

**ARCHULETA SCHOOL DISTRICT 50 JT  
PAGOSA SPRINGS, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORTS**

**For The Year Ended  
June 30, 2017**



**RECEIVED**  
Office of the State Auditor  
March 1, 2018

**ARCHULETA SCHOOL DISTRICT 50 JT  
PAGOSA SPRINGS, COLORADO**

**ROSTER OF SCHOOL OFFICIALS**

**YEAR ENDED  
JUNE 30, 2017**

**BOARD OF EDUCATION**

Greg Schick – President

Bruce Dryburgh – Vice President

Brooks Lindner – Secretary/Treasurer

Lisl Keuning – Member

Jason Peterson – Member

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

# ARCHULETA SCHOOL DISTRICT 50 JT.

## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Archuleta School District 50 JT's annual financial report presents the school district management team's discussion and analysis of the District's financial performance during the fiscal year, which ended June 30, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The General Fund's operating deficit was reduced from \$339,167 to \$50,625, an improvement of \$288,542 or 85.1%.
- The General Fund had a \$7,577,533 Fund Balance as of June 30, 2017. This amount is equal to 61.5% of the District's total General Fund expenditures and transfers for Fiscal Year 2017.
- The District had long-term debt at June 30, 2017 of \$4,757,626 including General Obligation Bonds, Capital Leases, Unamortized Bond Premiums, and Accrued Compensated Absences but excluding the PERA pension liability. This amount is \$992,477 less than the District's long-term debt at June 30, 2016.
- Despite Amendment 23, the State of Colorado continues to implement the Negative Factor (recently renamed the Budget Stabilization Factor) to balance the State's budget. With \$1,491,586 withheld in FY2017, the total withheld to date equals \$10,482,407.
- The District's total combined net position as of June 30, 2017 was (\$7,571,932). This negative net position is a result of the District's implementation of the Governmental Accounting Standards Board (GASB) Statement 68 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the state's net pension liability on the District's Statement of Net Position beginning in the 2014-2015 fiscal year. The magnitude of the negative net position increased significantly because of changes in assumptions used by PERA to calculate school district pension liability amounts.
- Without the District's \$46,067,289 share of Colorado's pension liability, the District's total combined net position as of June 30, 2017 would be \$38,495,357. This represents a \$16,729,014 increase over the previous year's net position.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- *Governmental funds* statements tell how general government services were financed in the short term as well as what remains for future spending. Governmental funds include the General, Food Service, Capital Reserve, Grant, and Bond Redemption Funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Fiduciary funds include the Student Activity (self-supporting student clubs and classes) and the Private Purpose Trust Fund (interest only can be spent for Mooney, Newton, and A.S.E. programs).

The financial statements also include *notes* that explain some of the information in the report and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

## District-wide Statements

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

The two district-wide statements report the District's *net position* and how they have changed. Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The Statement of Activities presents information reporting how the District's net position changed during the most recent year.

Both district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The district-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum, staff development, health services, technology, maintenance, transportation and general administration. Property taxes and grants finance most of these activities. The bond fund is also included in the Governmental category.

To assess the overall health of the District, consideration needs to be given to additional non-financial factors such as changes in the District's tax base, changes in student enrollment, the condition of school buildings, along with major capital improvements.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds — not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

**Governmental funds** — Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided at the bottom of the governmental funds statement, or on subsequent pages, that explain the relationship (or differences) between them.

**Fiduciary funds** – The District is the trustee, or *fiduciary*, for certain funds. It is responsible for other assets, that because of a trust arrangement, can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As shown on Table 1, the Total Net Investment in Capital assets (not including the charter school) increased \$1,145,569 (10.1%). This increase follows an increase of \$831,854 the previous year.

Eliminating the \$46,067,289 Pension Liability would result in an Unrestricted Net Position of \$23,977,124 which would represent resources available to fund the District's programs and reserves for next year.

