick leave without limit, and will payout upon resignation from the District up to 15 days of sick leave and upon retirement up to 30 days of sick leave at the District’s stated substitute rate. These compensated absences are recognized as current salary costs when accrued in the Proprietary Fund Type and when paid in the Governmental Fund Type. This obligation is shown in the non-current liability section of the government-wide Statement of Net Position.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balance
(Continued)

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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 only has two items that qualify for reporting in this category. Both are related to pension liabilities as further described in Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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. At the fund level the District reports a deferral for Bond Redemption Fund property taxes that are not received timely subsequent to the end of the year. In addition, the District reports deferred inflows related to pension liabilities as further described in Note 9.

Net Position/Fund Balance - In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "non-spendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The District currently does not have any non-spendable fund balances.

Fund balances are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund is presented as unassigned.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on December 10. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November. District property taxes are accounted for in the General and Debt Service Funds.

NOTE 2: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2016, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 439,669	\$ 439,669
PDPA Collateralized (Not in District's name)	693,366	673,410
Total	<u>\$ 1,133,035</u>	<u>\$ 1,113,079</u>

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Rating</u>
Local Government Pools - Colotrust	\$ -	\$ 144,941	\$ -	\$ 144,941	AAAm by S & P
Mutual Funds	-	285,765	-	285,765	N/A
Total Investments	<u>\$ -</u>	<u>\$ 430,706</u>	<u>\$ -</u>	<u>\$ 430,706</u>	

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools: Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.
- Mutual Funds: Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in methods or assumptions utilized to derive the fair value of the District’s assets and liabilities.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Credit Risk. Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended June 30, 2016 the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016, the District did not have any investments requiring safekeeping.

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk. Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

The District's cash and investment balances are allocated as follows:

Cash in Bank	\$ 1,113,079
Investments	430,706
Total Cash and Investments	<u>\$ 1,543,785</u>
Unrestricted - Government-wide	\$ 1,258,020
Restricted - Government-wide	285,765
Total	<u>\$ 1,543,785</u>

NOTE 3: INVENTORIES

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Food Service Fund inventory of \$1,036 as of June 30, 2016, consisted of purchased food. Purchase inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 4: CAPITAL ASSETS

Activity for governmental activities capital assets which are capitalized by the District is summarized below:

	Restated			Balance
	Balance			Balance
	<u>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2016</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 45,124	\$ -	\$ -	\$ 45,124
Construction in Progress	<u>5,477,745</u>	<u>(5,477,745)</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>5,522,869</u>	<u>(5,477,745)</u>	<u>-</u>	<u>45,124</u>
Capital Assets Being Depreciated				
Land Improvements	147,885	-	53,430	94,455
Buildings and Improvements	4,523,301	5,477,745	3,036,145	6,964,901
Equipment	288,568	-	57,777	230,791
Food Service Equipment	30,864	-	25,246	5,618
Vehicles	<u>507,766</u>	<u>61,185</u>	<u>25,211</u>	<u>543,740</u>
Total Capital Assets Being Depreciated	<u>5,498,384</u>	<u>5,538,930</u>	<u>3,197,809</u>	<u>7,839,505</u>
Total Capital Assets	<u>5,543,508</u>	<u>5,538,930</u>	<u>3,197,809</u>	<u>7,884,629</u>
Accumulated Depreciation				
Land Improvements	(121,576)	(1,924)	(53,430)	(70,070)
Buildings and Improvements	(2,341,662)	(153,823)	(1,550,880)	(944,606)
Equipment	(190,109)	(18,970)	(35,057)	(174,022)
Food Service Equipment	(30,864)	-	(25,246)	(5,618)
Vehicles	<u>(460,992)</u>	<u>(16,422)</u>	<u>(25,211)</u>	<u>(452,203)</u>
Total Accumulated Depreciation	<u>(3,145,203)</u>	<u>(191,139)</u>	<u>(1,689,824)</u>	<u>(1,646,518)</u>
Net Capital Assets	<u>\$ 2,398,305</u>	<u>\$ 5,347,791</u>	<u>\$ 1,507,985</u>	<u>\$ 6,238,110</u>

Governmental activities depreciation is allocated in the Statement of Activities as follows:

Instruction	\$ 100,944
Supporting Services	<u>90,195</u>
Total Depreciation	<u>\$ 191,139</u>

