

**Summit School District RE-1
Frisco, Colorado**

**Comprehensive Annual
Financial Report
June 30, 2016**



RECEIVED

By Justin L. Smith at 12:55 pm, Dec 02, 2016

Summit School District
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2016

Prepared By Kara Drake
Director of Business Services

**Summit School District RE-1
Comprehensive Annual Financial Report
June 30, 2016**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i - v
Organizational Chart	vi
Principal Officials.....	vii

FINANCIAL SECTION

Independent Auditor's Report	A1 – A3
Management's Discussion and Analysis.....	B1 – B6

Basic Financial Statements:

District – Wide Financial Statements

Statement of Net Position	C1
Statement of Activities.....	C2

Fund Financial Statements:

Balance Sheet – Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	C5
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Net Position – Proprietary Fund	C7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	C8
Statement of Cash Flows – Proprietary Fund.....	C9
Statement of Fiduciary Net Position – Fiduciary Fund.....	C10

Notes to Basic Financial Statements	D1 – D27
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Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and
Actual (GAAP Basis):

General Fund	E1
Major Special Revenue Fund – Food Service Fund	E2
Major Special Revenue Fund - Grant Fund	E3
Major Special Revenue Fund – Kindergarten Fund	E4
Major Special Revenue Fund – Transportation Fund	E5
Schedule of Employer's Proportionate Share of the Net Pension Liability	E6
Schedule of District Contributions	E7

**Summit School District RE-1
Comprehensive Annual Financial Report
June 30, 2016**

**TABLE OF CONTENTS
(Continued)**

FINANCIAL SECTION (continued)

Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (GAAP Basis):

Debt Service Fund – Bond Redemption Fund	F1
Capital Projects Fund – Capital Reserve Fund	F2
Internal Service Fund – Health Benefits Fund	F3

Schedule of Fiduciary Fund Increases and Decreases – Budget and Actual -
Fiduciary Fund – Student Activities Fund

Auditor’s Electronic Financial Data Integrity Check Figures

Capital Assets Used in the Operation of Governmental Fund

STATISTICAL SECTION

Fund Information:

Net Position by Component	G1- G2
Changes in Net Position	G3 –G6
Fund Balances, Governmental Funds	G7 – G8
Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years	G9 – G10
Assessed Value and Actual Value of Property Last Ten Fiscal Years	G11 – G12
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	G13 – G14
Principal Property Tax Payers	G15
Property Tax Levies and Collections – Last Ten Fiscal Periods	G16
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	G17
Direct and Overlapping Governmental Activities Debt	G18
Legal Debt Margin Information – Last Ten Fiscal Years	G19 – G20
Demographic Statistics – Last Ten Fiscal Years	G21
Principal Employers	G22
Operating Statistics	G23
Schedule of Insurance	G24

SINGLE AUDIT SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Governmental Auditing Standards.....H1 - H2

Independent Auditor’s Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by Uniform Guidance

Schedule of Findings and Questioned Costs

Schedule of Expenditures of Federal Awards

Summit School District RE-1

Introductory Section





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970.368.1000
summit.k12.co.us

BOARD OF EDUCATION

Ms. Margaret Carlson, President
Ms. Sue Wilcox, Vice President
Ms. Lisa Webster, Treasurer
Dr. Marilyn Taylor, Secretary
Ms. Cindy Bargell, Director
Ms. Terry Craig, Director
Dr. Bonnie Ward, Director

November 17, 2016

Board of Education and Residents
Summit School District
Frisco, Colorado 80443

Colorado Revised Statute 29-1-603 requires that all school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Summit School District for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of Summit School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Summit School District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Summit School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Summit School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by McMahan and Associates, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Summit School District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Summit School District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Single Audit – The independent audit of the financial statements of Summit School District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the District’s single audit for the fiscal year ended June 30, 2016 provided no instances of material weaknesses or reportable conditions in internal control or material violations of applicable laws, regulation, contracts or grants. However, there was one instance of noncompliance with the requirement of the District to perform on-site reviews of the lunch counting and claiming system at each school. These reviews were not completed in 2016 due to turnover in the Food Services Director position. The district is currently working on completing on-site reviews for 2017 and expects to have them completed prior to the holiday break.

Budgeting Controls – In addition, the District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. A quarterly financial report is prepared and presented to the Board of Education on a regular basis. Activities of all funds are included in this report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and are generally re-established in the following year as an obligation against that year’s appropriated budget.

Accounting Policies – Detailed descriptions of the District’s accounting policies are contained in the Notes to the Basic Financial Statements on in section D, and they are an integral part of this report. These policies describe the basis of accounting, fund and accounts used, valuation policies for inventories and investments and other significant accounting information.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Summit School District’s MD&A can be found immediately following the report of the independent auditors.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Profile of the District

Summit School District was formed in 1958 by a state wide reorganization of school districts. This reorganization combined six (6) small school districts in Summit County into one district. The District covers approximately 516 square miles in the central Colorado Rocky Mountains. Summit School District is empowered to levy a property tax on both real and personal properties located within its boundaries.

The District operates under an elected Board of Education with seven members. Policy-making and legislative authority are vested in the Board of Education. The Board is responsible, among other things, for adopting policies, appointing committees, adopting the budget, and hiring the Superintendent. The Superintendent is responsible for carrying out the policies and regulations of the Board, for overseeing the day-to-day operations of the district, and for hiring principals and administrators. The Board is elected on a non-partisan basis at large. Board members serve four-year staggered terms, with four or three Board members elected every two years.

The District provides a full range of educational programs and services authorized by Colorado State Statute to approximately 3,500 students. This includes basic PK-12 education in elementary, middle and high schools, special education for handicapped students, English language acquisition, preschool and numerous other programs. The District has no component governmental entities for which it is financially accountable. Therefore, the financial statements include only the District and no other entities.

The annual budget serves as the foundation for Summit School District's financial planning and control. The Board of Education begins the budget cycle annually in December by reviewing several five-year projections to evaluate the overall financial health of the district. Based upon this review and current financial policies, the Board establishes the facts and assumptions that will be used in the development of the annual budget. The Administrative Team of the district, which consists of all building principals and district office administrators, discusses and reviews the Board direction. This input is then provided to the Board who finalizes their budget guidelines. The Business Services department then converts these guidelines into broad allocations to each school and department. The school or department determines their staffing and budgets to meet the needs of their customers and input for their respective communities within their allocations. The Business Services department then collects this budget detail and compiles the proposed budget. In May, the Superintendent presents this proposed budget to the Board for review. The Board is required to hold public hearings on the budget and to adopt a final budget by no later than June 30, the close of Summit School District's fiscal year. The appropriated budget is prepared by fund, program and department. Principals and department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the approval of the Board of Education. Budget-to-actual comparisons are provided in this report for every fund. For all funds, this comparison is presented in the supplemental information section of this report, in Sections E and F.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Summit School District operates. The two factors that determine the level of funding for any year for a Colorado school district is the Colorado School Finance Act and individual district enrollment.

The Colorado School Finance Act was developed in 1988 to bring equity to funding of school districts throughout the State. In 1994, the Act was amended. The Act currently determines the amount of per pupil funding for each district in the state based upon four district factors: base, size, at-risk and cost of living. These factors determine a per pupil dollar amount that is then multiplied by the number of students enrolled on October 1 of the current year. Although the Colorado School Finance Act was implemented with the best intentions, tight state revenues have resulted in the Act, and therefore schools, being under funded for over twenty years.

In November 2000, the voters of Colorado passed a statewide ballot issue to amend the State Constitution, Amendment 23. This amendment requires that the state fund public education at a minimum of growth plus inflation plus one percent for the next ten years beginning with fiscal 2001-02 and thereafter at growth plus inflation. However, due to the state of the economy, the State of Colorado has had to reduce funding to PK-12 education, by enacting a new factor, the Negative Factor, that empowers the legislature to override the aforementioned factors, and dictate how much the State will fund Colorado K-12 education.

Enrollment is the second key factor to financing a school district. Summit School District's enrollment is projected to slightly increase over the next several years. The District enrollment increased almost 5% in 2015-16. The 2016-17 budget has been prepared forecasting an increased enrollment of 67 students, or about 2%, for the next fiscal year.

Major Initiatives

Developing caring learners is the single goal of the District. Every Summit School District student will develop as a caring learner by demonstrating at least a year's growth in academic achievement and by showing an increase in behaviors associated with positive character development. This growth will be measured by a body of evidence in an end-of-year review.

Strategic Plan: We believe in planning the work and then working the plan. School board members and district leaders worked with parents, students, staff and community members to guide the development of a new strategic plan. The community conversations focused energy and ideas on common goals and

priorities. From this work, Summit School District developed VISION 2020 – a five year effort to elevate student achievement through innovative learning models and programs.

Mission Statement: In a safe environment, we will do whatever it takes for the academic and character success of every student to develop as a lifelong learner and responsible citizen. In order to accomplish this, we will engage every student every day in intellectually challenging and meaningful learning to give all students the resources necessary to prepare them to achieve their greatest potential and to meet the expectations of the future.

Champion Student Success: Summit School District will be ranked in the top 5% of school districts in Colorado for academic performance.

Empower Student – Centered Learning: Summit School District will deliver student-centered instruction in every classroom, every day and provide International Baccalaureate (IB) inquiry-based, real-world, curriculum and experiences that prepare students for the jobs of the future.

Develop Caring Learners: Summit School District will support the social-emotional and physical well-being of every student through positive relationships, safe environments and inclusive student climates.

Staff-Shared Commitments:

We work together in an atmosphere of trust, integrity and mutual respect to provide state-of-the-art education.

We provide educators with the training and tools necessary to teach all students to their fullest potential.

We are committed to rigorous, relevant and well-researched curriculum which is continuously reviewed.

We implement the International Baccalaureate (IB) Frameworks, Units of Study and Learner Profile attributes in every classroom.

We utilize 21st century tools in a culturally inclusive environment to meet the needs of each student.

We are committed to providing the resources, facilities, communications and systems necessary to attain these goals.

Professional Learning Time: In 2006-07, the District created an opportunity of nearly two hours a week for teacher professional learning by adjusting the weekly school schedule to release students early on Monday afternoons and lengthen the days on Tuesday through Friday. This change resulted in no loss of learning time for students. This weekly time for teacher collaboration has allowed our teachers the opportunity to work together on a consistent basis to get very clear on course curriculum and expectations for student learning, to develop consistent assessments of this learning, to focus on character education and bullying prevention strategies and to share and learn strategies for students whose behavior and/or achievement data indicate that they either need more help or need more enrichment in their classes in order to be more successful in school. This time has been very productive and will be continued into future school years.

District Wide International Baccalaureate (IB): The District continues on its vision to be one of only a handful that is a District Wide International Baccalaureate school system.

Full Day Kindergarten: In November 2007, the voters of Summit School District passed a mill levy to provide funding for full day kindergarten. Currently the State of Colorado provides half-day kindergarten funding through the Colorado School Finance Act. This mill levy will provide a full day kindergarten program to the student for any family wishing to enroll. As research has illustrated, this early learning can be a key factor in future success of the student.

Fiscal Responsibility: The Board of Education has put into practice strong financial policies and practices which has resulted in the Summit School District being in sound financial condition. These financial policies include:

- A balanced budget
 - Expenses are adjusted to annual revenues
- Unrestricted fund balance for unforeseen events
 - Goal of 7% of General Fund expenses or 17 days
- Annual independent audit
- Quarterly financial reports
- Financial information posted on web site for fiscal transparency

Budget Planning: With the uptick in the economy and state revenues improving, it is projected that the State's budget will be stronger for 2016-17. As the District's total operating revenues are controlled by the State through the Colorado School Finance Act, the Negative Factor will continue to have a significant impact on Summit School District.

ACKNOWLEDGEMENTS

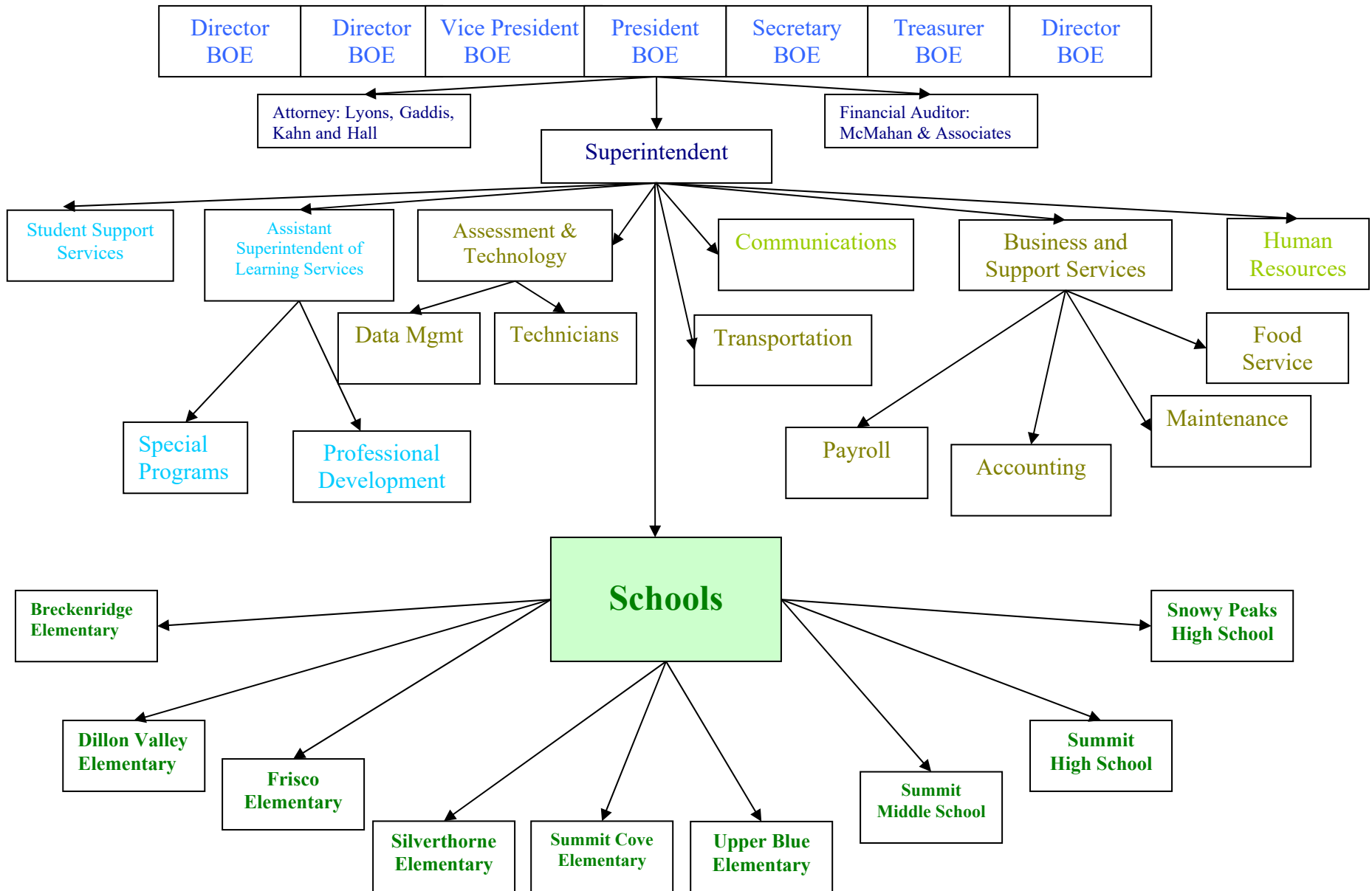
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Business Services department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Superintendent and Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of Summit School District's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kara Drake', with a long horizontal line extending to the right from the end of the signature.