**Table 1, Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Current Assets	10,857,045	10,959,143
Non Current Assets	16,810,933	16,642,602
Deferred Outflows of Financial Resources	<u>17,755,161</u>	<u>2,909,009</u>
Total Assets	<u>45,423,139</u>	<u>30,510,754</u>
Current Liabilities	1,424,300	1,357,482
Long-Term Liabilities	50,824,915	28,942,609
Deferred Inflows of Financial Resources	<u>745,856</u>	<u>1,628,163</u>
Total Liabilities	<u>52,995,071</u>	<u>31,928,254</u>
Net Position		
Net Investment in Capital Assets	12,516,424	11,370,855
Restricted Net Position	2,001,809	2,078,713
Unrestricted Net Position	<u>(22,090,165)</u>	<u>(14,867,068)</u>
<b>Total Net Position (Deficit)</b>	<b><u>\$ (7,571,932)</u></b>	<b><u>\$ (1,417,500)</u></b>

### Governmental Activities

The District's total revenues were \$14,972,451 an increase of \$1,198,641. A significant portion of the District's revenues comes from local sources (53%) of which the majority comes from local property taxes. The next largest share of the district's revenue (34.5%) comes from state equalization. The remaining 12.5% of revenue comes from Operating Grants (Federal, State, and Private), interest income, and other local revenue.

Property tax revenues decreased slightly from the previous year due to decreased assessed valuation in Archuleta County. State Equalization funding finally increased. but once again this amount was severely reduced by the \$1,491,586 Negative Factor applied by the state.

The District's expenses are predominantly related to instructing, caring for, feeding, and transporting students. The total cost of all programs and services was \$15,149,619. Expenditures for instruction in all governmental activities were 54%, support services were 39%, and debt service was 7%.

## STATEMENT OF ACTIVITIES – Governmental Activities

	<b>Governmental Activities</b>	
	<u>2017</u>	<u>2016</u>
<b>Program Revenues:</b>		
Charges for Services	\$ 242,398	\$ 265,398
Operating Grants	1,791,673	1,972,574
Capital Grants	<u>103,962</u>	<u>5,824</u>
Total Program Revenues	<u>2,138,033</u>	<u>2,243,796</u>
<b>General Revenues:</b>		
Taxes	7,433,150	7,402,991
State Equalization	5,214,484	4,014,587
Investment Income	68,377	26,678
Miscellaneous	<u>118,407</u>	<u>121,310</u>
Total General Revenues	<u>12,834,418</u>	<u>11,565,566</u>
<b>Total Revenues</b>	<u>14,972,451</u>	<u>13,809,362</u>
<b>Expenses</b>		
Instruction	13,154,501	7,910,476
Supporting Services	7,982,664	5,486,507
Interest on Long Term Debt	<u>(10,282)</u>	<u>67,222</u>
<b>Total Expenses</b>	<u>21,126,883</u>	<u>13,464,205</u>
<b>Change in Net Position</b>	(6,154,432)	345,157
<b>Net Position - Beginning</b>	<u>(1,417,500)</u>	<u>(1,762,657)</u>
<b>Net Position - Ending</b>	<u>\$ (7,571,932)</u>	<u>\$ (1,417,500)</u>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds include the General, Food Service, Grant, Bond Redemption, and Capital Reserve Project Fund. Revenues from governmental fund types totaled \$14,972,451 which was an increase of \$1,198,641 (8.7%) in revenues from the previous year. In the paragraphs below, each of the District's Funds will be examined.

**General Fund** - The General Fund is the major operating fund of the District, providing most of the resources for the educational and support programs in the schools. Revenues of \$12,277,144 were comprised of approximately 52% from local property and specific ownership taxes, 42% from state equalization money, 3% from state grants, 1% from federal sources and 2% from other sources. Actual revenues received were above budgeted revenue amounts by \$242,219.

Expenditures and transfers to other funds totaled \$12,327,769. Spending was distributed with roughly 75.4% being spent on salaries and benefits, 12.3% on services and utilities, and 12.3% on supplies, equipment, and other expenses. Actual expenditures were slightly below budget amounts (excluding contingency reserves.) However, the fund experienced a deficit in the amount of \$50,625. This makes the fifth straight year that the General Fund has experienced a deficit. Reserves in the amount of \$7,577,533 (61.5% of expenditures) are still more than adequate to meet unforeseen district needs, but the district needs to be cautious in spending down reserves in the future without an adequate long-range plan.