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 5: INTERNAL ACTIVITY

The District had the following internal balances as of June 30, 2016:

General Fund Due From Other Funds	\$ 67,597
Food Service Fund Due to Other Funds	(11,101)
Grants Fund Due to Other Funds	(47,930)
Capital Projects Fund Due to Other Funds	<u>(8,566)</u>
Net Internal Balances	<u>\$ -</u>

In addition, the District recorded the following routine transfers during the year:

General Fund:	
Transfer to Food Service Fund	\$ 20,000
Transfer to Capital Reserve Projects Fund	-
Food Service Fund:	
Transfer from General Fund	(20,000)
Capital Reserve Projects Fund:	
Transfer from General Fund	<u>-</u>
Net Internal Activities	<u>\$ -</u>

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016, are \$266,304, accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund of \$226,151, Designated Grants Fund of \$27,511 and Food Service Fund of \$12,641.

NOTE 7: LONG-TERM DEBT

The following is a summary of general long-term obligation transactions of the District for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion	Interest Expense
Governmental Activities:						
General Obligation Bonds, Series 2013	\$ 5,292,617	\$ -	\$ 187,783	\$ 5,104,834	\$ 195,647	\$ 235,187
PERA Net Pension Liability	5,737,038	257,726	-	5,994,764	-	-
Compensated Absences	35,815	-	2,161	33,654	-	-
Long-Service Compensation	<u>26,833</u>	<u>-</u>	<u>11,500</u>	<u>15,333</u>	<u>11,500</u>	<u>-</u>
Total Long-Term Obligations and Related Items	<u>\$ 11,092,303</u>	<u>\$ 257,726</u>	<u>\$ 201,444</u>	<u>\$ 11,148,585</u>	<u>\$ 207,147</u>	<u>\$ 235,187</u>

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: LONG-TERM DEBT (Continued)

An interest summary of the District's long-term debt is as follows:

	Accrued Interest	Interest Paid
General Obligation Bonds, Series 2013	\$ 17,474	\$ 217,713

General Obligation Bonds

In 2014, the District issued \$5,477,745 of general obligation bonds which were used for an escrow match to a BEST Grant received. Principal is due annually on December 1, and interest at a rate of 4.18% is due semiannually on June 1, and December 1. Payments are made through the Bond Redemption Fund. Bond payments to maturity are as follows:

2017	\$	195,647	\$	209,684	\$	405,331
2018		203,840		201,320		405,160
2019		212,376		192,604		404,980
2020		221,270		183,524		404,794
2021		230,537		174,064		404,601
2022-2026		1,305,845		713,951		2,019,796
2027-2031		1,603,158		410,412		2,013,570
2032-2034		1,132,161		72,416		1,204,577
Total		\$ 5,104,834		\$ 2,157,975		\$ 7,262,809

NOTE 8: JOINTLY GOVERNED ORGANIZATIONS

The District is a participant in a jointly governed organization to operate the San Luis Valley Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. The District made contributions to the BOCES of \$31,998 for the year ended June 30, 2016. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 2261 Enterprise Dr., Alamosa, CO 81101.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

January 1st through December 31st	2014¹	2015¹
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%
Total employer contribution rate to the SCHDTF	16.43%	17.33%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$290,878 for the plan year ended December 31, 2015 and \$301,153 for the fiscal year ended June 30, 2016.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: 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 \$5,994,764 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 District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was .0392%, which was a decrease of .00407% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$595,840. 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	Deferred Inflows
Difference between expected and actual experience	\$ 79,162	\$ (250)
Changes of assumptions or other inputs	\$ -	\$ (84,716)
Net difference between projected and actual earnings on pension plan investments	\$ 509,724	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (355,865)
Contributions subsequent to the measurement date	\$ 157,117	\$ -
Total	\$ 746,003	\$ (440,831)

\$157,117 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:

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30:	Fiscal Year Total
2017	\$ 13,490
2018	3,750
2019	(60,769)
2020	(104,526)
Total	\$ (148,055)

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

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-10.10%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those 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.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (7,770,967)	\$ (5,994,764)	\$ (4,517,295)

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 10: DEFINED CONTRIBUTION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2016 program members contributed \$9,526.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016 and 2015, the District contributions to the HCTF were \$17,317, and \$17,568, respectively, equal to their required contributions for each year.