Kara Drake
Director of Business Services

**Summit School District 2016-17
ORGANIZATIONAL CHART
Board of Education**



SUMMIT SCHOOL DISTRICT
Summit County, Colorado

PRINCIPAL OFFICIALS

Board of Education

Margaret Carlson.....	President
Sue Wilcox	Vice President
Dr. Marilyn Taylor	Secretary
Lisa Webster	Treasurer
Cindy Bargell	Director
Terry Craig	Director
Dr. Bonnie Ward	Director

District Administration

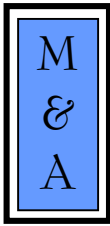
Kerry Buhler	Superintendent
Dr. Cathy Beck	Assistant Superintendent of Student Learning
Kara Drake	Director of Business Services
Mary Kay Dore	Director of Student Support Services
Bethany Massey	Director of Assessment and Instructional Technology
Trisha Theelke-Forman.....	Director of Human Resources
Julie McCluskie	Director of Communications and Community Engagement

Summit School District is an equal opportunity education institution and does not unlawfully discriminate on the basis of race, color, national origin, age, sex, sexual orientation or disability in admission or access to, or treatment, or employment in, its education programs or activities and provides equal access to the Boy Scouts and other designated youth groups. Inquiries concerning non-discrimination policies may be referred to the Summit School District Attn: Superintendent, P.O. Box 7, Frisco, CO 80443, (970) 368-1000.

Summit School District RE-1

Financial Section





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Summit School District RE-1
Frisco, Colorado**

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

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

Opinions

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

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions in Section E, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

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

Other Matters (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
November 17, 2016**

Summit School District RE-1

Management's Discussion and Analysis



**Summit School District
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2016**

As management of Summit School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

Financial Highlights

- ❖ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$25,498,955. Of this amount, \$8,223,532 is restricted in its use to meet the District's ongoing obligations to students and creditors.
- ❖ The District's total net position increased by \$43,743.
- ❖ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$17,575,237, a decrease of \$139,059 in comparison with the prior year. \$8,607,808 is available for spending at the District's discretion.
- ❖ At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,607,808 or 26.1% percent of total general fund expenditures.
- ❖ The District's general obligation debt decreased to a balance of \$29,415,000. As of June 30, 2016, the district has paid in full the 2004A and 2006 bonds and has two outstanding general obligation bonds from 2004B and 2012.

Overview of the Financial Statements

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

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

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

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

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, support services, food service, and student activities. Such services include activities relating to building maintenance, technology and administration.

The district-wide financial statement includes only the Summit School District and no other entities. The district-wide financial statements can be found on pages C1-C2 of this report.

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Summit School District maintains seven individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, food service fund, grant fund, kindergarten fund, transportation fund, debt service fund, and the capital reserve fund.

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

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

Proprietary Funds: The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its employee health and dental benefits. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages C7-C9 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund used by the District accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education.

The basic fiduciary fund financial statement can be found on page C10 of this report.

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Immediately following the notes are the statements reporting the District's annual appropriated budgets. These budget reports can be found on pages E1-F7.

District-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2016, the District's total net position was \$25,498,955, which included the District's net pension liability of \$76,983,045. This net pension liability is the District's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actual valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015.

Summit School District - Summary of Net Position:

	Governmental Activities	
	FY 2016	FY 2015
Assets:		
Current and other assets	\$ 23,186,555	\$ 23,456,099
Capital assets	106,787,001	107,599,978
Total Assets	<u>\$ 129,973,556</u>	<u>\$ 131,056,077</u>
Deferred Outflows	<u>\$ 11,083,762</u>	<u>\$ 4,866,372</u>
Liabilities:		
Other liabilities	\$ 5,135,690	\$ 4,721,058
Long-term liabilities	109,040,048	105,274,124
Total Liabilities	<u>\$ 114,175,738</u>	<u>\$ 109,995,182</u>
Deferred Inflows	<u>\$ 1,382,625</u>	<u>\$ 472,055</u>
Net Position		
Net investment		
in capital assets	76,981,982	72,667,600
Restricted	8,223,532	6,841,119
Unrestricted	(59,706,559)	(54,053,507)
Total Net Position	<u>\$ 25,498,955</u>	<u>\$ 25,455,212</u>

Of the District's total net position, \$76,981,982 is invested in capital assets (e.g. land, buildings and equipment). The district uses these capital assets to provide services to its students and the community; consequently, these assets are not available for further spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$8,223,532, represents resources that are subject to restrictions on how they may be used. The District's June 30, 2016 unrestricted net position (\$59,706,559) is a result of reporting the net pension obligation of \$76,983,045.

Summit School District - Statement of Activities:

	Governmental Activities	
	FY 2016	FY 2015
Revenues:		
<i>Program revenues</i>		
Charges for services	\$ 1,030,502	\$ 940,015
Operating grants and contributions	2,705,099	2,521,010
<i>General revenues</i>		
Property taxes	33,798,849	31,218,782
Specific ownership taxes	1,738,337	1,653,562
State revenue	6,439,603	6,293,409
Grants and contributions	741,877	641,786
Investment earnings	19,506	13,459
Other	(4,345)	4,000
Total revenues	<u>46,469,428</u>	<u>43,286,023</u>
Expenditures:		
Direct Instruction	25,694,346	23,146,035
Indirect Instruction	6,434,647	5,063,052
Transportation	1,677,439	1,587,103
Custodial maintenance	4,300,999	4,063,683
Support services	2,840,564	2,291,662
General administration	3,091,129	2,867,470
Food Service	1,375,844	1,266,894
Interest	1,010,717	1,320,485
Total Expenses	<u>46,425,685</u>	<u>41,606,384</u>
Change in net position	43,743	1,679,639
Net position- July 1	<u>25,455,212</u>	<u>23,775,573</u>
Net position - June 30	<u>\$ 25,498,955</u>	<u>\$ 25,455,212</u>

Most school districts operating revenues comes from the School Finance Act of 1994 ("SFA"). Under this act, the District received \$7,594 per funded pupil in fiscal year ended June 30, 2016, and the funded pupil count was 3,294.9. SFA funding comes from general fund property taxes, specific ownership taxes, and state equalization. The District received 74% of SFA funding from property taxes and specific ownership tax and 26% from the state.

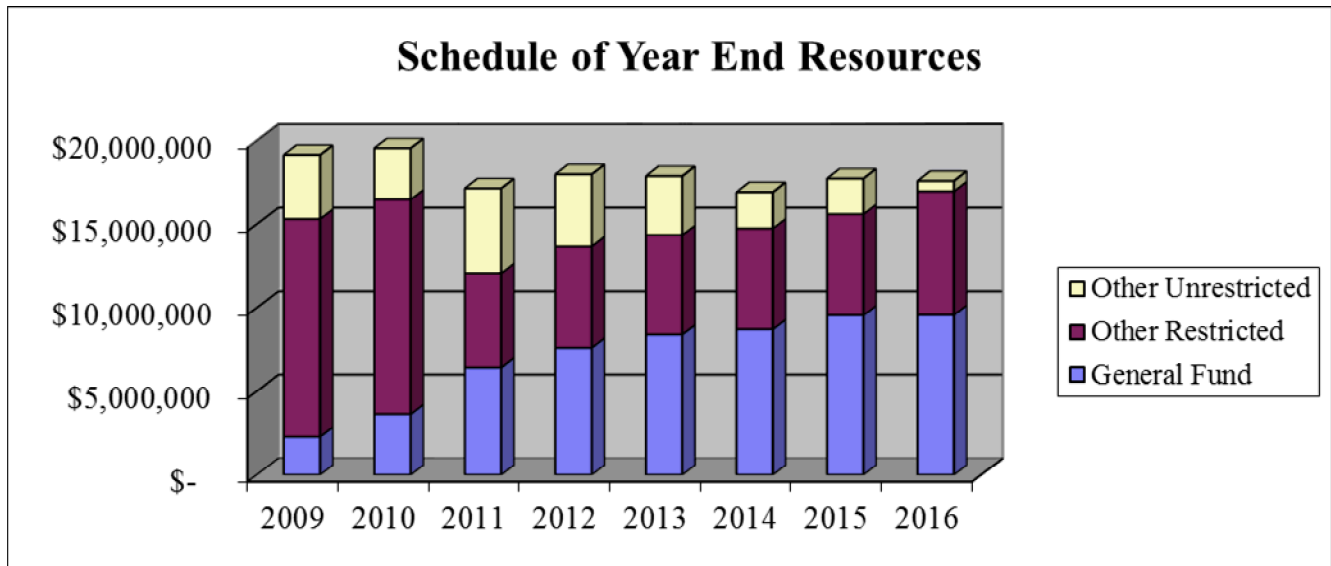
Financial Analysis of the District's Funds

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

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

- ❖ As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$17,575,237 a decrease of \$139,059 from the prior year ending fund balances. This decrease is the result of the Capital Projects Fund’s expenses exceeding revenue. A total of \$8,607,808 is available for spending at the District’s discretion. The general fund accounts for \$9,566,690 of the total fund balance.

The following graph provides a view of the District’s ending fund balances for the last eight fiscal years:



Budget Variances in the General Fund: The District’s budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the general fund.

One of the most important variances to discuss is budgeted vs. actual revenues and expenditures in the general fund. Actual revenues were favorable to the final budget by \$443,820. Actual expenditures, excluding contingency, were \$722,486 less than budgeted and other financing sources were \$280,057 less than budgeted. The supplemental budget adopted in January 2016, had planned to spend down reserves by \$1.4M, however, due to increased revenue and savings in expenditures, the actual result was an increase in the ending fund balance of the general fund of \$22,802.

The District has prepared a budget that uses a small amount of fund balance next year to support the implementation of the One2World initiative and increased cost of health benefits for employees. This budget meets the Board of Education goal of strategically using fund balance. This budget includes being fiscally conservative by projecting a small change in enrollment.

Capital Assets: The District’s capital assets, net of accumulated depreciation, totaled \$106,787,001 as of June 30, 2016. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years. The District has no construction commitments as of June 30, 2016.

Additional information as well as a detailed classification of the District’s net capital assets can be found in the Notes to the Financial Statement on pages D12 and D13 of this report.

Long-Term Debt: As of the end of the current fiscal year, the District’s long-term liabilities totaled \$109,040,048, representing a net increase of \$8,798,034. This increase in long-term debt is mainly due to the increase in pension liability being offset by bond payments made during the fiscal year 2016.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessors Office, or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessors Office. The District's legal bonded debt limit as of June 30, 2016 is \$315,498,638.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements on pages D15 ad D16 of this report.

Economic Factors

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

Total Program Funding = local property taxes + general specific ownership taxes + State equalization

School District Finance Act is also significantly affected by Amendment 23, which was approved by the voters in November, 2000. This state constitutional amendment requires that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window has expired, the state must increase funding at the rate of inflation. This funding calculation attempts to align Colorado districts to inflation-adjusted funding levels of 1988. The formula will also increase the District's reliance upon the state and decrease the District's reliance upon local funding over time. However, due to the decline in the national and state economy, the State of Colorado has not fully funded Amendment 23 levels for the 2015-16 school year, and has not since the 2009-2010 school year.

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2016 totaled \$9,566,690. The fiscal year 2017 budget anticipates a small reduction of \$610,000 in this balance.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Summit School District, Director of Business Services, PO Box 7, Frisco, Colorado 80443.