**Food Service Fund** - With total revenues and transfers of \$548,187 and expenses of \$503,364, the Food Service Fund operated with a surplus of \$44,823. The Food Service Department has been able to accumulate a small fund balance which has grown to \$102,651 as of June 30, 2017.

**Grant Fund** – The grant fund showed significant growth from the previous year with FY2017 Revenues and Expenses of \$1,000,050, a \$167,278 (20.1%) increase compared to FY2016. The grants are overwhelmingly used for instructional purposes (83.2% of the various grant expenditures) and for Pupil Support (16.6% of grant expenditures.) The district continues to be very successful in receiving both new and continuation grants to support programs for our students.

**Bond Redemption Fund** – The Bond Redemption Fund had revenues of \$1,033,651 and expenses of \$952,550. The Fund Balance at June 30, 2017 was \$1,596,931. A large fund balance is required in this fund because the majority of the fund's expenses are incurred each year prior to the receipt of the majority of the property and specific ownership taxes. These to revenue sources represent 99% of the fund's revenues. It should be noted that with a fund balance of this size there will be money in the fund sufficient to repay the outstanding prior to their December 2020 repayment date.

**Capital Reserve Project Fund** - In the past, revenue for this fund was based on pupil count. The district now funds the Capital Reserve Project Fund with a transfer from the General Fund based on the need for repairs and the need to purchase vehicles and equipment/technology, with interest income, and in FY2017 with a reimbursement from the State of Colorado BEST Fund for a portion of the 5-6 Building Roof replacement. In FY2017 the fund had investment earnings of \$278 and a transfer from the General Fund of \$572,156 and a reimbursement from the BEST Fund of \$99,802. Expenditures for in the fund for the fiscal year totaled \$924,704. At June 30, 2017 the fund had a Fund Balance of \$62,303 which was budgeted to be used to fund FY2018 expenses.

**Proprietary Funds, Insurance Fund** - The Insurance Fund was a proprietary fund (a fund that operated as a business) that has been closed because the self-funded insurance plan was not financially viable. The District converted to a premium based plan to provide health and dental coverage to staff. The district currently has no proprietary funds.

**Fiduciary Funds** - Fiduciary funds are funds that are held in trust by the district. The District has a Student Activity Fund to hold money for all self-supporting club and class activities. The District also has a Trust-Donation Fund that was established for private donations that have specific guidelines on how the money generated from the principal is to be spent.

- Student Activity Fund – Revenues in this fund on FY2017 were \$157,800 while expenses were \$168,805. At June 30, 2017 the Student Activity Fund had a Fund Balance of \$108,226.
  - Trust-Donation Fund - The district has three trusts in this fund.
    - o The interest on \$250,000 of the Whit Newton Fund is set-aside for the Archuleta Scholarship in Escrow program.
    - o Interest on \$50,000 of the Mooney donation is designated to help fund either remedial or accelerated summer school programs.
    - o The Hughes donation supports the P.A.C. program at Pagosa High School.
- Revenue in FY 2017 was \$6,252. Expenditures were \$3,934 The ending Net Position for the fund at June 30, 2017 was \$558,457.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY17, the District had invested \$16,810,933 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase of \$168,331 or 1.01%. This increase was due to the difference of depreciation, and the value of equipment and vehicles purchased.

	Balance July 1			Balance June 30		
	2016	Additions	Retirements	2017		
<b>Governmental activities</b>						
Assets not being depreciated:						
Land	\$ 1,080,048	\$ -	\$ -	\$ 1,080,048		
Construction in Progress	15,282	-	15,282	-		
Total assets not being depreciated	1,095,330	-	15,282	1,080,048		
Assets being depreciated:						
Buildings & Improvements	19,811,173	269,734	-	20,080,907		
Equipment and vehicles	2,262,575	336,995	-	2,599,570		
Total assets being depreciated	22,073,748	606,729	-	22,680,477		
Less: Accumulated depreciation						
Buildings	(4,848,270)	(315,346)	-	(5,163,616)		
Equipment and vehicles	(1,678,206)	(107,770)	-	(1,785,976)		
Total accumulated depreciation	(6,526,476)	(423,116)	-	(6,949,592)		
<b>Total capital assets, net</b>	<b>\$ 16,642,602</b>	<b>\$ 183,613</b>	<b>\$ 15,282</b>	<b>\$ 16,810,933</b>		

### Long Term Debt

At year-end, the District had long term debt obligation of \$50,824,915. In FY 2014, the district refunded the outstanding bonds to receive a lower interest rate. The long-term debt includes General Obligation Bonds (which will be fully paid-off in December 2020), a multi-year performance contract, copier leases, the PERA Pension Liability, and unamortized bond premium.