NOTE 12: RISK MANAGEMENT

Property and Liability Coverage. The District belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2016.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 12: RISK MANAGEMENT (Continued)

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. The ultimate liability to the District resulting from claims not covered by the pool is not readily determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation. The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

NOTE 13: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units and are subject to the various rules and regulations of the grantor agencies.. Expenditures financed by grants are subject to audit and adjustment by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Tabor Amendment – In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Tabor Amendment.

Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and assessed valuation. Revenue received in excess of the limitations may be required to be refunded unless the District's electorates vote to retain the revenue. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Tabor Amendment requires the District to establish a reserve for emergencies. At June 30, 2016, the District's reserve of \$88,000 was recorded as restricted fund balance in the General Fund.

In 1996, the District's voters approved a ballot measure authorizing the District to collect, retain and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, effective January 1, 1996, provided, however, that no property tax mill levy be increase at any time nor shall any new tax be imposed without the prior approval of the voters.

SOUTH CONEJOS SCHOOL DISTRICT RE - 10

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 14: BEST GRANT/NEW FACILITY

The District received a BEST Grant through the Colorado Department of Education for construction of a new facility that commenced during fiscal year 2014 with the District providing an upfront match payment held in escrow of \$5,477,745. The State is funding their portion of this program, \$14,082,673, through Certificate of Participation issuances. The State will coordinate the payment to the contractors with no funding flowing through the District other than for reimbursable costs that the District incurs. The District will not receive clear title to the improvements until the State has repaid the certificates. At that point, the District will record a capital asset and related accumulated depreciation for the cost of the BEST improvements, along with offsetting reduction of the outstanding long-term grant receivable.

Capital costs with a value of \$19,534,245 had been incurred as of June 30, 2016. The amortized value of the State's contribution as of June 30, 2016 was \$13,775,370. The facility was placed in service during the 2016 fiscal year. As part of the BEST grant agreement, the District agreed to fund a capital replacement reserve in the amount of \$100 per funded pupil based on the annual October student count, beginning with the June 30, 2017 fiscal year.

The District has restated its June 30, 2015 governmental capital assets and governmental activity net position to reflect the District's portion of the facilities that were funded by the escrow described above. This resulted in an increase in construction in progress of \$5,477,745 with a corresponding increase in net position.

NOTE 15: BUDGET VIOLATION

The District's expenditures exceeded appropriations in the Bond Redemption by \$405,894. This may be a violation of state statute.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	6/30/16	6/30/15	6/30/14
District's proportion of the net pension asset (liability)	0.039196%	0.042329%	0.043267%
District's proportionate share of the net pension asset (liability)	\$ (5,994,764)	\$ (5,737,038)	\$ (5,518,655)
District's covered-employee payroll	\$ 1,708,156	\$ 1,773,293	\$ 1,744,218
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.84%	64.07%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 296,024	\$ 291,352	\$ 270,877
Actual contributions	<u>(296,024)</u>	<u>(291,352)</u>	<u>(270,877)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,708,156	\$ 1,773,293	\$ 1,744,218
Contributions as a percentage of covered-employee payroll	17.33%	16.43%	15.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

REQUIRED SUPPLEMENTARY INFORMATION
(Budgetary Comparison Schedules)