Summit School District RE-1

District-Wide Financial Statements



SUMMIT SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

	<u>Governmental</u>	<u>Total</u>
	<u>Activities</u>	
Assets:		
Current Assets:		
Cash and investments	\$ 21,187,978	\$ 21,187,978
Taxes receivable	1,033,713	1,033,713
Due from other governments	823,113	823,113
Prepaid expenses	106,782	106,782
Inventory	34,969	34,969
Capital Assets:		
Land	9,559,158	9,559,158
Construction in progress	31,788	31,788
Buildings	139,405,159	139,405,159
Equipment and vehicles	6,586,495	6,586,495
Less accumulated depreciation	<u>(48,795,599)</u>	<u>(48,795,599)</u>
Total Assets	<u>129,973,556</u>	<u>129,973,556</u>
 Deferred Outflows of Resources:		
Deferred pension expenses	9,842,465	9,842,465
Deferred charge on refunding	<u>1,241,297</u>	<u>1,241,297</u>
Total Deferred Outflows of Resources	<u>11,083,762</u>	<u>11,083,762</u>
 Liabilities:		
Current Liabilities:		
Accounts, retainage, arbitrage and deposits payable	883,146	883,146
Accrued compensation	4,126,957	4,126,957
Accrued interest	80,903	80,903
Unearned revenue	44,684	44,684
Noncurrent Liabilities:		
Bonded debt payable:		
Due within one year	2,885,000	2,885,000
Due in more than one year	28,161,316	28,161,316
Compensated absences and early retirement:		
Due within one year	95,500	95,500
Due in more than one year	915,187	915,187
Net pension liability:		
Due in more than one year	<u>76,983,045</u>	<u>76,983,045</u>
Total Liabilities	<u>114,175,738</u>	<u>114,175,738</u>
 Deferred Inflows of Resources:		
Deferred pension expenses	<u>1,382,625</u>	<u>1,382,625</u>
Total Deferred Inflows of Resources	<u>1,382,625</u>	<u>1,382,625</u>
 Net Position:		
Net investment in capital assets	76,981,982	76,981,982
Restricted for:		
TABOR	852,100	852,100
Debt service	7,371,432	7,371,432
Unrestricted	<u>(59,706,559)</u>	<u>(59,706,559)</u>
Total Net Position	<u>\$ 25,498,955</u>	<u>\$ 25,498,955</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Functions/Programs						
Governmental Activities:						
Direct instruction	\$ 25,694,346	\$ 378,930	\$ 1,145,457	\$ -	\$ (24,169,959)	\$ (24,169,959)
Indirect instruction	6,434,647	-	748,275	-	(5,686,372)	(5,686,372)
Transportation	1,677,439	155,533	28,961	-	(1,492,945)	(1,492,945)
Custodial and maintenance	4,300,999	-	-	-	(4,300,999)	(4,300,999)
Support services	2,840,564	-	44,507	-	(2,796,057)	(2,796,057)
General administration	3,091,129	-	-	-	(3,091,129)	(3,091,129)
Food service	1,375,844	496,039	737,899	-	(141,906)	(141,906)
Interest	1,010,717	-	-	-	(1,010,717)	(1,010,717)
Total governmental activities	<u>46,425,685</u>	<u>1,030,502</u>	<u>2,705,099</u>	<u>-</u>	<u>(42,690,084)</u>	<u>(42,690,084)</u>
 Total	 <u>46,425,685</u>	 <u>1,030,502</u>	 <u>2,705,099</u>	 <u>-</u>	 <u>(42,690,084)</u>	 <u>(42,690,084)</u>
General revenues:						
Property taxes levied for general purposes					26,326,825	26,326,825
Property taxes levied for debt service					7,472,024	7,472,024
Specific ownership taxes					1,738,337	1,738,337
State revenue					6,439,603	6,439,603
Grants and contributions not restricted to specific programs					741,877	741,877
Gain on asset disposition					(4,345)	(4,345)
Interest and investment earnings					19,506	19,506
Total general revenues					<u>42,733,827</u>	<u>42,733,827</u>
Change in net position					43,743	43,743
Net position - beginning					<u>25,455,212</u>	<u>25,455,212</u>
Net position - ending					<u>\$ 25,498,955</u>	<u>\$ 25,498,955</u>

The accompanying notes are an integral part of this statement.

Summit School District RE-1

Fund Financial Statements



SUMMIT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	<u>Special Revenue Fund</u>					<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
	<u>General</u>	<u>Food Service</u>	<u>Grant</u>	<u>Kindergarten</u>	<u>Transportation</u>	<u>Bond</u>	<u>Capital</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Redemption</u>	<u>Reserve</u>	<u>Funds</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Assets:								
Cash and cash equivalents	\$ 12,409,549	\$ 102,939	\$ -	\$ 156,074	\$ (5,642)	\$ 7,172,912	\$ 602,146	\$ 20,437,978
Accounts receivable	-	11,881	-	-	-	-	-	11,881
Taxes receivable	752,067	-	-	25,798	26,764	229,086	-	1,033,715
Due from other governments	373,371	4,568	328,381	9,573	10,007	85,333	-	811,233
Due from other funds	159,381	-	-	-	-	-	-	159,381
Inventories and prepaid expenses	106,782	34,969	-	-	-	-	-	141,751
Total Assets	<u>13,801,150</u>	<u>154,357</u>	<u>328,381</u>	<u>191,445</u>	<u>31,129</u>	<u>7,487,331</u>	<u>602,146</u>	<u>22,595,939</u>
Liabilities:								
Accounts and deposits payable	161,014	1,658	-	-	3,752	-	-	166,424
Accrued compensation	3,692,760	87,769	154,276	178,266	13,885	-	-	4,126,956
Due to other funds	-	-	159,381	-	-	-	-	159,381
Unearned revenue:								
Other	-	29,961	14,724	-	-	-	-	44,685
Total Liabilities	<u>3,853,774</u>	<u>119,388</u>	<u>328,381</u>	<u>178,266</u>	<u>17,637</u>	<u>-</u>	<u>-</u>	<u>4,497,446</u>
Deferred Inflows of Resources:								
Unavailable property taxes	<u>380,686</u>	<u>-</u>	<u>-</u>	<u>13,179</u>	<u>13,492</u>	<u>115,899</u>	<u>-</u>	<u>523,256</u>
Fund Balances:								
Non-spendable	106,782	34,969	-	-	-	-	-	141,751
Spendable:								
Restricted	852,100	-	-	-	-	7,371,432	-	8,223,532
Assigned	-	-	-	-	-	-	602,146	602,146
Unassigned	8,607,808	-	-	-	-	-	-	8,607,808
Total Fund Balances	<u>9,566,690</u>	<u>34,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,371,432</u>	<u>602,146</u>	<u>17,575,237</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 13,801,150</u>	<u>\$ 154,357</u>	<u>\$ 328,381</u>	<u>\$ 191,445</u>	<u>\$ 31,129</u>	<u>\$ 7,487,331</u>	<u>\$ 602,146</u>	<u>\$ 22,595,939</u>

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2016

Governmental Funds Total Fund Balance	\$ 17,575,237
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	155,582,600
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(48,795,600)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows.	523,256
An internal service fund is used by the District's management to charge the cost of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	33,276
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of bonded debt payable.	(29,415,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is interest payable for the year.	(80,903)
Deferred items such as premiums and deferred refunding costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Position.	(390,019)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of compensated absences not currently payable.	(915,187)
Long-term liabilities, including early retirement, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of early retirement not currently payable.	(95,500)
Long-term liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension liability, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension plan, that are amortized over the average remaining service life of all active and inactive plan participants.	(68,523,205)
	\$ 25,498,955
Governmental Activities Net Position	\$ 25,498,955

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds					Debt Service	Capital Projects	Total Governmental Funds
	General Fund	Food Service Fund	Grant Fund	Kindergarten Fund	Transportation Fund	Bond Redemption Fund	Capital Reserve Fund	
Revenues:								
Taxes:								
General property taxes	\$ 24,525,745	\$ -	\$ -	\$ 834,489	\$ 877,439	\$ 7,472,024	\$ -	\$ 33,709,697
Specific ownership taxes	1,738,337	-	-	-	-	-	-	1,738,337
Intergovernmental revenues:								
Federal sources	-	713,783	981,343	-	-	-	-	1,695,126
State sources	6,632,167	24,116	100,858	-	293,822	-	-	7,050,963
Charges for services	458,210	496,039	-	-	-	-	-	954,249
Investment income	19,506	-	-	-	-	-	-	19,506
Other revenue	1,031,557	-	4,580	-	184,495	-	360	1,220,992
Total Revenues	<u>34,405,522</u>	<u>1,233,938</u>	<u>1,086,781</u>	<u>834,489</u>	<u>1,355,756</u>	<u>7,472,024</u>	<u>360</u>	<u>46,388,870</u>
Expenditures:								
Direct instruction	19,181,878	-	873,884	1,050,989	-	-	-	21,106,751
Indirect instruction	5,344,058	-	203,129	-	-	-	-	5,547,187
Transportation	-	-	-	-	1,541,288	-	217,350	1,758,638
Custodial and maintenance	3,683,385	-	-	-	50,056	-	-	3,733,441
Support services	2,308,313	-	-	-	-	-	-	2,308,313
General administration	2,507,443	-	9,768	-	-	-	-	2,517,211
Food service operations	-	1,283,224	-	-	-	-	-	1,283,224
Debt Service								
Principal	-	-	-	-	-	5,035,000	-	5,035,000
Interest	-	-	-	-	-	1,118,523	-	1,118,523
Other	-	-	-	-	-	4,588	-	4,588
Capital outlay	-	-	-	-	-	-	2,115,053	2,115,053
Total Expenditures	<u>33,025,077</u>	<u>1,283,224</u>	<u>1,086,781</u>	<u>1,050,989</u>	<u>1,591,344</u>	<u>6,158,111</u>	<u>2,332,403</u>	<u>46,527,929</u>
Excess (Deficiency) or Revenues Over Expenditures	<u>1,380,445</u>	<u>(49,286)</u>	<u>-</u>	<u>(216,500)</u>	<u>(235,588)</u>	<u>1,313,913</u>	<u>(2,332,043)</u>	<u>(139,059)</u>
Other Financing Sources (Uses):								
Transfers in	-	84,255	-	216,500	235,588	-	-	536,343
Transfers (out)	(1,357,643)	-	-	-	-	-	821,300	(536,343)
Total Other Financing Sources (Uses)	<u>(1,357,643)</u>	<u>84,255</u>	<u>-</u>	<u>216,500</u>	<u>235,588</u>	<u>-</u>	<u>821,300</u>	<u>-</u>
Net Change in Fund Balance	22,802	34,969	-	-	-	1,313,913	(1,510,743)	(139,059)
Fund Balance - Beginning of the Year	<u>9,543,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,057,519</u>	<u>2,112,889</u>	<u>17,714,296</u>
Fund Balance - End of the Year	<u>\$ 9,566,690</u>	<u>\$ 34,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,371,432</u>	<u>\$ 602,146</u>	<u>\$ 17,575,237</u>

The accompanying notes are an integral part of this statement.

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

Governmental Funds Changes in Fund Balances	\$ (139,059)
Changes:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as an expenditure in the governmental funds functions.	2,474,279
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense for the year.	(3,278,660)
Unavailable property tax revenue does not provide a current financial resource and is a deferred inflow on the governmental fund financial statements; not recognized on the government-wide financial statements. This is the unavailable property tax revenue not on the Statement of Activities	89,151
An internal service fund is used by the District's management to charge the costs of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included within governmental activities on the Statement of Net Position.	(649,715)
Retirement of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.	5,035,000
Interest on long-term debt in the Statement of Activities differed from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is the change in accrued interest payable during the year.	15,446
Premiums on refunded bonds are an increase in current available resources on the fund financial statements, but in the government wide financial statements these premiums are offset against the unamortized amounts of the refunded bonds, and the related refunding costs. Premiums and deferred refunding costs are capitalized and amortized over the life of the bonds. This represents the current year amortization District's deferred outflows the year.	92,359
Changes in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals.	(3,710,900)
Accrued compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	124,437
Gains or losses on disposal of assets are recorded in the government wide financial statements. This represents the loss the disposal of fixed assets during the year.	(8,595)
Governmental Activities Change in Net Position	\$ 43,743

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 750,001
Total current assets	750,001
Total Assets	750,001
Liabilities:	
Accounts and deposits payable	716,726
Total Liabilities	716,726
Net Position:	
Unrestricted	33,275
Total Net Position	\$ 33,275

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Insurance premiums	\$ 3,296,739
Stop loss reimbursements	538,683
Total Operating Revenues	3,835,422
Operating Expenses:	
Purchased services	4,485,136
Total Operating Expenses	4,485,136
Change in Net Position	(649,714)
Net Position - Beginning of the Year	682,990
Net Position - End of the Year	\$ 33,276

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:	
Cash received from customers and employees	\$ 3,835,422
Cash paid for goods and services	(4,255,166)
Cash payments to employees	11,000
Net Cash Provided (Used) by Operating Activities	(408,744)
Net Increase (Decrease) in Cash and Cash Equivalents	(408,744)
Cash and Cash Equivalents - Beginning of the Year	1,158,745
Cash and Cash Equivalents - End of the Year	\$ 750,001
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (649,714)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in deposits	11,000
Increase (decrease) in accounts payable	229,970
Total Adjustments	240,970
Net Cash Provided (Used) by Operating Activities	\$ (408,744)

The accompanying notes are an integral part of this statement.

SUMMIT SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
Student Activities Fund
June 30, 2016

Assets:

Due from other funds	\$ 656,973
	<hr/>
Total Assets	\$ 656,973
	<hr/> <hr/>

Liabilities:

Accounts payable	\$ 10,646
Due to student activities and other organizations	646,327
	<hr/>
Total Liabilities	\$ 656,973
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Summit School District RE-1

Notes to the Financial Statements



Summit School District RE-1
Notes to the Financial Statements
June 30, 2016

I. Summary of Significant Accounting Policies

Summit School District (the “District”) was formed in 1958 by a state wide reorganization of school districts. The District operates under a locally elected Board of Education with seven members and provides educational services to approximately 3,500 students. The District’s mission is *“in a safe environment, we will do whatever it takes for the academic and character success of every student to develop as a lifelong learner and responsible citizen.”* The District operates the following schools:

Elementary Schools	Middle Schools	High Schools
Breckenridge Elementary	Summit Middle School	Summit High School
Dillon Valley Elementary		Snowy Peaks High School
Frisco Elementary		
Silverthorne Elementary		
Summit Cove Elementary		
Upper Blue Elementary		

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

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization.

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

B. District-wide and Fund Financial Statements

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

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

I. Summary of Significant Accounting Policies (continued)

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

1. District-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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

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

The *Kindergarten Fund* is required to account for a November 2007 voter approved tax levy for the purpose of funding excess full-day kindergarten program costs in the District for those families who wish to enroll.

The *Transportation Fund* is required to account for a November 1999 and a November 2007 voter approved tax levy for the purpose of funding transportation costs for service to and from school.

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

The *Capital Reserve Capital Projects Fund* is used to account for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment.

Additionally, the District reports the following fund types:

The *Health Benefits Internal Service Fund* accounts for the employee health and dental benefits provided to other departments or funds of the District on a cost reimbursement basis.

The *Student Activities Fiduciary Fund* accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Directors.

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

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

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

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from investment of pooled cash balances are recorded in the *General Fund*.

2. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Property taxes levied in 2015 but not yet collected in 2016 are identified as property taxes receivable and deferred revenues at June 30, 2016, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories recorded in the *Food Service Fund* consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Inventories and Prepaid Items (continued)

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

4. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

Buildings, infrastructure, vehicles and equipment of the District, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50 years
Vehicles	8 years
Equipment	5 to 15 years

5. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the district-wide financial statements. Vested or accumulated leave in the proprietary fund type is recorded as an expense and a liability of that fund as the benefits accrue to employees. In accordance with provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights. Certain of the District's employees are grandfathered into an additional payout benefit at retirement. After the completion of twenty years of full-time service, these employees were eligible for this additional payout if they retired by June 30, 2011. The estimated liability for the grandfathered employees eligible for this benefit is recorded in governmental activities in the Statement of Net Position, as a component of compensated absences.

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the *Bond Redemption Debt Service Fund*. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations.

7. Pensions

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

8. Deferred Outflows and Inflows of Resources

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

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

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Fund Equity

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

Unassigned fund balance is a residual classification within the *General Fund*. The *General Fund* should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications, refer to Note IV.F.

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within one year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. If the receivable or payable is not expected to be liquidated after one year, it is classified as “advances to other funds” or “advances from other funds”.

E. Significant Accounting Policies

1. Use of Estimates

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

2. Credit Risk

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

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

II. Reconciliation of District-wide and Fund Financial Statements

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

III. Stewardship, Compliance, and Accountability

A. Bond Trustee

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

B. Budgets and Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. On or about December 1, the Superintendent submits to the Board of Education a five year financial projection. This is the basis for budgeting guidelines established by the Board of Education.
- b. By May 31st, the Superintendent submits to the Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them.
- c. Public hearings are conducted at a regular Board of Education meeting to obtain taxpayer comment.
- d. Prior to June 30, the budget is legally adopted by the Board of Education.
- e. Formal budgetary integration is employed as a management control device during the year for all funds.
- f. The District issues a separate budget document after the budget is approved by the Board of Education.

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

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

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

III. Stewardship, Compliance, and Accountability (continued)

B. Budgets and Budgetary Information (continued)

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year except they exclude appropriated available fund balance. Individual amendments were not material in relation to the original appropriations.

C. TABOR Amendment – Revenue and Spending Limitation Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% of adjusted revenue. The District has reserved a portion of its June 30, 2016 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$852,100, which is approximately 3% of the fiscal year spending at June 30, 2016.

The initial base for local government's spending and revenue limits is June 30, 1993 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

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

	<u>Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than One Year</u>	<u>Less than Five Years</u>
<i>Deposits:</i>				
Checking accounts	Not rated	\$ 6,182,924	6,182,924	-
<i>Investments:</i>				
Government Investment Pools	AAAm	15,005,054	15,005,054	-
Total		<u>\$ 21,187,978</u>	<u>21,187,978</u>	<u>-</u>

The Investment Pool represents an investment in Colotrust and C-Safe, which are 2a7-like pools. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

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

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

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

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Government Investment Pools	AAAm	100%

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

- 100% of the District's portfolio may be invested in US Treasury notes, bonds or certificates, US Government sponsored corporations, or the Colotrust or CSAFE investment pool.
- 50% of the portfolio may be invested in certificates of deposit with no more than 10% held by any one issuer and not exceeding 20% of the issuer's net worth.
- 25% of the portfolio may be invested in bankers acceptances, (10% per issuer), State or local government bonds (10% per issuer), and repurchase agreements (25% per dealer).
- 10% of the portfolio may be invested in commercial paper and other authorized investments.

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

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Custodial Credit Risk. For an investment, this 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. The District's investment policy limits the amount of securities that can be held by counterparties.

B. Receivables

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

	General Fund	Food Service Fund	Grant Fund	Kindergarten Fund	Transportation Fund	Bond Redemption Fund	Total
Receivables:							
Taxes	\$ 752,065	\$ -	\$ -	\$ 25,798	\$ 26,764	\$ 229,086	\$ 1,033,713
Intergovernmental	373,370	16,449	328,381	9,573	10,007	85,333	823,113
Gross receivables	<u>1,125,435</u>	<u>16,449</u>	<u>328,381</u>	<u>35,371</u>	<u>36,771</u>	<u>314,419</u>	<u>1,856,826</u>
Less: allowance for uncollectible	-	-	-	-	-	-	-
Net receivables	<u>\$ 1,125,435</u>	<u>\$ 16,449</u>	<u>\$ 328,381</u>	<u>\$ 35,371</u>	<u>\$ 36,771</u>	<u>\$ 314,419</u>	<u>\$ 1,856,826</u>

C. Capital Assets

Capital asset activity for the year ending June 30, 2016 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 65,385	\$ 31,788	\$ (65,385)	\$ 31,788
Land	9,559,158	-	-	9,559,158
Total capital assets not depreciated	<u>9,624,543</u>	<u>31,788</u>	<u>(65,385)</u>	<u>9,590,946</u>
Capital assets being depreciated:				
Building	137,256,868	2,148,291	-	139,405,159
Vehicles	3,921,284	359,584	(88,565)	4,192,303
Equipment	2,394,192	-	-	2,394,192
Total capital assets being depreciated	<u>143,572,344</u>	<u>2,507,875</u>	<u>(88,565)</u>	<u>145,991,654</u>
Less accumulated depreciation for:				
Building	(41,834,247)	(2,788,102)	-	(44,622,349)
Vehicles	(1,968,099)	(371,397)	79,970	(2,259,526)
Equipment	(1,794,563)	(119,161)	-	(1,913,724)
Total accumulated depreciation	<u>(45,596,909)</u>	<u>(3,278,660)</u>	<u>79,970</u>	<u>(48,795,599)</u>
Total capital assets, net	<u>\$ 107,599,978</u>	<u>\$ (738,997)</u>	<u>\$ (73,980)</u>	<u>\$ 106,787,001</u>

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

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

Governmental activities:	Capital Outlay	Depreciation
Direct instruction	\$ 1,452,664	\$ 1,909,919
Indirect instruction	321,410	422,581
Transportation	109,497	143,964
Custodial and maintenance	266,270	350,084
Support services	145,117	190,796
General administration	179,320	235,765
Food service	-	25,551
Total Governmental activities	<u>\$ 2,474,278</u>	<u>\$ 3,278,660</u>

D. Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) provide additional resources for current operations or debt service.

All District transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

The following interfund transfers occurred during the year ended June 30, 2016:

	Transfers In (Out)
General fund	\$ (1,357,643)
Kindergarten fund	216,500
Capital reserve fund	821,300
Transportation fund	235,588
Food service fund	84,255
Total	<u>\$ -</u>

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

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt – Governmental Activities

The District has the following long-term debt outstanding for governmental activities:

1. 2012 General Obligation Refunding Bonds

The District issued \$29,740,000 of General Obligation Refunding Bonds (the “2012 Bonds”) dated January 5, 2012. Proceeds from the 2012 Bonds were used to advance refund a portion of the District’s General Obligation Bonds, Series 2004B (see note E4). The Series 2004B Bonds being refunded mature in the years 2014 through 2024. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded net carrying amount of the old debt by \$2,722,778. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The interest rates on the Series 2012 Bonds ranges from 1.5% to 5% and is payable semi-annually on June 1 and December 1 through 2024. The 2011 Bonds are subject to redemption prior to maturity. These bonds will be serviced by the Bond Redemption Fund.

Additionally, the District issued \$740,000 of Registered Coupons evidencing additional interest on the Series 2012 Bonds, with interest rates ranging from .60% to 1.10%. The principal matures in various increments on December 1 through 2014.

2. 2006 General Obligation Refunding Bonds

The District issued \$14,180,000 of General Obligation Refunding Bonds (the “2006 Bonds”) dated July 20, 2006. Proceeds from the 2006 Bonds were used to advance refund a portion of the District’s General Obligation Bonds, Series 1996A.

The interest rates on the Series 2006 Bonds ranges from 4.0% to 5.0% and is payable semi-annually on June 1 and December 1 through 2015. The 2006 Bonds are not subject to redemption prior to maturity. These bonds are serviced by the Bond Redemption Fund. As of June 30, 2016 these bonds have been paid in full.

3. 2004B General Obligation Bonds

The District issued \$32,575,000 of General Obligation Bonds (the “2004B Bonds”) dated December 14, 2004. Proceeds from the 2004B Bonds were used to finance improvements to District facilities.

The interest rates on the Series 2004B Bonds ranges from 3.8% to 5.0% and is payable semi-annually on June 1 and December 1 through 2024. The 2004B Bonds are subject to redemption prior to maturity. These bonds will be serviced by the Bond Redemption Fund.

The District advance refunded \$29,740,000 of its General Obligation Refunding Bonds, Series 2004B on January 5, 2012 (see Note E1).

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

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt – Governmental Activities (continued)

4. 2004A General Obligation Refunding Bonds

The District issued \$13,380,000 of General Obligation Refunding Bonds (the “2004A Bonds”) dated February 10, 2004. Proceeds from the 2004A Bonds were used to advance refund a portion of the District’s General Obligation Bonds, Series 1996A.

The interest rates on the Series 2004A Bonds ranges from 2.5% to 5.0% and is payable semi-annually on June 1 and December 1 through 2015. The 2004A Bonds are subject to redemption prior to maturity. These bonds will be serviced by the Bond Redemption Fund. As of June 30, 2016 these bonds have been paid in full.

5. Defeasance of Debt

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

6. Schedule of Future Payment

Annual debt service requirement to maturity for general obligation bonds is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016-2017	\$ 2,885,000	\$ 984,600	\$ 3,869,600
2017-2018	2,960,000	902,950	3,862,950
2018-2019	3,050,000	819,750	3,869,750
2019-2020	3,120,000	739,525	3,859,525
2020-2021	3,210,000	637,150	3,847,150
2022-2026	14,190,000	1,178,100	15,368,100
Totals	<u>\$ 29,415,000</u>	<u>\$ 5,262,075</u>	<u>\$ 34,677,075</u>

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

IV. Detailed Notes on All Funds (continued)

E. Long-Term Debt – Governmental Activities (continued)

7. Changes in General Long-Term Debt

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

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Refunding Bonds, Series 2004A	\$ 1,170,000	\$ -	\$ (1,170,000)	\$ -	\$ -
General Obligation Series 2004B	2,300,000	-	(2,300,000)	-	-
Refunding Bonds, Series 2006	1,365,000	-	(1,365,000)	-	-
Refunding Bonds, Series 2012	29,615,000	-	(200,000)	29,415,000	2,885,000
Unamortized premium	2,017,623	-	(386,307)	1,631,316	-
Longevity retirement	249,000	-	(153,500)	95,500	95,500
Compensated absences	886,124	31,113	(2,050)	915,187	-
Net unfunded pension liability	67,671,377	9,311,668	-	76,983,045	-
Governmental activity long-term liabilities	<u>\$ 105,274,124</u>	<u>\$ 9,342,781</u>	<u>\$ (5,576,857)</u>	<u>\$ 109,040,048</u>	<u>\$ 2,980,500</u>

F. Fund Balance Disclosures

The District classifies governmental fund balances as follows:

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

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has the following restrictions on fund balance at June 30, 2016:

TABOR	\$ 852,100
Debt Service	<u>7,371,432</u>
	<u>\$ 8,223,532</u>

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

IV. Detailed Notes on All Funds (continued)

F. Fund Balance Disclosures (continued)

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the School Board of the District. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review, and/or make changes to each department's budget. The budget is formally presented to the School Board of the District via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after School Board approval, must be presented via a public process and again approved by the School Board of the District.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board of the District, or its management designees.

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

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

G. 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 \$76,983,045 for its proportionate share of the net pension liability of the SCHDTF. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportionate share of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015, relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportionate share was .5033%, as compared to its proportionate share of .4992% at December 31, 2014.

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

IV. Detailed Notes on All Funds (continued)

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

For the year ended June 30, 2016, the District recognized pension expense of \$7,662,521. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ 1,016,571	\$ 3,206
Change of assumptions or other inputs	-	1,087,904
Net difference between projected and actual earnings on pension plan investments	6,545,719	-
Changes in proportionate share of contributions	385,353	291,515
Difference between actual and reported contributions recognized	8,386	-
Contributions subsequent to measurement date	1,886,436	-
	\$ 9,842,465	\$ 1,382,625

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability calculated at the December 31, 2016 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2017	\$ 1,684,955
2018	1,736,613
2019	1,812,080
2020	1,339,756
	\$ 6,573,403

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

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

Programming Changes:

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

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

IV. Detailed Notes on All Funds (continued)

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

Methodology Changes:

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Govt/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

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

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

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

IV. Detailed Notes on All Funds (continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

IV. Detailed Notes on All Funds (continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of net pension liability	\$ 98,989,797	\$ 76,363,795	\$ 57,543,183

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

V. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and distortion of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance.

Liability and Property. The District maintains commercial insurance coverage for liability, property, errors and omissions, workers' compensation and employee vision. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Employee Health Care. The District has adopted a plan for self-insurance of health and dental benefits for employees which is administered by a third party administrator. The plan provides for the District to pay all allowable health expenses up to \$120,000 annually, for each insured, with all claims for each insured in excess of \$120,000 insured by a "stop-loss" insurance policy. An aggregate overall stop-loss per calendar year, based on a calculation of monthly attachment points, exists under the plan. Claim payments are based specific claims expenses. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims, if any. Unpaid claims at year end include all allocated claims adjustment expenditures. Claims the have been incurred but not reported ("IBNR") are reported as a liability in the *health benefits fund* (June 30, 2016 - \$687,733, June 30, 2015 - \$473,579).

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

V. Other Information (continued)

A. Risk Management (continued)

Changes in the balances of unpaid claims during the past two years are as follows:

	Year ended 6/30/15	Year ended 6/30/16
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims	2,824,418	3,840,437
Claim Payments	(2,824,418)	(3,840,437)
Unpaid claims, end of fiscal year	\$ -	\$ -

B. Jointly Governed Organization - BOCES

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

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

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

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

For the year ended June 30, 2016 and 2015, the District made operating contributions of \$125,708 and \$180,002, respectively. For a complete audit report please contact Mountain BOCES at 1713 Mount Lincoln Drive West, Leadville, CO 80461.

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

V. Other Information (continued)

C. Contingencies

1. Legal Matters

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

2. Federal and State Programs

The District receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

3. Arbitrage Rebate

The proceeds and the interest earned on the proceeds from the General Obligation Bonds - 2004A&B, 2006, 2011, and 2012 are subject to the assessment of an arbitrage penalty if certain conditions are met.