	Balance July 1,			Balance June 30,			Current	Interest	Accrued
	2017	Additions	Deletions	2017	Portion	Expense	Interest		
2014 General Obligation Refunding Bonds	\$ 4,030,000	\$ -	\$ 880,000	\$ 3,150,000	\$ 905,000	\$ 67,759	\$ 4,992		
Capital Lease Payable - Improvements	1,183,110	-	88,566	1,094,544	95,802	27,512	4,378		
Capital Lease Payable - Copiers	58,637	-	8,672	49,965	13,067	1,771	-		
Roofmasters Settlement	33,334	-	33,334	-	-	-	-		
Accrued Compensated Absences	310,600	47,448	-	358,048	-	-	-		
PERA Net Pension Liability	23,192,506	22,874,783	-	46,067,289	-	-	-		
Unamortized Bond Premium	134,422	-	29,353	105,069	30,187	-	-		
<b>Total</b>	<b>\$ 28,942,609</b>	<b>\$ 22,922,231</b>	<b>\$ 1,039,925</b>	<b>\$ 50,824,915</b>	<b>\$ 1,044,056</b>	<b>\$ 97,042</b>	<b>\$ 9,370</b>		

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The District's October 2017 funded pupil count increased for a second year after nine years of decline. Information from the State Demographer's Office suggests that the District may see continued student increases for the foreseeable future, although the impact of the possible opening of a Charter School may change those projections.

The local economy is showing growth with the opening of several new retail stores such as Tractor Supply and Walmart, but because of TABOR, meaningful increases in revenues for the school district are not expected in the foreseeable future. Expenditures will need to be examined carefully and the district will need to resist the temptation to fund additional employees and increases in salaries from reserves. It would appear that the only source of additional revenues will have to come from local sources such as additional property taxes authorized by a vote of the community.

The district is fortunate to be receiving Secure Rural School (SRS) dollars, but these funds should not be relied on to "fill the gap" as amounts have been reduced in recent years and legislation has not yet been passed to continue the program for the 2017-2018 school year and beyond.

All districts statewide still have their funding reduced by the "negative factor" which was deemed to be constitutional by the State Supreme Court.

The impact of continuing increases in Colorado PERA's contribution rates (which is scheduled to continue to increase until it reaches a rate of 20.15% in the calendar year of 2018) and increases in the cost of health insurance premiums (which have been paid almost entirely by the employees) will need to be studied. These increased rates will limit the amount of funds available for salaries and other operations.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Director at 970-264-2228 x 403.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

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Board of Education  
Archuleta School District 50 JT  
Pagosa Springs, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Archuleta School District 50 JT, Colorado, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Archuleta School District 50 JT, Colorado, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Archuleta School District 50 JT's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M6 and pension schedules on pages 33 -34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 35 - 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, combining individual fund schedules on pages 39 - 46 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports page 47 - 50 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Archuleta School District 50 JT**

Independent Auditors' Report

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***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017 on our consideration of the Archuleta School District 50 JT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Archuleta School District 50 JT's internal control over financial reporting and compliance.

*Holscher, Mayberry + Company, LLC*

Englewood, CO

December 4, 2017

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## **BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2017.