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Property Taxes	\$ 537,728	\$ 537,728	\$ 538,018	\$ 290	\$ 329,491
Specific Ownership Taxes	124,197	124,197	172,067	47,870	172,061
Delinquent Taxes	300	300	1,208	908	3,252
Investment Earnings	3,025	3,025	750	(2,275)	324
Donations	84,871	84,871	88,653	3,782	89,328
Sale of Fixed Assets	35,000	58,000	98,910	40,910	-
Instructional Materials Fees	-	-	4	4	-
Local BOCES Passthrough	7,600	7,600	-	(7,600)	-
Indirect Cost Revenue	-	-	2,078	2,078	2,226
Other Local	105,000	70,637	8,032	(62,605)	55,599
Total Local Sources	<u>897,721</u>	<u>886,358</u>	<u>909,720</u>	<u>23,362</u>	<u>652,281</u>
Intermediate Sources					
Mineral Leases	40	43	43	-	39
State Sources					
State Equalization	1,929,502	1,929,502	1,875,417	(54,085)	1,817,744
Hold Harmless Kindergarten	48,563	48,563	49,876	1,313	46,757
Transportation	30,697	30,697	31,953	1,256	30,280
State Grants from CDE					
State ELPA	9,584	9,584	9,389	(195)	-
State Share - Colorado Preschool Program	-	-	41,553	41,553	44,516
Library Grant	3,500	3,500	3,500	-	3,000
Read Act	15,400	15,400	15,400	-	9,712
Small Rural Schools Funding Grant	56,506	56,506	56,506	-	-
Additional At-Risk Funding Grant	-	-	3,117	3,117	-
State Grants from Other Agencies					
State Vocational Education	39,438	31,845	35,384	3,539	39,439
State Grants Provided through BOCES	-	-	-	-	6,782
Total State Sources	<u>2,133,190</u>	<u>2,125,597</u>	<u>2,122,095</u>	<u>(3,502)</u>	<u>1,998,230</u>
Federal Sources					
Federal Grants from CDE					
Race to the Top Grant	-	-	-	-	1,133
RTTT Early Child	-	-	-	-	199
Federal Grants from Other State Agencies					
Carl Perkins Vocational Education	-	-	-	-	14,113
Forest Reserve	15,742	-	48,487	48,487	59,097
Federal Provided through BOCES	-	-	1,315	1,315	2,218
Total Federal Sources	<u>15,742</u>	<u>-</u>	<u>49,802</u>	<u>49,802</u>	<u>76,760</u>
TOTAL REVENUES	<u>3,046,693</u>	<u>3,011,998</u>	<u>3,081,660</u>	<u>69,662</u>	<u>2,727,310</u>

(Continued)

See the accompanying Independent Auditors' Report

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			Variance with Final Budget	2015 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES					
Instruction					
Salaries	973,071	973,071	959,723	13,348	934,391
Benefits	283,520	283,520	271,703	11,817	256,727
PS - Professional	68,399	68,399	77,181	(8,782)	57,476
PS - Other	65,420	65,420	47,995	17,425	64,371
Supplies	66,991	66,991	41,716	25,275	35,239
Property	4,000	4,000	2,485	1,515	31,099
Other Expenses	2,000	2,000	2,179	(179)	1,542
Total Instruction	<u>1,463,401</u>	<u>1,463,401</u>	<u>1,402,982</u>	<u>60,419</u>	<u>1,380,845</u>
Supporting Services					
Pupil Support					
Salaries	74,981	74,981	71,920	3,061	44,080
Benefits	18,376	18,376	19,449	(1,073)	11,143
PS - Professional	550	550	381	169	10,032
PS - Other	3,000	3,000	1,872	1,128	680
Supplies	1,100	1,100	1,048	52	1,635
Total Pupil Support	<u>98,007</u>	<u>98,007</u>	<u>94,670</u>	<u>3,337</u>	<u>67,570</u>
Staff Support					
PS - Professional	-	-	1,316	(1,316)	2,218
Supplies	28,612	28,612	6,170	22,442	3,590
Total Staff Support	<u>28,612</u>	<u>28,612</u>	<u>7,486</u>	<u>21,126</u>	<u>5,808</u>
General Administration					
Salaries	189,018	189,018	170,067	18,951	184,332
Benefits	51,694	51,694	48,052	3,642	63,824
PS - Professional	100,806	100,806	51,289	49,517	30,019
PS - Other	4,000	4,000	1,651	2,349	1,246
Supplies	8,240	8,240	5,901	2,339	8,559
Property	1,600	1,600	199	1,401	1,569
Other Expenses	-	-	2,078	(2,078)	2,226
Total General Administration	<u>355,358</u>	<u>355,358</u>	<u>279,237</u>	<u>76,121</u>	<u>291,775</u>
School Administration					
Salaries	164,341	164,341	167,783	(3,442)	172,476
Benefits	47,333	47,333	45,125	2,208	50,585
PS - Other	4,000	4,000	2,081	1,919	949
Supplies	1,500	1,500	1,606	(106)	1,099
Total School Administration	<u>217,174</u>	<u>217,174</u>	<u>216,595</u>	<u>579</u>	<u>225,109</u>

(Continued)