Investment of bond reserves and bond proceeds at net interest rates in excess of the net interest rate being paid on the bonds may cause the District to be subject to an arbitrage penalty on the difference between the net interest earned and net interest paid. This arbitrage penalty would be payable to the U.S. Treasury on the five-year anniversary date of the bonds. Final arbitrage rebate cannot be determined until the bond proceeds are expended.

D. Defined Benefit Pension Plan

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

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

V. Other Information (continued)

D. Defined Benefit Pension Plan (continued)

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

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

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

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

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

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.

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

V. Other Information (continued)

D. Defined Benefit 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 with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$3,951,621 for the year ended June 30, 2016.

E. Postemployment Healthcare Benefits

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

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

V. Other Information (continued)

E. Postemployment Healthcare Benefits (continued)

Funding Policy. The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ended June 30, 2016, 2015, and 2014, the District's contributions to HCTF were approximately \$223,743, \$219,463, and \$207,115 respectively, equal to their required contributions.

F. Defined Contribution Pension Plan

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

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the years ended June 30, 2016, 2015, and 2014.

G. State Interest Free Loan Program

The Colorado Department of Education allows school districts to borrow funds up to the next year's estimated property tax collections for the specific district to cover operating expenditures. The program was established to assist districts who receive the majority of their program funding through local property taxes. Most property taxes revenues are not received by the school districts until the last four months of the fiscal year, resulting in a cash flow deficit. The loans are repaid to the State as property taxes are collected.

In fiscal year 2016, the District obtained \$1,062,774 in financing under this program.

H. Issuance of New Debt

On November 8, 2016 the voters approved a ballot initiative allowing the District to issue bonds in the amount of \$68.9 million and to increase taxes no more than \$5.4 million annually to finance capital improvements at District facilities.

Summit School District RE-1

Required Supplementary Information



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

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual Amounts		Actual Amounts
Revenues:				
General property taxes	\$ 24,864,906	\$ 24,525,745	\$ (339,161)	\$ 22,781,565
Specific ownership taxes	1,725,000	1,738,337	13,337	1,653,562
State sources	6,289,033	6,632,167	343,134	6,578,378
Tuition and fees	375,500	458,210	82,710	402,238
Interest income	15,000	19,506	4,506	13,459
Other revenue	692,263	1,031,557	339,294	801,128
Total Revenues	<u>33,961,702</u>	<u>34,405,522</u>	<u>443,820</u>	<u>32,230,330</u>
Expenditures:				
Direct instruction	19,661,272	19,181,878	479,394	18,204,490
Indirect instruction	5,613,754	5,344,058	269,696	4,294,825
Custodial and maintenance	3,752,013	3,683,385	68,628	3,636,929
Support services	2,195,200	2,308,313	(113,113)	2,008,723
General administration	2,525,324	2,507,443	17,881	2,472,424
Contingency	7,276,439	-	7,276,439	-
Total Expenditures	<u>41,024,002</u>	<u>33,025,077</u>	<u>7,998,925</u>	<u>30,617,391</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,062,300)</u>	<u>1,380,445</u>	<u>8,442,745</u>	<u>1,612,939</u>
Other Financing Sources (Uses):				
Transfers (out)	(1,637,700)	(1,357,643)	280,057	(768,947)
Total Other Financing Sources (Uses)	<u>(1,637,700)</u>	<u>(1,357,643)</u>	<u>280,057</u>	<u>(768,947)</u>
Net Change in Fund Balance	(8,700,000)	22,802	8,722,802	843,992
Fund Balance - Beginning of the Year	<u>8,700,000</u>	<u>9,543,888</u>	<u>843,888</u>	<u>8,699,896</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ 9,566,690</u>	<u>\$ 9,566,690</u>	<u>\$ 9,543,888</u>

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Service Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended 2015)

	<u>2016</u>		<u>Variance Positive (Negative)</u>	<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Revenues:				
Federal sources	\$ 693,000	\$ 713,783	\$ 20,783	\$ 634,358
State sources	21,100	24,116	3,016	16,687
Food sales	470,500	496,039	25,539	493,890
Total Revenues	<u>1,184,600</u>	<u>1,233,938</u>	<u>49,338</u>	<u>1,144,935</u>
Expenditures:				
Food Service Operations:				
Salaries and employee benefits	589,038	583,789	5,249	524,145
Purchased services	185,500	173,514	11,986	164,068
Supplies	25,000	30,974	(5,974)	38,809
Food costs	510,462	494,947	15,515	452,616
Total Expenditures	<u>1,310,000</u>	<u>1,283,224</u>	<u>26,776</u>	<u>1,179,638</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(125,400)</u>	<u>(49,286)</u>	<u>76,114</u>	<u>(34,703)</u>
Other Financing Sources (Uses):				
Transfers in (out)	125,400	84,255	(41,145)	34,703
Total Other Financing Sources (Uses)	<u>125,400</u>	<u>84,255</u>	<u>(41,145)</u>	<u>34,703</u>
Net Change in Fund Balance	-	34,969	34,969	-
Fund Balance - Beginning of the Year	-	-	-	-
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ 34,969</u>	<u>\$ 34,969</u>	<u>\$ -</u>

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Grant Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Variance Positive (Negative)	Actual Amounts
Revenues:				
Federal sources	\$ 938,888	\$ 981,343	\$ 42,455	\$ 946,151
State sources	161,112	100,858	(60,254)	37,669
Other revenue	-	4,580	4,580	-
Total Revenues	<u>1,100,000</u>	<u>1,086,781</u>	<u>(13,219)</u>	<u>983,820</u>
Expenditures:				
Direct instruction	822,505	873,884	(51,379)	828,390
Indirect instruction	142,383	203,129	(60,746)	132,593
Custodial and maintenance	-	-	-	16,856
General administration	6,020	9,768	(3,748)	5,981
Contingency	129,092	-	129,092	-
Total Expenditures	<u>1,100,000</u>	<u>1,086,781</u>	<u>13,219</u>	<u>983,820</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of the Year	-	-	-	-
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Kindergarten Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended 2015)

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>	<u>Actual Amounts</u>
Revenues:				
General property taxes	\$ 752,000	\$ 834,489	\$ 82,489	\$ 851,698
Total Revenues	<u>752,000</u>	<u>834,489</u>	<u>82,489</u>	<u>851,698</u>
Expenditures:				
Direct instruction	1,107,171	1,050,989	56,182	1,059,358
Custodial and maintenance	<u>2,829</u>	<u>-</u>	<u>2,829</u>	<u>-</u>
Total Expenditures	<u>1,110,000</u>	<u>1,050,989</u>	<u>59,011</u>	<u>1,059,358</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(358,000)</u>	<u>(216,500)</u>	<u>141,500</u>	<u>(207,660)</u>
Other Financing Sources:				
Transfers in	358,000	216,500	(141,500)	207,660
Total Other Financing Sources	<u>358,000</u>	<u>216,500</u>	<u>(141,500)</u>	<u>207,660</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Transportation Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Variance Positive (Negative)	Actual Amounts
Revenues:				
General property taxes	\$ 882,000	\$ 877,439	\$ (4,561)	\$ 880,615
State sources	255,000	293,822	38,822	261,586
Other revenue	130,000	184,495	54,495	131,537
Total Revenues	<u>1,267,000</u>	<u>1,355,756</u>	<u>88,756</u>	<u>1,273,738</u>
Expenditures:				
Transportation	1,573,200	1,541,288	31,912	1,513,370
Custodial maintenance	26,800	50,056	(23,256)	23,323
Total Expenditures	<u>1,600,000</u>	<u>1,591,344</u>	<u>8,656</u>	<u>1,536,693</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(333,000)</u>	<u>(235,588)</u>	<u>97,412</u>	<u>(262,955)</u>
Other Financing Sources:				
Transfers in	333,000	235,588	(97,412)	262,955
Total Other Financing Sources	<u>333,000</u>	<u>235,588</u>	<u>(97,412)</u>	<u>262,955</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of the Year	-	-	-	-
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUMMIT SCHOOL DISTRICT
Schedule of Employer's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	2016	2015	2014
District's portion of the net pension liability	0.5033%	0.4993%	0.5043%
District's proportionate share of the net pension liability	76,983,045	67,671,377	64,325,033
District's covered payroll	22,257,163	21,515,940	20,305,352
District's proportionate share of the net pension liability as a percentage of its covered payroll	346%	315%	317%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.84%	64.07%

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

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

Note 1. Changes of assumptions.

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

The following programming changes were made:

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

The following methodology changes were made:

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

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

SUMMIT SCHOOL DISTRICT
Schedule of District Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,951,621	\$ 3,638,592	\$ 3,245,532
Contributions in relation to the contractually required contribution	<u>\$ (3,951,621)</u>	<u>\$ (3,638,592)</u>	<u>\$ (3,245,532)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 22,257,163	\$ 21,515,940	\$ 20,305,352
Contributions as a percentage of covered payroll	17.75%	16.91%	15.98%

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

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

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

Summit School District RE-1

Supplementary Information



SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Variance Positive (Negative)	Actual Amounts
Revenues:				
General property taxes	\$ 3,520,000	\$ 7,472,024	\$ 3,952,024	\$ 6,756,663
Total Revenues	<u>3,520,000</u>	<u>7,472,024</u>	<u>3,952,024</u>	<u>6,756,663</u>
Expenditures:				
Debt Service				
Principal	5,035,000	5,035,000	-	5,325,000
Interest	1,114,523	1,118,523	(4,000)	1,412,570
Other	5,000	4,588	412	2,850
Contingency	3,435,477	-	3,435,477	-
Total Expenditures	<u>9,590,000</u>	<u>6,158,111</u>	<u>3,431,889</u>	<u>6,740,420</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,070,000)</u>	<u>1,313,913</u>	<u>7,383,913</u>	<u>16,243</u>
Net Change in Fund Balance	(6,070,000)	1,313,913	7,383,913	16,243
Fund Balance - Beginning of the Year	<u>6,070,000</u>	<u>6,057,519</u>	<u>(12,481)</u>	<u>6,041,276</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ 7,371,432</u>	<u>\$ 7,371,432</u>	<u>\$ 6,057,519</u>

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended 2015)

	2016			2015
	Original and Final Budget	Actual Amounts	Variance Positive (Negative)	Actual Amounts
Revenues:				
Other revenue	\$ 13,000	\$ 360	\$ (12,640)	\$ 54,783
Total Revenues	<u>13,000</u>	<u>360</u>	<u>(12,640)</u>	<u>54,783</u>
Expenditures:				
Transportation	250,000	217,350	32,650	16,395
Capital outlay	2,050,250	2,115,053	(64,803)	386,980
Contingency	715,467	-	715,467	-
Total Expenditures	<u>3,015,717</u>	<u>2,332,403</u>	<u>683,314</u>	<u>403,375</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,002,717)</u>	<u>(2,332,043)</u>	<u>670,674</u>	<u>(348,592)</u>
Other Financing Sources				
Transfers in	821,300	821,300	-	282,000
Total Other Financing Sources	<u>821,300</u>	<u>821,300</u>	<u>-</u>	<u>282,000</u>
Net Change in Fund Balance	(2,181,417)	(1,510,743)	670,674	(66,592)
Fund Balance - Beginning of the Year	<u>2,181,417</u>	<u>2,112,889</u>	<u>(68,528)</u>	<u>2,179,481</u>
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ 602,146</u>	<u>\$ 602,146</u>	<u>\$ 2,112,889</u>

SUMMIT SCHOOL DISTRICT
Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual (GAAP BASIS)
Internal Service Fund
Health Benefits Fund
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended 2015)

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>	<u>Actual Amounts</u>
Revenues:				
Insurance premiums	\$ 3,320,000	\$ 3,296,739	\$ (23,261)	\$ 1,793,289
Stop loss reimbursements	640,100	538,683	(101,417)	438,083
Other revenue	15,000	-	(15,000)	1,068,618
Total Revenues	<u>3,975,100</u>	<u>3,835,422</u>	<u>(139,678)</u>	<u>3,299,990</u>
Expenses:				
Claim losses	4,029,600	3,840,437	189,163	2,824,418
Premiums paid	305,000	318,781	(13,781)	272,935
Fees and supplies	315,000	325,918	(10,918)	313,595
Contingency	8,490	-	8,490	-
Total Expenses	<u>4,658,090</u>	<u>4,485,136</u>	<u>172,954</u>	<u>3,410,948</u>
Change in Net Position	(682,990)	(649,714)	33,276	(110,958)
Net Position - Beginning of the Year	<u>700,000</u>	<u>682,990</u>	<u>(17,010)</u>	<u>793,948</u>
Net Position - End of the Year	<u>\$ 17,010</u>	<u>\$ 33,276</u>	<u>\$ 16,266</u>	<u>\$ 682,990</u>

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

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>	<u>Actual Amounts</u>
Increases:				
Student activities	\$ 950,000	\$ 805,933	\$ (144,067)	\$ 833,230
Total Increases	<u>950,000</u>	<u>805,933</u>	<u>(144,067)</u>	<u>833,230</u>
Decreases:				
Student activities	1,550,000	774,621	775,379	820,597
Total Decreases	<u>1,550,000</u>	<u>774,621</u>	<u>775,379</u>	<u>820,597</u>
 Change in Due to Students	 (600,000)	 31,312	 631,312	 12,633
Due to Students - Beginning of the Year	<u>600,000</u>	<u>615,015</u>	<u>15,015</u>	<u>602,382</u>
Due to Students - End of the Year	<u>\$ -</u>	<u>\$ 646,327</u>	<u>\$ 646,327</u>	<u>\$ 615,015</u>



Colorado Department of Education
Auditors Integrity Report
 District: 3000 - SUMMIT RE-1
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	9,543,888	33,047,879	33,025,076	9,566,691
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	9,543,888	33,047,879	33,025,076	9,566,691
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	1,318,194	1,283,225	34,969
22 Govt Designated-Purpose Grants Fund	0	1,086,781	1,086,781	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	1,050,989	1,050,989	0
25 Transportation Fund	0	1,591,344	1,591,344	0
31 Bond Redemption Fund	6,057,519	7,472,024	6,158,110	7,371,433
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	2,112,889	821,660	2,332,404	602,145
Totals	17,714,296	46,388,871	46,527,929	17,575,238
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	682,990	1,675,077	2,324,792	33,275
Totals	682,990	1,675,077	2,324,792	33,275
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	615,015	805,933	774,621	646,327
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	615,015	805,933	774,621	646,327