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ARCHULETA SCHOOL DISTRICT 50JT  
Statement of Net Position  
June 30, 2017

	Governmental Activities	Component Unit
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Investments	\$ 8,734,252	\$ 61,694
Cash with Fiscal Agent	1,600,577	-
Taxes Receivable	409,973	-
Interfund Accounts Receivable	-	23,854
Grants Receivable	81,627	-
Other Accounts Receivable	7,374	23,854
Inventory	21,878	-
Prepaid Expenses	1,364	-
<b>Total Current Assets</b>	<u>10,857,045</u>	<u>109,402</u>
<b>Noncurrent Assets</b>		
Capital Assets, not being depreciated	1,080,048	-
Capital Assets, being depreciated (net)	15,730,885	-
<b>Total Noncurrent Assets</b>	<u>16,810,933</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>27,667,978</u>	<u>109,402</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>		
Deferred Charge on Refunding	-	-
Contributions Subsequent to Measurement Date	690,980	-
Change in School's Proportionate Share of Net Pension Liability - net	-	-
Difference Between Projected and Actual Pension Plan Experience - net	575,912	-
Difference Between Projected and Actual Returns on Pension Plan Investments - net	1,540,394	-
Change in Pension Plan Assumptions - net	14,947,875	-
<b>TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<u>17,755,161</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 45,423,139</u>	<u>\$ 109,402</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Internal Balances	-	23,854
Accounts Payable	\$ 135,095	\$ -
Accrued Interest	9,370	-
Accrued Salaries & Benefits	1,279,835	-
Unearned Revenue	-	5,492
<b>Total Current Liabilities</b>	<u>1,424,300</u>	<u>29,346</u>
<b>Noncurrent Liabilities</b>		
Loans Payable	-	50,000
Due Within One Year	1,044,056	50,000
Due In More Than One Year	49,780,859	-
<b>Total Noncurrent Liabilities</b>	<u>50,824,915</u>	<u>50,000</u>
<b>TOTAL LIABILITIES</b>	<u>52,249,215</u>	<u>79,346</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>		
Deferred Gain on Refunding	183,552	-
Difference Between Projected and Actual Pension Plan Experience - net	405	-
Change in Pension Plan Assumptions - net	207,740	-
Change in District's Proportionate Share of Net Pension Liability - net	251,463	-
Deferred Inflows Other	9,621	38,000
Deferred Inflows Grants	93,075	-
<b>TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	<u>745,856</u>	<u>38,000</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	12,516,424	(50,000)
Restricted Net Position	2,001,809	-
Unrestricted Net Position	(22,090,165)	42,056
<b>Total Net Position</b>	<u>(7,571,932)</u>	<u>(7,944)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 45,423,139</u>	<u>\$ 109,402</u>

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

**ARCHULETA SCHOOL DISTRICT 50JT**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Instruction	\$ 13,147,486	\$ 92,354	\$ 627,415	\$ -
Supporting Services	7,956,396	150,044	1,197,597	103,962
Interest on Long Term Debt	(10,282)	-	-	-
<b>Total Primary Government</b>	<u>\$ 21,093,600</u>	<u>\$ 242,398</u>	<u>\$ 1,825,012</u>	<u>\$ 103,962</u>
<b>Component Unit - Charter School</b>	<u>\$ 50,594</u>	<u>\$ -</u>	<u>\$ 40,650</u>	<u>\$ -</u>

**General Revenues**

Property Taxes  
Specific Ownership Taxes  
State Equalization  
Investment Earnings  
Insurance Proceeds  
Other Revenues

**Total General Revenues and Transfers**

**Change in Net Position**

**Beginning Net Position**

**Ending Net Position**

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

**Net (Expense) Revenue and  
Change in Net Position**

<u>Governmental Activities</u>	<u>Component Unit</u>
\$ (12,427,717)	
(6,504,793)	
<u>10,282</u>	
<u>(18,922,228)</u>	
	\$ <u>(9,944)</u>
6,734,726	-
698,424	-
5,181,145	-
68,377	-
94	-
<u>85,030</u>	<u>2,000</u>
<u>12,767,796</u>	<u>2,000</u>
(6,154,432)	(7,944)
<u>(1,417,500)</u>	<u>-</u>
<u>\$ (7,571,932)</u>	<u>\$ (7,944)</u>

ARCHULETA SCHOOL DISTRICT 50JT  
 Balance Sheet  
 Governmental Funds  
 June 30, 2017  
 (With Comparative Totals for June 30, 2016)