See the accompanying Independent Auditors' Report

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			Variance with Final Budget	2015
	Original Budget	Final Budget	Actual		Actual
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
PS - Professional	-	-	-	-	(206)
Operations and Maintenance					
Salaries	139,645	139,645	130,315	9,330	122,774
Benefits	39,153	39,153	35,857	3,296	33,100
PS - Professional	8,000	8,000	5,673	2,327	6,249
PS - Property	22,000	22,000	10,327	11,673	12,880
PS - Other	58,500	58,500	40,273	18,227	49,353
Supplies	130,000	130,000	70,472	59,528	96,855
Property	-	-	220	(220)	-
Total Operations and Maintenance	<u>397,298</u>	<u>397,298</u>	<u>293,137</u>	<u>104,161</u>	<u>321,211</u>
Transportation					
Salaries	49,471	49,471	51,876	(2,405)	75,132
Benefits	17,582	17,582	18,814	(1,232)	25,689
PS - Professional	7,000	7,000	5,040	1,960	6,657
PS - Property	10,000	10,000	3,290	6,710	8,428
PS - Other	250	250	162	88	-
Supplies	34,720	34,720	22,546	12,174	32,234
Property	50,000	50,000	61,185	(11,185)	-
Total Transportation	<u>169,023</u>	<u>169,023</u>	<u>162,913</u>	<u>6,110</u>	<u>148,140</u>
Other Central Support					
Salaries	39,351	39,351	43,003	(3,652)	38,910
Benefits	19,080	19,080	11,952	7,128	10,734
PS - Professional	13,000	13,000	16,905	(3,905)	17,642
PS - Other	500	500	358	142	-
Supplies	43,000	43,000	39,814	3,186	12,719
Total Other Central Support	<u>114,931</u>	<u>114,931</u>	<u>112,032</u>	<u>2,899</u>	<u>80,005</u>
Risk Management					
PS - Other	99,500	99,500	87,258	12,242	61,302
Total Risk Management	<u>99,500</u>	<u>99,500</u>	<u>87,258</u>	<u>12,242</u>	<u>61,302</u>
Other Supporting Services					
PS - Professional	21,750	21,750	14,112	7,638	4,870
PS - Other	10,000	10,000	8,523	1,477	3,739
Supplies	10,000	10,000	5,486	4,514	3,701
Total Other Supporting Services	<u>41,750</u>	<u>41,750</u>	<u>28,121</u>	<u>13,629</u>	<u>12,310</u>
Food Service					
Food	-	-	2,342	(2,342)	-
TOTAL EXPENDITURES	<u>2,985,054</u>	<u>2,985,054</u>	<u>2,686,773</u>	<u>298,281</u>	<u>2,593,869</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	61,639	26,944	394,887	367,943	133,441
OTHER FINANCING SOURCES (USES)					
Transfers	(60,000)	(85,000)	(20,000)	65,000	(235,093)
CHANGE IN FUND BALANCE	1,639	(58,056)	374,887	432,943	(101,652)
BEGINNING FUND BALANCE	512,857	512,857	512,857	-	614,509
ENDING FUND BALANCE	<u>\$ 514,496</u>	<u>\$ 454,801</u>	<u>\$ 887,744</u>	<u>\$ 432,943</u>	<u>\$ 512,857</u>

See accompanying Independent Auditors' Report.

SOUTH CONEJOS SCHOOL DISTRICT RE-10

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on a cash basis). Annual appropriated budgets are adopted for all funds except the Non-Expendable Trust Fund. All annual appropriations lapse at fiscal year end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Budgets are required to be filed with the Commissioner of Education before October 31.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are amended from the originally adopted budget by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund equity at fiscal year end because they have lapsed and are pending reinstatement.

INTENTIONALLY LEFT BLANK

OTHER SUPPLEMENTARY INFORMATION

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Balance Sheet
Governmental Funds
Nonmajor Governmental Funds
June 30, 2016
(With Comparative Totals for June 30, 2015)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Capital Reserve Project Fund</u>	<u>2016</u>	<u>2015</u>
ASSETS				
Cash and Investments	\$ 33,289	\$ 9,997	\$ 43,286	\$ 62,767
Inventory	1,036	-	1,036	121
TOTAL ASSETS	<u>\$ 34,325</u>	<u>\$ 9,997</u>	<u>\$ 44,322</u>	<u>\$ 62,888</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	\$ 11,101	\$ 8,565	\$ 19,666	\$ 19,666
Accounts Payable	807	-	807	-
Accrued Salaries & Benefits	12,641	-	12,641	13,504
Total Liabilities	24,549	8,565	33,114	33,170
Assigned Fund Balance				
Assigned for Fund Purposes	9,776	1,432	11,208	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 34,325</u>	<u>\$ 9,997</u>	<u>\$ 44,322</u>	<u>\$ 62,888</u>