FINAL

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

SUMMIT SCHOOL DISTRICT
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2016 and 2015

	2016	2015
Governmental funds capital assets:		
Land	\$ 9,559,158	\$ 9,559,158
Construction in progress	31,788	65,385
Buildings	94,782,810	95,422,621
Equipment and vehicles	2,413,245	2,552,814
Total governmental funds capital assets	\$ 106,787,001	\$ 107,599,978
 Investment in governmental funds capital assets by source		
Capital Projects Fund	\$ 106,488,355	\$ 107,090,650
Transportation Fund	134,620	319,751
Food Service Fund	164,026	189,577
Total governmental funds capital assets	\$ 106,787,001	\$ 107,599,978

Summit School District RE-1

Statistical Section



SUMMIT SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 32,461,966	\$ 37,311,694	\$ 43,739,676	\$ 54,507,662
Restricted	9,172,056	13,643,876	14,076,248	13,895,462
Unrestricted	10,471,027	4,175,930	4,338,712	4,178,161
Total governmental activities net position	<u>\$ 52,105,049</u>	<u>\$ 55,131,500</u>	<u>\$ 62,154,636</u>	<u>\$ 72,581,285</u>
Business-type activities				
Net investment in capital assets	\$ 237,051	\$ 191,837	\$ 146,623	\$ 210,911
Unrestricted	(237,051)	(191,837)	(146,623)	(111,706)
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,205</u>
Primary government				
Net investment in capital assets	\$ 32,699,017	\$ 37,503,531	\$ 43,886,299	\$ 54,718,573
Restricted	9,172,056	13,643,876	14,076,248	13,895,462
Unrestricted	10,233,976	3,984,093	4,192,089	4,066,455
Total primary government net position	<u>\$ 52,105,049</u>	<u>\$ 55,131,500</u>	<u>\$ 62,154,636</u>	<u>\$ 72,680,490</u>

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 61,080,885	\$ 63,252,393	\$ 63,712,856	\$ 69,416,544	\$ 72,667,600	\$ 76,981,982
13,998,118	11,050,520	10,148,787	6,838,476	6,841,119	8,223,532
1,704,207	6,972,441	10,330,700	9,944,710	(54,053,507)	(59,706,559)
\$ 76,783,210	\$ 81,275,354	\$ 84,192,343	\$ 86,199,730	\$ 25,455,212	\$ 25,498,955

\$ 293,533	\$ 293,533	\$ 242,687	\$ 215,110	\$ -	\$ -
(293,533)	(293,533)	(242,687)	-	-	-
\$ -	\$ -	\$ -	\$ 215,110	\$ -	\$ -

\$ 61,374,418	\$ 63,545,926	\$ 63,955,543	\$ 69,631,654	\$ 72,667,600	\$ 76,981,982
13,998,118	11,050,520	10,148,787	6,838,476	6,841,119	8,223,532
1,410,674	6,678,908	10,088,013	9,944,710	(54,053,507)	(59,706,559)
\$ 76,783,210	\$ 81,275,354	\$ 84,192,343	\$ 86,414,840	\$ 25,455,212	\$ 25,498,955

SUMMIT SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
Current:				
Direct instruction	\$ 18,304,122	\$ 20,720,331	\$ 16,274,980	\$ 19,112,345
Indirect instruction	4,589,693	4,219,015	3,712,869	3,812,100
Transportation	1,335,926	1,353,169	1,291,915	1,323,920
Custodial and maintenance	3,047,919	4,615,684	3,708,930	3,835,553
Support services	1,853,144	5,950,012	5,540,928	4,301,772
General and school administration	2,532,048	2,514,895	2,081,031	2,474,196
Food service	-	-	-	-
Community service	368,133	353,864	295,953	306,585
Property	-	-	-	-
Interest	3,826,810	3,638,982	3,298,321	3,095,643
Depreciation - unallocated	-	-	-	-
Total governmental activities	<u>35,857,795</u>	<u>43,365,952</u>	<u>36,204,927</u>	<u>38,262,114</u>
Business-type activities				
Food services	876,585	985,060	1,076,984	1,023,826
Total business-type activities	<u>876,585</u>	<u>985,060</u>	<u>1,076,984</u>	<u>1,023,826</u>
Total primary government expenses	<u>\$ 36,734,380</u>	<u>\$ 44,351,012</u>	<u>\$ 37,281,911</u>	<u>\$ 39,285,940</u>
Program revenues				
Governmental activities:				
Charges for service	\$ 1,170,760	\$ 5,105,909	\$ 1,886,499	\$ 3,870,226
Operating grant and contributions	1,454,216	1,276,630	1,283,683	1,614,075
Capital grants and contributions	6,306	-	-	-
Total governmental activities program revenues	<u>2,631,282</u>	<u>6,382,539</u>	<u>3,170,182</u>	<u>5,484,301</u>
Business-type activities:				
Charges for service				
Food service	495,978	528,366	551,664	538,932
Operating grant and contributions	280,683	362,975	386,607	470,710
Capital grants and contributions	-	-	-	117,325
Total business-type activities program revenues	<u>776,661</u>	<u>891,341</u>	<u>938,271</u>	<u>1,126,967</u>
Total primary government program revenues	<u>\$ 3,407,943</u>	<u>\$ 7,273,880</u>	<u>\$ 4,108,453</u>	<u>\$ 6,611,268</u>

Fiscal Year

	2011	2012	2013	2014	2015	2016
\$	20,306,061	\$ 19,635,115	\$ 19,854,822	\$ 21,213,086	\$ 23,146,035	\$ 25,694,346
	3,708,922	3,749,773	3,915,178	4,602,626	5,063,052	6,434,647
	1,214,959	1,394,134	1,383,515	1,477,468	1,587,103	1,677,439
	4,076,282	3,808,537	3,991,627	4,255,401	4,063,683	4,300,999
	4,551,627	1,941,599	1,896,973	2,266,448	2,291,662	2,840,564
	2,360,520	2,491,724	2,509,597	2,579,159	2,867,470	3,091,129
	-	-	-	-	1,266,894	1,375,844
	258,192	22,723	24,233	-	-	-
	-	-	-	-	-	-
	2,801,166	1,460,123	2,126,807	1,664,981	1,320,485	1,010,717
	-	-	-	-	-	-
	<u>39,277,729</u>	<u>34,503,728</u>	<u>35,702,752</u>	<u>38,059,169</u>	<u>41,606,384</u>	<u>46,425,685</u>
	<u>1,051,185</u>	<u>1,037,723</u>	<u>1,107,934</u>	<u>1,207,215</u>	-	-
	<u>1,051,185</u>	<u>1,037,723</u>	<u>1,107,934</u>	<u>1,207,215</u>	-	-
\$	<u>40,328,914</u>	<u>35,541,451</u>	<u>36,810,686</u>	<u>39,266,384</u>	<u>41,606,384</u>	<u>46,425,685</u>
\$	3,638,916	\$ 501,359	526,726	587,089	940,015	1,030,502
	1,986,712	1,640,777	1,674,217	1,487,886	2,521,010	2,705,099
	-	-	-	-	-	-
	<u>5,625,628</u>	<u>2,142,136</u>	<u>2,200,943</u>	<u>2,074,975</u>	<u>3,461,025</u>	<u>3,735,601</u>
	553,810	483,928	511,525	493,890	-	-
	499,934	514,196	585,266	651,045	-	-
	-	-	-	-	-	-
	<u>1,053,744</u>	<u>998,124</u>	<u>1,096,791</u>	<u>1,144,935</u>	-	-
\$	<u>6,679,372</u>	<u>3,140,260</u>	<u>3,297,734</u>	<u>3,219,910</u>	<u>3,461,025</u>	<u>3,735,601</u>

SUMMIT SCHOOL DISTRICT
Changes in Net Position - Continued
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Net (Expense) / Revenue				
Governmental activities	\$ (33,226,513)	\$ (36,983,413)	\$ (33,034,745)	\$ (32,777,813)
Business-type activities	(99,924)	(93,719)	(138,713)	103,141
Total primary government net expense	<u>\$ (33,326,437)</u>	<u>\$ (37,077,132)</u>	<u>\$ (33,173,458)</u>	<u>\$ (32,674,672)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Local property taxes	\$ 28,003,169	\$ 34,231,947	\$ 34,724,039	\$ 40,479,588
Specific ownership taxes	1,966,055	1,915,180	1,764,619	1,523,717
State revenue	4,266,696	2,652,213	3,305,134	628,368
Grants not restricted to specific programs	-	-	-	1,460,516
Gain (loss) on asset disposition	-	-	-	(929,329)
Interest and investment earnings	1,409,025	602,147	216,777	41,602
Miscellaneous	282,751	702,096	186,025	-
Transfers	(37,505)	(93,719)	(138,713)	-
Total governmental activities	<u>35,890,191</u>	<u>40,009,864</u>	<u>40,057,881</u>	<u>43,204,462</u>
Business-type activities:				
Gain (loss) on asset disposition	-	-	-	(3,936)
Interest and investment earnings	-	-	-	-
Transfers	37,505	93,719	138,713	-
Total business-type activities	<u>37,505</u>	<u>93,719</u>	<u>138,713</u>	<u>(3,936)</u>
Total primary government	<u>\$ 35,927,696</u>	<u>\$ 40,103,583</u>	<u>\$ 40,196,594</u>	<u>\$ 43,200,526</u>
Change in Net Position				
Governmental activities	\$ 2,663,678	\$ 3,026,451	\$ 7,023,136	\$ 10,426,649
Business-type activities	(62,419)	-	-	99,205
Total primary government	<u>\$ 2,601,259</u>	<u>\$ 3,026,451</u>	<u>\$ 7,023,136</u>	<u>\$ 10,525,854</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (33,652,101)	\$ (32,361,592)	\$ (33,501,809)	\$ (35,984,194)	\$ (38,145,359)	\$ (42,690,084)
2,559	(39,599)	(11,143)	(62,280)	-	-
<u>\$ (33,649,542)</u>	<u>\$ (32,401,191)</u>	<u>\$ (33,512,952)</u>	<u>\$ (36,046,474)</u>	<u>\$ (38,145,359)</u>	<u>\$ (42,690,084)</u>

\$ 35,115,092	\$ 32,333,739	\$ 31,734,595	\$ 31,232,839	\$ 31,218,782	\$ 33,798,849
1,316,397	1,288,349	1,375,567	1,590,334	1,653,562	1,738,337
485,613	2,708,994	2,716,960	4,769,090	6,293,409	6,439,603
808,368	536,946	452,934	471,692	641,786	741,877
5,254	11,453	11,453	188,754	4,000	(4,345)
24,098	13,854	23,374	16,261	13,459	19,506
-	-	-	-	-	-
99,205	(39,599)	(11,143)	(277,390)	-	-
<u>37,854,027</u>	<u>36,853,736</u>	<u>36,303,740</u>	<u>37,991,580</u>	<u>39,824,998</u>	<u>42,733,827</u>

(2,559)	-	-	-	-	-
-	-	-	-	-	-
(99,205)	39,599	11,143	277,390	-	-
<u>(101,764)</u>	<u>39,599</u>	<u>11,143</u>	<u>277,390</u>	<u>-</u>	<u>-</u>
<u>\$ 37,752,263</u>	<u>\$ 36,893,335</u>	<u>\$ 36,314,883</u>	<u>\$ 38,268,970</u>	<u>\$ 39,824,998</u>	<u>\$ 42,733,827</u>

\$ 4,201,926	\$ 4,492,144	\$ 2,916,991	\$ 2,007,386	\$ 1,679,639	\$ 43,743
(99,205)	-	-	215,110	-	-
<u>\$ 4,102,721</u>	<u>\$ 4,492,144</u>	<u>\$ 2,916,991</u>	<u>\$ 2,222,496</u>	<u>\$ 1,679,639</u>	<u>\$ 43,743</u>

SUMMIT SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Non-spendable	\$ 953,954	\$ 981,154	\$ 1,007,554	306,854
Spendable				
Restricted	-	-	-	715,800
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	943,029	732,400	1,240,135	2,598,871
Total general fund	<u>\$ 1,896,983</u>	<u>\$ 1,713,554</u>	<u>\$ 2,247,689</u>	<u>\$ 3,621,525</u>
All Other Governmental Funds				
Reserved	\$ 13,568,785	\$ 12,662,722	\$ 13,068,693	\$ 12,872,808
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Non-spendable	-	-	-	-
Spendable				
Restricted	3,870,939	3,880,793	3,821,379	3,039,336
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 13,568,785</u>	<u>\$ 12,662,722</u>	<u>\$ 13,068,693</u>	<u>\$ 15,912,144</u>
Total Governmental Funds				
Reserved	\$ 13,568,785	\$ 12,662,722	\$ 13,068,693	\$ 12,872,808
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Non-spendable	953,954	981,154	1,007,554	306,854
Spendable				
Restricted	3,870,939	3,880,793	3,821,379	3,755,136
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	943,029	732,400	1,240,135	2,598,871
Total governmental funds	<u>\$ 13,568,785</u>	<u>\$ 12,662,722</u>	<u>\$ 13,068,693</u>	<u>\$ 19,533,669</u>

Fiscal Year

2011	2012	2013	2014	2015	2016
60,244	70,105	46,042	46,702	156,913	106,782
724,600	678,000	678,000	797,200	783,600	852,100
2,157,631	2,157,631	-	-	-	-
336,000	-	-	-	-	-
3,114,216	4,687,560	7,664,114	7,855,994	8,603,375	8,607,808
<u>\$ 6,392,691</u>	<u>\$ 7,593,296</u>	<u>\$ 8,388,156</u>	<u>\$ 8,699,896</u>	<u>\$ 9,543,888</u>	<u>\$ 9,566,690</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	34,969
-	-	-	-	-	-
10,745,998	10,372,520	10,148,787	6,041,276	6,057,519	7,371,432
-	-	-	-	-	-
-	-	-	2,179,482	2,112,889	602,146
-	-	-	-	-	-
<u>\$ 10,745,998</u>	<u>\$ 10,372,520</u>	<u>\$ 10,148,787</u>	<u>\$ 8,220,758</u>	<u>\$ 8,170,408</u>	<u>\$ 8,008,547</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
60,244	70,105	46,042	46,702	156,913	141,751
11,470,598	11,050,520	10,826,787	6,838,476	6,841,119	8,223,532
2,157,631	2,157,631	-	-	-	-
336,000	-	-	2,179,482	2,112,889	602,146
3,114,216	4,687,560	7,664,114	7,855,994	8,603,375	8,607,808
<u>\$ 17,138,689</u>	<u>\$ 17,965,816</u>	<u>\$ 18,536,943</u>	<u>\$ 16,920,654</u>	<u>\$ 17,714,296</u>	<u>\$ 17,575,237</u>