		<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
			<u>Bond</u>	
		<u>Designated</u>	<u>Redemption</u>	<u>Capital Reserve</u>
	<u>General Fund</u>	<u>Grants Fund</u>	<u>Fund</u>	<u>Project Fund</u>
<b>ASSETS</b>				
Cash and Investments	\$ 8,488,280	\$ 69,282	\$ -	\$ 62,304
Cash with Fiscal Agent	68,228	-	1,532,349	-
Taxes Receivable	345,391	-	64,582	-
Interfund Accounts Receivable	12,238	-	-	-
Grants Receivable	-	78,327	-	-
Other Accounts Receivable	6,825	-	-	-
Inventory	-	-	-	-
Prepaid Expenses	1,364	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 8,922,326</u>	<u>\$ 147,609</u>	<u>\$ 1,596,931</u>	<u>\$ 62,304</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Interfund Accounts Payable	\$ -	\$ 12,238	\$ -	\$ -
Accounts Payable	106,873	26,731	-	-
Accrued Salaries & Benefits	1,234,655	18,830	-	-
<b>Total Liabilities</b>	<u>1,341,528</u>	<u>57,799</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Financial Resources</b>				
Deferred Inflows Other	-	-	-	-
Deferred Inflows Grants	3,265	89,810	-	-
<b>Total Deferred Inflows of Financial Resources</b>	<u>3,265</u>	<u>89,810</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Nonspendable Fund Balance	-	-	-	-
Restricted Fund Balance				
Restricted for Debt Service	-	-	1,596,931	-
Restricted for TABOR Emergencies	383,000	-	-	-
Restricted Multi-Year Obligations	-	-	-	-
Committed for Food Service	-	-	-	-
Assigned Fund Balance				
Assigned for Fund Purpose	-	-	-	62,304
Unassigned Fund Balance	7,194,533	-	-	-
<b>Total Fund Balance</b>	<u>7,577,533</u>	<u>-</u>	<u>1,596,931</u>	<u>62,304</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 8,922,326</u>	<u>\$ 147,609</u>	<u>\$ 1,596,931</u>	<u>\$ 62,304</u>

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

Other Governmental Funds	Totals	
	2017	2016
\$ 114,386	\$ 8,734,252	\$ 8,844,932
-	1,600,577	1,476,609
-	409,973	545,343
-	12,238	12,988
3,300	81,627	73,372
549	7,374	671
21,878	21,878	18,216
-	1,364	-
<u>\$ 140,113</u>	<u>\$ 10,869,283</u>	<u>\$ 10,972,131</u>
\$ -	\$ 12,238	\$ 12,988
1,491	135,095	103,990
<u>26,350</u>	<u>1,279,835</u>	<u>1,242,374</u>
<u>27,841</u>	<u>1,427,168</u>	<u>1,359,352</u>
9,621	9,621	9,236
-	93,075	86,956
<u>9,621</u>	<u>102,696</u>	<u>96,192</u>
21,878	21,878	18,216
-	1,596,931	1,515,830
-	383,000	346,000
-	-	198,667
80,773	80,773	39,612
-	62,304	314,771
-	7,194,533	7,083,491
<u>102,651</u>	<u>9,339,419</u>	<u>9,516,587</u>
<u>\$ 140,113</u>	<u>\$ 10,869,283</u>	<u>\$ 10,972,131</u>

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**ARCHULETA SCHOOL DISTRICT 50JT**  
**Reconciliation of Governmental Fund Balances**  
**to Governmental Activities Net Position**  
**June 30, 2017**

Fund Balance - Governmental Funds		\$ 9,339,419
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	1,080,048	
Capital assets, being depreciated	22,680,477	
Accumulated depreciation	<u>(6,949,592)</u>	16,810,933
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Deferred charge (gain) on refunding	(183,552)	
Bond premiums	<u>(105,069)</u>	(288,621)
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date	690,980	
Difference between actual and expected experience	967,213	
Amortization of experience difference	(391,301)	
Difference between projected and actual investment returns on the pension plan	2,742,651	
Amortization of the investment return difference	(1,202,257)	
Changes in assumptions for deferred outflows	20,999,645	
Amortization of change in assumptions for deferred outflows	(6,051,770)	
Net pension liability	(46,067,289)	
Difference between projected and actual pension plan experience	(2,146)	
Amortization of the pension plan experience difference	1,741	
Changes in assumptions for deferred inflows	(461,085)	
Amortization of change in assumptions for deferred inflows	253,345	
Change in District proportionate share of the net pension liability	(1,067,991)	
Amortization of the change in proportion	<u>816,528</u>	(28,771,736)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(3,150,000)	
Capital leases payable	(1,144,509)	
Accrued interest payable	(9,370)	
Accrued compensated absences	<u>(358,048)</u>	<u>(4,661,927)</u>
Total Net Position - Governmental Activities		\$ <u>(7,571,932)</u>