See accompanying Independent Auditors' Report.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Capital Reserve Project Fund</u>	<u>2016</u>	<u>2015</u>
REVENUES				
Local Sources	\$ 3,679	\$ -	\$ 3,679	\$ 927
State Sources	978	-	978	953
Federal Sources	120,283	-	120,283	114,765
TOTAL REVENUES	<u>124,940</u>	<u>-</u>	<u>124,940</u>	<u>116,645</u>
EXPENDITURES				
Food Service	163,450	-	163,450	164,376
Facilities	-	-	-	134
Debt Service	-	-	-	226,373
TOTAL EXPENDITURES	<u>163,450</u>	<u>-</u>	<u>163,450</u>	<u>390,883</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(38,510)</u>	<u>-</u>	<u>(38,510)</u>	<u>(274,238)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	20,000	-	20,000	235,093
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>235,093</u>
CHANGE IN FUND BALANCE	<u>(18,510)</u>	<u>-</u>	<u>(18,510)</u>	<u>(39,145)</u>
BEGINNING FUND BALANCE	<u>28,286</u>	<u>1,432</u>	<u>29,718</u>	<u>68,863</u>
ENDING FUND BALANCE	<u>\$ 9,776</u>	<u>\$ 1,432</u>	<u>\$ 11,208</u>	<u>\$ 29,718</u>

See accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

SPECIAL REVENUE FUNDS

Food Service Fund

This fund accounts for all financial activities associated with the District school lunch program.

Designated Grants Fund

This fund is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

Pupil Activity Fund

This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			2015 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Food Service Revenue	\$ 2,500	\$ 3,669	\$ 1,169	\$ 907
Other Local	950	10	(940)	-
Total Local Sources	<u>3,450</u>	<u>3,679</u>	<u>229</u>	<u>907</u>
State Sources				
State Grants from CDE				
State Match - Child Nutrition	-	978	978	953
Smart Start Nutrition	50	-	(50)	-
State K-2 Reduced Lunch	25	-	(25)	-
Total State Sources	<u>75</u>	<u>978</u>	<u>903</u>	<u>953</u>
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	38,500	37,335	(1,165)	33,441
National School Lunch Program	75,000	75,297	297	72,653
Federal Fresh Fruit & Vegetable	-	-	-	3,023
Federal Grants from Other State Agencies				
Commodities	-	7,651	7,651	5,648
Total Federal Sources	<u>113,500</u>	<u>120,283</u>	<u>6,783</u>	<u>114,765</u>
TOTAL REVENUES	<u>117,025</u>	<u>124,940</u>	<u>7,915</u>	<u>116,625</u>
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	69,792	69,373	419	66,965
Benefits	22,844	19,783	3,061	20,414
PS - Professional	230	231	(1)	-
PS - Other	500	269	231	-
Supplies	15,064	6,348	8,716	7,227
Food	81,825	59,607	22,218	63,040
Commodities	600	7,839	(7,239)	6,730
TOTAL EXPENDITURES	<u>190,855</u>	<u>163,450</u>	<u>27,405</u>	<u>164,376</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(73,830)	(38,510)	35,320	(47,751)
OTHER FINANCING SOURCES (USES)				
Transfers	60,000	20,000	(40,000)	60,000
CHANGE IN FUND BALANCE	(13,830)	(18,510)	(4,680)	12,249
BEGINNING FUND BALANCE	28,241	28,286	45	16,037
ENDING FUND BALANCE	<u>\$ 14,411</u>	<u>\$ 9,776</u>	<u>\$ (4,635)</u>	<u>\$ 28,286</u>