SUMMIT SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
REVENUES				
Taxes				
Property taxes	\$28,236,662	\$33,951,782	\$34,800,696	\$39,896,928
Specific ownership taxes	1,966,055	1,915,180	1,764,619	1,523,717
Federal income	587,585	735,732	543,521	1,005,856
State income	4,503,382	2,763,643	3,748,173	897,346
Interest income	1,409,024	602,147	216,777	41,603
Other	1,856,726	1,730,303	1,130,760	1,964,672
Total revenues	<u>38,559,434</u>	<u>41,698,787</u>	<u>42,204,546</u>	<u>45,330,122</u>
EXPENDITURES				
Current:				
Direct instruction	17,158,732	18,260,744	17,088,775	17,887,948
Indirect instruction	4,406,764	3,705,549	3,244,113	3,498,222
Transportation	1,254,515	1,571,333	1,589,703	1,452,804
Custodial and maintenance	2,892,141	3,898,086	3,391,017	3,520,346
Support services	1,665,062	1,343,320	1,309,172	1,695,846
General and school administration	2,377,746	2,269,360	2,065,318	2,292,424
Food service operations				
Community service	345,699	323,651	270,071	281,342
Debt Service:				
Principal	4,018,149	3,940,940	4,075,772	4,232,445
Interest	3,628,448	3,272,421	3,116,514	2,951,024
Capital outlay	23,222,889	4,099,303	4,716,220	7,696,671
Total expenditures	<u>60,970,145</u>	<u>42,684,707</u>	<u>40,866,675</u>	<u>45,509,072</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,410,711)</u>	<u>(985,920)</u>	<u>1,337,871</u>	<u>(178,950)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	14,180,000	-	-	-
Payment to refunded debt escrow agent	(14,492,699)	-	-	-
Premium on bond issuance	364,697	-	-	-
Bond issuance costs	-	-	-	-
Property settlement	-	-	-	-
Operating transfers (in/out)	(37,505)	(93,719)	(138,713)	-
Total other financing sources (uses)	<u>14,493</u>	<u>(93,719)</u>	<u>(138,713)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (22,396,218)</u>	<u>\$ (1,079,639)</u>	<u>\$ 1,199,158</u>	<u>\$ (178,950)</u>
Debt service as a percentage of noncapital expenditures	20.3%	18.7%	19.9%	19.0%

Fiscal Year

2011	2012	2013	2014	2015	2016
\$35,786,049	\$32,439,713	\$ 31,917,824	\$ 31,294,087	\$ 31,270,541	\$ 33,709,697
1,316,397	1,288,349	1,375,567	1,590,334	1,653,562	1,738,337
1,456,717	1,117,390	1,104,832	889,405	1,648,293	1,695,126
588,337	2,899,128	2,932,733	5,087,451	6,899,428	7,050,963
24,098	13,854	23,374	16,261	13,459	19,506
1,873,161	1,383,010	1,459,786	1,527,655	1,852,500	2,175,241
<u>41,044,759</u>	<u>39,141,444</u>	<u>38,814,116</u>	<u>40,405,193</u>	<u>43,337,783</u>	<u>46,388,870</u>
18,451,654	18,187,505	18,461,853	19,219,670	20,092,238	21,106,751
3,423,021	3,425,574	3,569,447	4,219,175	4,427,418	5,547,187
1,564,199	1,653,349	1,335,056	1,597,231	1,529,765	1,758,638
3,610,042	3,717,314	3,657,284	3,890,907	3,677,108	3,733,441
1,715,008	1,817,730	1,770,773	1,920,905	2,008,723	2,308,313
2,168,059	2,215,134	2,301,459	2,300,791	2,478,405	2,517,211
				1,203,083	1,283,224
238,344	-	-	-	-	-
4,350,000	4,550,000	4,760,000	4,965,000	5,325,000	5,035,000
2,763,536	2,057,726	2,250,595	1,773,170	1,412,570	1,118,523
5,385,878	445,694	803,379	1,179,243	389,830	2,119,641
<u>43,669,741</u>	<u>38,070,026</u>	<u>38,909,846</u>	<u>41,066,092</u>	<u>42,544,140</u>	<u>46,527,929</u>
<u>(2,624,982)</u>	<u>1,071,418</u>	<u>(95,730)</u>	<u>(660,899)</u>	<u>793,643</u>	<u>(139,059)</u>
-	34,522,309	-	-	-	-
-	(38,148,852)	-	-	-	-
-	3,768,231	-	-	-	-
-	(346,379)	-	-	-	-
-	341,090	-	-	-	-
230,002	(380,689)	(11,143)	(277,390)	-	-
<u>230,002</u>	<u>(244,290)</u>	<u>(11,143)</u>	<u>(277,390)</u>	<u>-</u>	<u>-</u>
<u>\$ (2,394,980)</u>	<u>\$ 827,128</u>	<u>\$ (106,873)</u>	<u>\$ (938,289)</u>	<u>\$ 793,643</u>	<u>\$ (139,059)</u>
18.6%	17.6%	18.4%	16.9%	16.0%	13.9%

SUMMIT SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	
	Assessed Value	Actual Value	Assessed Value	Actual Value
2006	1,195,931,843	11,188,613,281	78,742,669	271,533,567
2007	1,474,788,610	13,738,269,145	89,268,502	307,828,924
2008	1,490,278,063	14,163,034,984	92,976,904	320,616,953
2009	1,838,924,965	17,654,636,004	98,775,021	340,609,861
2010	1,841,102,452	17,816,883,261	93,606,842	322,788,111
2011	1,506,745,732	14,703,209,102	95,151,121	328,112,854
2012	1,508,845,585	14,799,695,253	92,748,898	319,829,354
2013	1,447,113,911	14,258,248,662	96,286,458	332,027,182
2014	1,458,034,820	14,430,227,120	102,719,660	354,210,610
2015	1,600,747,110	15,869,133,660	133,169,740	459,206,010

Source: Summit County Assessor's Office

Note: The assessment ratios for all taxable property in the State of Colorado are as follows:

Years	Residential	Commercial
2007	7.96%	29.00%
2008	7.96%	29.00%
2009	7.96%	29.00%
2010	7.96%	29.00%
2011	7.96%	29.00%
2012	7.96%	29.00%
2013	7.96%	29.00%
2014	7.96%	29.00%
2015	7.96%	29.00%
2016	7.95%	29.00%

Real Property Exemptions		Total Taxable Value		Total Direct Tax Rate
Assessed Value	Actual Value	Assessed Value	Actual Value	
78,854,736	271,914,242	1,353,529,248	11,732,061,090	22.848
81,896,641	282,403,619	1,645,953,753	14,328,501,688	22.090
82,855,824	285,711,189	1,666,110,791	14,769,363,126	22.291
86,163,341	297,116,514	2,023,863,327	18,292,362,379	20.936
89,659,858	309,358,961	2,024,369,152	18,449,030,333	18.364
91,240,000	314,808,444	1,693,136,853	15,346,130,400	20.202
91,999,064	317,239,990	1,693,593,547	15,436,764,597	20.031
91,676,980	316,129,325	1,635,077,349	14,906,405,169	20.275
92,154,970	317,777,420	1,652,909,450	15,102,215,150	20.135
92,928,560	320,443,210	1,826,845,410	16,648,782,880	19.618

SUMMIT SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	Fiscal Year			
	2007	2008	2009	2010
Summit School District				
General operations	13.377	13.271	13.320	12.832
General obligation debt service	5.691	4.663	4.653	3.886
Full day kindergarten	0.000	0.275	0.438	0.451
Transportation	0.410	0.485	0.484	0.371
Special building and technology	3.370	3.396	3.396	3.396
Total direct property tax rate	<u>22.848</u>	<u>22.090</u>	<u>22.291</u>	<u>20.936</u>
Overlapping Rates				
Summit County Government	12.364	11.491	11.448	12.602
Colorado Mountain College	3.997	3.997	3.997	3.997
Town of Blue River	12.325	12.314	12.299	11.293
Town of Breckenridge	6.070	7.520	7.514	6.957
Town of Dillon	4.398	4.092	4.092	2.859
Town of Frisco	0.798	0.798	0.798	0.798
Town of Montezuma	3.188	3.188	3.188	3.188
Town of Silverthorne	-	-	-	-
Alpensee Water District	50.000	49.978	50.000	50.000
Alpine Metro District	20.000	20.000	20.000	20.000
Breckenridge Mt Metro District	20.000	20.000	25.000	25.000
Buffalo Mt Metro District	15.000	15.000	15.000	11.750
Colorado River Water Conservation District	0.221	0.191	0.198	0.167
Copper Mt Cons Metro District	22.800	25.100	26.650	25.200
Corinthian Hills Metro District	10.400	9.542	9.882	8.202
Dillon Fire Protection District	-	-	-	-
Dillon Valley Metro District	-	-	-	-
Eagles Nest Metropolitan District	17.000	15.030	15.014	15.076
East Dillon Water District	4.131	4.131	4.131	2.835
Frisco Fire Protection District	-	-	-	-
Frisco Sanitation District	-	-	-	-
Hamilton Creek Metro District	40.000	40.000	40.000	40.000
Kremmling Memorial Hospital District	-	-	-	3.200
Lake Dillon Fire Protection District	8.311	8.275	8.286	8.295
Lower Blue Fire Protection District	5.256	4.755	5.194	4.240
Middle Park Water Conservancy District	0.075	0.062	0.062	0.056
Red, White & Blue Fire Protection District	8.500	8.500	8.500	8.500
Silverthorne Fire Protection District	-	-	-	-
Snake River Fire Protection District	0.549	0.549	0.549	0.500
Snake River Water District	-	-	-	-
Swan's Nest Metro District	35.000	35.000	35.000	35.000
Willow Brook Metro District	48.563	49.000	49.000	49.000
Willow Brook Metro District (Bond Only)	-	-	-	17.474

Source: Summit County Assessor's Office

Note: The District's property tax rate may be increased only by a majority vote of the District's residents. Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owners within the boundaries of the Summit School District. Not all overlapping rates apply to all Summit School District property owners; for example, although the County property tax rate apply to all school district property owners the Snake River Fire Protection District rates apply only to the residents of Keystone whose property is located within that district's geographic boundaries.

Fiscal Year					
2011	2012	2013	2014	2015	2016
13.923	14.635	14.677	14.708	14.670	14.273
3.582	4.492	4.331	4.421	4.350	4.350
0.403	0.524	0.472	0.573	0.548	0.485
0.456	0.551	0.551	0.573	0.567	0.510
-	-	-	-	-	-
18.364	20.202	20.031	20.275	20.135	19.618
12.595	12.796	12.824	12.789	15.173	15.072
3.997	3.997	3.997	3.997	3.997	3.997
12.060	12.290	12.290	12.290	12.314	12.308
6.945	6.945	6.945	5.070	5.070	5.070
2.678	3.329	3.351	3.351	3.351	3.351
0.798	0.798	0.798	0.798	0.798	0.798
3.188	3.188	3.188	3.188	3.188	3.188
-	-	-	-	-	-
50.000	50.000	50.000	50.000	50.000	50.000
20.000	-	-	-	-	-
25.000	25.000	25.000	25.000	25.000	25.000
11.750	15.000	15.000	15.000	15.000	15.000
0.188	0.228	0.242	0.254	0.025	0.243
27.300	31.584	29.467	30.500	30.632	29.136
8.252	10.055	10.258	10.400	9.000	9.000
-	-	-	-	-	-
-	-	-	-	-	-
15.028	15.022	15.157	15.007	15.023	15.000
2.811	3.525	3.527	3.699	3.684	3.380
-	-	-	-	-	-
-	-	-	-	-	-
40.000	40.000	40.000	40.000	40.000	40.000
3.428	4.031	4.412	5.604	6.556	6.556
8.279	8.284	9.021	9.014	9.016	9.026
4.308	4.095	4.305	4.305	4.199	4.026
0.056	0.056	0.056	0.056	0.056	0.055
8.500	9.000	9.098	9.014	9.018	9.004
-	-	-	-	-	-
0.400	0.460	0.360	0.340	-	-
-	-	-	-	-	-
35.000	35.000	35.000	35.000	35.000	35.000
49.000	51.773	59.395	61.717	62.130	61.840
-	-	-	-	-	-

**SUMMIT SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Ten Years Ago**

Taxpayer	2016		2006	
	Taxable Assessed Value	% of Total County Taxable Assessed Valuation	Taxable Assessed Value	% of Total County Taxable Assessed Valuation
Vail Summit Resorts Inc	\$ 70,917,339	4.09%	\$ 59,964,350	4.70%
Climax Molybdenum Company	46,583,094	2.69%	7,737,832	0.61%
Public Service Co Of Colorado	27,194,042	1.57%	18,011,279	1.41%
Powdr - Copper Mountain LLC	10,561,541	0.61%	14,128,664	1.11%
Craig Realty Group-Silverthorne LLC	9,970,480	0.58%	6,187,696	0.49%
Powdr - Copper Participation LLC	9,532,718	0.55%	-	0.00%
Gold Point Lodging & Realty Inc	8,646,912	0.50%	6,745,591	0.53%
Grand Lodge on Peak 7 Intrvl Owner Assoc	7,961,117	0.46%	-	0.00%
Beaver Run Interim Centr Acquisition LLC	6,867,087	0.40%	4,498,781	0.35%
Qwest Corporation	6,696,985	0.39%	5,142,984	0.40%
One Ski Hill Place LLC	-	0.00%	-	0.00%
Target Corp.	-	0.00%	3,565,493	0.28%
CNL Income Copper LP	-	0.00%	3,766,497	0.30%
Total for 10 largest taxpayers	\$ 204,931,315	11.84%	\$ 129,749,167	10.18%
Total for all other taxpayers	\$ 1,527,557,805	88.17%	\$ 1,144,925,343	89.82%
	\$ 1,732,489,120	100.00%	\$ 1,274,674,510	100.00%