See accompanying Independent Auditors' Report.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016		Variance with Final Budget	2015	
	Final Budget	Actual		Budget	Actual
REVENUES					
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	\$ 153,773	\$ 153,777	\$ 4	\$ 161,455	
NCLB Title II, Part A - Teacher & Principal Training	34,447	34,398	(49)	34,935	
Federal Provided through BOCES	<u>1,707</u>	<u>-</u>	<u>(1,707)</u>	<u>-</u>	
TOTAL REVENUES	<u>189,927</u>	<u>188,175</u>	<u>(1,752)</u>	<u>196,390</u>	
EXPENDITURES					
Instruction					
Salaries	147,740	129,955	17,785	139,609	
Benefits	46,130	44,110	2,020	27,753	
PS - Professional	-	250	(250)	-	
Supplies	<u>1,050</u>	<u>98</u>	<u>952</u>	<u>11,550</u>	
Total Instruction	<u>194,920</u>	<u>174,413</u>	<u>20,507</u>	<u>178,912</u>	
Supporting Services					
Pupil Support					
Salaries	-	340	(340)	4,667	
Benefits	-	68	(68)	4,490	
PS - Professional	<u>9,225</u>	<u>7,062</u>	<u>2,163</u>	<u>-</u>	
Total Pupil Support	<u>9,225</u>	<u>7,470</u>	<u>1,755</u>	<u>9,157</u>	
Staff Support					
PS - Professional	1,707	-	1,707	-	
PS - Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>267</u>	
Total Staff Support	<u>1,707</u>	<u>-</u>	<u>1,707</u>	<u>267</u>	
General Administration					
Salaries	7,025	5,503	1,522	6,690	
Benefits	<u>2,300</u>	<u>789</u>	<u>1,511</u>	<u>1,114</u>	
Total General Administration	<u>9,325</u>	<u>6,292</u>	<u>3,033</u>	<u>7,804</u>	
Community Support					
PS - Professional	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	
TOTAL EXPENDITURES	<u>215,177</u>	<u>188,175</u>	<u>27,002</u>	<u>196,390</u>	
CHANGE IN FUND BALANCE	<u>(25,250)</u>	<u>-</u>	<u>25,250</u>	<u>-</u>	
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
ENDING FUND BALANCE	<u>\$ (25,250)</u>	<u>\$ -</u>	<u>\$ 25,250</u>	<u>\$ -</u>	

See accompanying Independent Auditors' Report.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>	
REVENUES				
Local Sources				
Investment Earnings	\$ 400	\$ 443	\$ 43	\$ 425
Pupil Activity Revenues	<u>80,000</u>	<u>51,849</u>	<u>(28,151)</u>	<u>51,338</u>
TOTAL REVENUES	<u>80,400</u>	<u>52,292</u>	<u>(28,108)</u>	<u>51,763</u>
EXPENDITURES				
Instruction				
PS - Professional	<u>84,000</u>	<u>57,731</u>	<u>26,269</u>	<u>57,770</u>
TOTAL EXPENDITURES	<u>84,000</u>	<u>57,731</u>	<u>26,269</u>	<u>57,770</u>
CHANGE IN FUND BALANCE	(3,600)	(5,439)	(1,839)	(6,007)
BEGINNING FUND BALANCE	-	147,003	147,003	153,010
ENDING FUND BALANCE	<u>\$ (3,600)</u>	<u>\$ 141,564</u>	<u>\$ 145,164</u>	<u>\$ 147,003</u>

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

Debt Service Funds are used to service the general obligation debt of the District.

The District has the following debt service fund:

Bond Redemption Fund

This fund is used to account for the accumulation of resources and for the payment of principal, interest and other costs associated with the District's general obligation debt.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Property Taxes	\$ 78,000	\$ 421,765	\$ 343,765	\$ 416,633
Delinquent Taxes	2,500	1,472	(1,028)	2,275
Investment Earnings	5	20	15	20
TOTAL REVENUES	<u>80,505</u>	<u>423,257</u>	<u>342,752</u>	<u>418,928</u>
EXPENDITURES				
Debt Service				
Principal	-	187,783	(187,783)	185,128
Interest	-	217,713	(217,713)	225,522
Fees	-	398	(398)	750
TOTAL EXPENDITURES	<u>-</u>	<u>405,894</u>	<u>(405,894)</u>	<u>411,400</u>
CHANGE IN FUND BALANCE	80,505	17,363	(63,142)	7,528
BEGINNING FUND BALANCE	-	307,289	307,289	299,761
ENDING FUND BALANCE	<u>\$ 80,505</u>	<u>\$ 324,652</u>	<u>\$ 244,147</u>	<u>\$ 307,289</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for the construction of District facilities.

The District has the following capital project funds:

Building Fund

This fund is used to account the District's contribution towards the BEST Grant building project.

Capital Reserve Projects Fund

This fund is used to account for the majority of the District's capital improvements.

SOUTH CONEJOS SCHOOL DISTRICT RE-10
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 25	\$ -	\$ (25)	\$ 19
State Sources				
State Grants from CDE				
Best Capital Construction Program	2,500	-	(2,500)	-
TOTAL REVENUES	<u>2,525</u>	<u>-</u>	<u>(2,525)</u>	<u>19</u>
EXPENDITURES				
Facilities/Capital Outlay				
Land and Improvements	2,525	-	2,525	-
Buildings	25,000	-	25,000	133
Total Facilities/Capital Outlay	<u>27,525</u>	<u>-</u>	<u>27,525</u>	<u>133</u>
Debt Service				
Principal	-	-	-	210,323
Interest	-	-	-	16,050
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,373</u>
TOTAL EXPENDITURES	<u>27,525</u>	<u>-</u>	<u>27,525</u>	<u>226,506</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(25,000)	-	25,000	(226,487)
OTHER FINANCING SOURCES (USES)				
Transfers	25,000	-	(25,000)	175,093
CHANGE IN FUND BALANCE	-	-	-	(51,394)
BEGINNING FUND BALANCE	-	1,432	1,432	52,826
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,432</u>	<u>\$ 1,432</u>	<u>\$ 1,432</u>

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 0580 - SOUTH CONEJOS RE-10
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	512,857		3,061,659		2,686,773		887,744
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub- Total	512,857		3,061,659		2,686,773		887,744
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	28,286		144,939		163,450		9,776
22 Govt Designated-Purpose Grants Fund	0		188,175		188,175		0
23 Pupil Activity Special Revenue Fund	147,003		52,293		57,731		141,564
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	307,289		423,257		405,894		324,652
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	1,432		0		0		1,432
Totals	996,867		3,870,323		3,502,023		1,365,167
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

FINAL

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



Colorado Department of Education

Bolded Balance Sheet Report

District: 0580 - SOUTH CONEJOS RE-10

Fiscal Year 2015-16

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Cash and Investments (8100-8104,8111)	1,061,734	0	0	33,289	153,000	285,765	9,997	0	0	0	0	0	1,543,785	
Cash with Fiscal Agent (8105)	19,882	0	0	0	0	6,099	0	0	0	0	0	0	25,982	
Taxes Receivable (8121,8122)	65,949	0	0	0	0	52,037	0	0	0	0	0	0	117,986	
Interfund Loans Receivable (8131,8132)	77,734	0	0	0	14,582	0	0	0	0	0	0	0	92,316	
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Accounts Receivable (8142)	1,315	0	0	0	67,523	0	0	0	0	0	0	0	68,838	
Other Receivables (8151-8154,8161)	12,873	0	0	0	0	0	0	0	0	0	0	0	12,873	
Inventories (8171,8172,8173)	0	0	0	1,036	0	0	0	0	0	0	0	0	1,036	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	1,239,488	0	0	34,325	235,105	343,901	9,997	0	0	0	0	0	1,862,816	

Fiduciary

Proprietary

Governmental

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY													
LIABILITIES													
Interfund Payables (7401,7402)	10,137	0	0	11,101	62,512	0	8,564	0	0	0	0	0	92,316
Other Payables (7421-7423)	105,493	0	0	807	3,517	0	0	0	0	0	0	0	109,816
Accrued Expenses (7461)	226,151	0	0	12,641	27,511	0	0	0	0	0	0	0	266,304
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	19,250	0	0	0	0	0	0	19,250
Deferred Inflow Grants (7801)	9,963	0	0	0	0	0	0	0	0	0	0	0	9,963
Total Liabilities	351,744	0	0	24,549	93,541	19,250	8,564	0	0	0	0	0	497,649

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	324,652	0	0	0	0	0	0	324,652
TABOR 3% Emergency Reserve 6721	88,000	0	0	0	0	0	0	0	0	0	0	0	88,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	788	0	0	0	0	0	0	0	0	0	0	0	788
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	21,600	0	0	0	0	0	0	0	0	0	0	0	21,600
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	9,776	141,564	0	1,432	0	0	0	0	0	152,772
Unassigned Fund Balance 6770	777,356	0	0	0	0	0	0	0	0	0	0	0	777,356
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	887,744	0	0	9,776	141,564	324,652	1,432	0	0	0	0	0	1,365,167

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,239,488	0	0	34,325	235,105	343,901	9,997	0	0	0	0	0	1,862,816

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