Source: Summit County Assessor's Office

SUMMIT SCHOOL DISTRICT
Property Tax Levies And Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	% of Levy		Amount	Percentage of Levy
2007	28,990,073	27,838,017	96.0%	1,120,555	28,958,572	99.9%
2008	34,403,591	32,563,941	94.7%	1,627,598	34,191,539	99.4%
2009	35,142,819	33,254,314	94.6%	1,785,553	35,039,867	99.7%
2010	40,394,031	38,081,384	94.3%	2,051,280	40,132,664	99.4%
2011	35,379,541	33,720,984	95.3%	1,595,750	35,316,734	99.8%
2012	32,222,763	31,231,401	96.9%	1,803,305	33,034,706	102.5%
2013	31,943,456	30,789,912	96.4%	1,120,054	31,909,966	99.9%
2014	31,146,546	30,110,670	96.7%	990,181	31,100,851	99.9%
2015	31,262,720	30,325,387	97.0%	897,613	31,223,000	99.9%
2016	33,832,580	32,755,051	96.8% ¹		32,755,051	96.8%

¹Collections through June 30, 2016

Source: Summit School District Business Services Department Property tax worksheet

SUMMIT SCHOOL DISTRICT
Ratio Of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Net Bonded Debt per Capita</u>	<u>Percentage of Median Household Income</u>
2007	70,540,000	5.21%	2,496	3.96%
2008	66,675,000	4.05%	2,320	3.44%
2009	62,655,000	3.76%	2,143	3.14%
2010	58,480,000	2.89%	2,089	3.22%
2011	54,130,000	2.67%	1,937	2.89%
2012	49,500,000	2.92%	1,754	2.55%
2013	44,740,000	2.64%	1,556	2.29%
2014	39,775,000	2.43%	1,353	2.02%
2015	34,450,000	2.08%	1,157	1.73%
2016	29,415,000	1.61%	979	1.46%

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

SUMMIT SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Alpensee Water District	\$ 1,196,600	100.00	\$ 1,196,600
Breckenridge Mountain Metro District	14,160,000	100.00	14,160,000
Copper Mtn. Consolidated Metro District	5,175,000	100.00	5,175,000
Eagles Nest Metropolitan District	3,475,000	100.00	3,475,000
East Dillon Water District	1,813,547	100.00	1,813,547
Heeney Water District	92,977	100.00	92,977
Swans Nest Metropolitan District	1,140,000	100.00	1,140,000
Timber Creek Water District	340,000	100.00	340,000
Town of Frisco	3,535,000	100.00	3,535,000
West Grand School District #1-JT	<u>8,045,000</u>	2.20	<u>176,990</u>
Subtotal, overlapping debt	38,973,124		31,105,114
Summit County School District direct debt	<u>29,415,000</u>	100.00	<u>29,415,000</u>
Total direct and overlapping debt	<u>\$ 68,388,124</u>		<u>\$ 60,520,114</u>

Source: Assessed value data used to estimate applicable percentages provided by the Summit County Assessor's Office. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of outstanding debt of those overlapping governments that are borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

SUMMIT SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Assessed valuation	\$ 1,268,823,250	\$ 1,557,428,290	\$ 1,576,547,460	\$ 1,929,405,380
Debt limit (20% of assessed valuation)	\$ 253,764,650	\$ 311,485,658	\$ 315,309,492	\$ 385,881,076
Debt applicable to limit:				
General obligation bonds	\$ 70,540,000	\$ 66,675,000	\$ 62,655,000	\$ 58,480,000
Less: Amount set aside for repayment of general obligation debt	(5,344,510)	(5,402,169)	(5,503,496)	(5,843,393)
Total net debt applicable to limit	65,195,490	61,272,831	57,151,504	52,636,607
Legal debt margin	\$ 188,569,160	\$ 250,212,827	\$ 258,157,988	\$ 333,244,469
Total net debt applicable to the limit as a percentage of debt limit	25.69%	19.67%	18.13%	13.64%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 20% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,926,570,520	\$ 1,595,412,687	\$ 1,594,701,010	\$ 1,536,204,510	\$ 1,552,655,580	\$ 1,724,568,190
\$ 385,314,104	\$ 319,082,537	\$ 318,940,202	\$ 307,240,902	\$ 310,531,116	\$ 344,913,638
\$ 54,130,000	\$ 49,580,000	\$ 44,740,000	\$ 39,775,000	\$ 34,450,000	\$ 29,415,000
(5,696,923)	(6,062,943)	(5,959,708)	(6,041,276)	(6,057,519)	(7,371,432)
48,433,077	43,517,057	38,780,292	33,733,724	28,392,481	22,043,568
\$ 336,881,027	\$ 275,565,480	\$ 280,159,910	\$ 273,507,178	\$ 282,138,635	\$ 322,870,070
12.57%	13.64%	12.16%	10.98%	9.14%	6.39%

SUMMIT SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Median Household Income	October 1 School Enrollment	October 1 Funded Pupil Count	Total Program Per Pupil Funding	Colorado Unemployment Rate
2007	28,261	\$62,969	3,001	2,776.0	\$6,642.19	3.9%
2008	28,734	\$67,485	3,087	2,858.0	\$6,957.47	4.9%
2009	29,231	\$68,219	3,067	2,902.3	\$7,190.98	7.3%
2010	27,994	\$64,813	3,089	2,901.8	\$7,541.53	8.9%
2011	27,941	\$66,914	3,124	2,924.3	\$7,150.04	9.0%
2012	28,218	\$68,750	3,151	2,924.3	\$6,744.00	7.9%
2013	28,759	\$67,915	3,156	2,924.3	\$6,736.17	7.2%
2014	29,399	\$67,098	3,287	3,049.0	\$6,934.66	5.8%
2015	29,777	\$66,770	3,345	3,141.9	\$7,317.25	4.0%
2016	30,039	\$67,246	3,509	3,294.9	\$7,593.98	2.1%

Sources: Population, median household income and unemployment rate information provided by Summit County, Colorado Division of Local Governemnt (LMI), U.S. Census Bureau, and Wikipedia. School enrollment data provided by the Summit School District Business Services Department. Total program per pupil funding provided by the Colorado Department of Education.

SUMMIT SCHOOL DISTRICT
Principal Employers
Current Year

Employer	Range of Employees	% of Total County Employment
Breckenridge Ski Resort	1000-4999	6-30%
Copper Mountain Ski Resort	1000-4999	6-30%
Keystone Resort Ski/Ride School	1000-4999	6-30%
Everist Materials, LLC	500-999	3-6%
Summit School District RE-1	250-499	1.5-3%
Summit County Government	250-499	1.5-3%
Village Hotel at Breckenridge	250-499	1.5-3%
Beaver Run Resort & Conference Center	250-499	1.5-3%
Town of Breckenridge	100-249	0.6-1.5%
St. Anthony Summit Medical Ctr	100-249	0.6-1.5%
Grand Timber Lodge	100-249	0.6-1.5%
Town of Silverthorne	100-249	0.6-1.5%
Arapahoe Basin Ski Area	100-249	0.6-1.5%
Target	100-249	0.6-1.5%
City Market	100-249	0.6-1.5%
Whole Foods	100-249	0.6-1.5%
Lowes	100-249	0.6-1.5%
Wal-Mart	100-249	0.6-1.5%
 Total Employees in Summit County	 20,692	

Source: Colorado Department of Labor and Employment - LMI Gateway

SUMMIT SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Governmental Fund Expenditures	Funded Students	Cost Per Pupil	Percentage Change	Teaching Staff FTE	Pupil Teacher Ratio
2007	\$60,970,145	2,776.0	\$21,963	-32.0%	236.93	11.72
2008	\$42,684,707	2,858.0	\$14,935	-32.0%	250.29	11.42
2009	\$40,866,675	2,902.3	\$14,081	-5.7%	249.88	11.61
2010	\$45,509,072	2,901.8	\$15,683	11.4%	245.34	11.83
2011	\$43,669,741	2,924.3	\$14,933	-4.8%	251.04	11.65
2012	\$38,070,026	2,924.3	\$12,939	-13.4%	245.89	11.89
2013	\$38,909,846	2,924.3	\$13,306	2.8%	255.11	11.46
2014	\$41,066,092	3,049.0	\$13,469	1.2%	264.21	11.54
2015	\$42,544,140	3,141.9	\$13,541	0.5%	271.13	11.59
2016	\$46,527,929	3,294.9	\$14,121	4.3%	277.07	11.89

Sources: Nonfinancial information provided by the district's personnel

Note: Enrollment based on October enrollment. Teaching staff are full-time equivalents for the year as a whole.

**SUMMIT SCHOOL DISTRICT
Schedule of Insurance
(Unaudited)**

Description of Insurance	Carrier or Pool	Coverage Limit	Deductible
General & School Liability	CSDSIP*	\$1,000,000/occurrence \$5,000,000 aggregate	\$2,500
Property including:	CSDSIP	\$151,865,969	\$5,000
Equipment Breakdown	CSDSIP	\$250,000,000	\$1,000
Automobile liability:	CSDSIP		
Combined single limit		\$2,000,000	\$0
Personal injury protection		\$5,000	\$0
Crime:	CSDSIP	\$1,000,000	\$500
Pollution	CSDSIP	\$1,000,000	\$2,500
Data Compromise	CSDSIP	\$100,000	\$2,500
NCBR Terrorism	CSDSIP	\$10,000,000	\$5,000
School Crisis Act	CSDSIP	\$250,000	\$0
Worker's Compensation	Pinnacle Assurance		\$5,000
Unemployment	State of Colorado	Claims basis	
Underground Storage Tanks	ACE American Insurance	\$1,000,000/occurrence \$2,000,000 aggregate	\$5,000
International Liability	ACE American Insurance	Multi-tiered coverage	

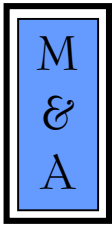
*Colorado School Districts' Self Insurance Pool

Source: School District Records

Summit School District RE-1

Reports and Schedules for Reporting Requirements
Of Uniform Guidance





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

**To the Board of Education
Summit School District RE-1
Frisco, CO**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Summit School District RE-1 (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Member: American Institute of Certified Public Accountants

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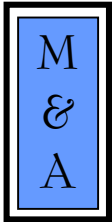
INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Summit School District RE-1
Frisco, CO

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
November 17, 2016



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Education
Summit School District RE-1
Frisco, CO**

Report on Compliance for Each Major Program

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

Management's Responsibilities

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

Auditor's Responsibilities

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

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

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Summit School District RE-1
Frisco, CO

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiency and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016.001, that we consider to be a significant deficiency.

INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Summit School District RE-1
Frisco, CO

Purpose of this Report

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 17, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
November 17, 2016

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

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	Yes
Major programs -	
National School Breakfast Program	CFDA# 10.553
National School Lunch Program	CFDA# 10.555
Food Distribution	CFDA# 10.555
Summer Food Service Program for Children	CFDA# 10.559
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

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

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	Yes
Questioned costs	None noted

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

Finding 2016-001

CFDA 10.555 – National School Lunch Program Cluster

Federal Agency: United States Department of Agriculture

Pass-Through Entity: Colorado Department of Education

Criteria Or Specific Requirement: According to 7 CFR 210.8(a)(1), every school year, prior to February 1, each Local Education Agency with more than one school must perform no less than one on-site review of the lunch counting and claiming system employed by each school under its jurisdiction.

Condition: The on site reviews were not completed for any schools within the District for the year ending June 30, 2016.

Questioned Costs: Not applicable

Context: This is the only instance of noncompliance found related to requirements of the National School Lunch Program.

Effect: The District may be claiming too many or few students in their reimbursement submittals.

Cause: The District experienced turnover in the Food Service Director position during the fiscal year.

Recommendation: We recommend the District designate an individual to perform the on site reviews and an individual to oversee that performance.

Views of Responsible Officials and Planned Corrective Action: We agree with the auditor's recommendation. The Director of Business Services and Food Service Manager have reviewed the requirements for on-site reviews and have agreed that the Food Service Manager will complete the on-site reviews on an annual basis and will submit them to the Director of Business Services for review. The Food Services Manager has already begun the 2017 reviews and anticipates having them completed prior to the holiday break.

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

Note: There were no findings for the fiscal year ended June 30, 2015.

SUMMIT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Project Code	Major Program (Yes/No)	Expenditures
United States Department of Education				
Passed through State Department of Education:				
Title I, Part A	84.010	4010	No	256,233
IDEA Part B: Flow through 94.142 Special Education	84.027	4027	Yes	462,416
IDEA Preschool 99-457	84.173	4173	Yes	12,221
Title III, Part A English Language Acquisition	84.365	4365	No	59,069
Title II, Part A Teacher and Principal Training and Recruiting	84.367	4367	No	55,814
Passed through Colorado Colleges and Occupational System:				
Carl Perkins Vocational & Applied Technology	84.048	4048	No	23,460
Total United States Department of Education				<u>869,213</u>
United States Department of Health and Human Services				
Passed through State Department of Health and Human Services:				
Head Start	93.600	8600	No	110,954
Total United States Department of Health and Human Services				<u>110,954</u>
United States Department of Agriculture				
Passed Through Summit County Treasurer:				
Forest Reserve	10.665	7665	No	337,726
Passed through State Department of Education:				
National School Breakfast Program	10.553	4553	Yes	109,084 A
National School Lunch Program Cluster	10.555	4555	Yes	516,107 A
Food Distribution, Commodities	10.555	4555	Yes	83,535 A
Summer Food Service Program for Children	10.559	4559	Yes	5,057 A
Total United States Department of Agriculture				<u>1,051,509</u>
 Total Federal Expenditures				 <u><u>\$ 2,031,676</u></u>

Additional Information for Clusters:

A Child Nutrition Cluster \$ 713,783

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2015:

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Summit School District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

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

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

Note 3. Sub recipients:

The District did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards received to sub recipients.