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

ARCHULETA SCHOOL DISTRICT 50JT  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

		<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
	<u>General Fund</u>	<u>Designated Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Project Fund</u>
<b>REVENUES</b>				
Local Sources	\$ 6,641,673	\$ 135,606	\$ 1,033,651	\$ 278
Intermediate Sources	6,250	-	-	-
State Sources	5,528,240	238,969	-	99,802
Federal Sources	101,037	625,475	-	-
<b>TOTAL REVENUES</b>	<u>12,277,200</u>	<u>1,000,050</u>	<u>1,033,651</u>	<u>100,080</u>
<b>EXPENDITURES</b>				
Instruction	7,187,808	831,556	-	103,753
Pupil Support	410,867	166,369	-	-
Staff Support	202,328	125	-	-
General Administration	539,936	-	750	9,117
School Administration	722,416	-	-	-
Business Services	242,859	-	-	-
Operations and Maintenance	1,242,485	-	-	208,843
Transportation	560,307	-	-	318,134
Other Central Support	365,167	-	-	-
Risk Management	130,627	-	-	-
Food Service	-	2,000	-	-
Facilities	-	-	-	284,856
Other Uses	-	-	-	-
Debt Service	130,869	-	951,800	-
<b>TOTAL EXPENDITURES</b>	<u>11,735,669</u>	<u>1,000,050</u>	<u>952,550</u>	<u>924,703</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>541,531</u>	<u>-</u>	<u>81,101</u>	<u>(824,623)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	-	-	-	-
Transfer In (Out) - net	(592,156)	-	-	572,156
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(592,156)</u>	<u>-</u>	<u>-</u>	<u>572,156</u>
<b>CHANGE IN FUND BALANCE</b>	(50,625)	-	81,101	(252,467)
<b>BEGINNING FUND BALANCE</b>	<u>7,628,158</u>	<u>-</u>	<u>1,515,830</u>	<u>314,771</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 7,577,533</u>	<u>\$ -</u>	<u>\$ 1,596,931</u>	<u>\$ 62,304</u>

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

Totals

Other Governmental		
Funds	2017	2016
\$ 132,835	\$ 7,944,043	\$ 7,883,068
-	6,250	68,499
9,991	5,877,002	4,563,682
385,361	1,111,873	1,258,561
<u>528,187</u>	<u>14,939,168</u>	<u>13,773,810</u>
-	8,123,117	7,293,783
-	577,236	606,304
-	202,453	188,870
-	549,803	541,822
-	722,416	710,570
-	242,859	243,756
-	1,451,328	1,351,511
-	878,441	804,294
-	365,167	316,630
-	130,627	174,050
503,364	505,364	493,573
-	284,856	24,037
-	-	192
-	1,082,669	1,095,365
<u>503,364</u>	<u>15,116,336</u>	<u>13,844,757</u>
<u>24,823</u>	<u>(177,168)</u>	<u>(70,947)</u>
-	-	62,232
<u>20,000</u>	-	-
<u>20,000</u>	-	<u>62,232</u>
44,823	(177,168)	(8,715)
57,828	9,516,587	9,525,302
<u>\$ 102,651</u>	<u>\$ 9,339,419</u>	<u>\$ 9,516,587</u>

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**ARCHULETA SCHOOL DISTRICT 50JT**  
**Reconciliation of Governmental Changes in Fund Balance**  
**to Governmental Activities Change in Net Position**  
**For the Year Ended June 30, 2017**

Change in Fund Balance - Governmental Funds		\$ (177,168)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	591,447	
Depreciation Expense	<u>(423,116)</u>	168,331
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Change in contributions subsequent to the measurement date	60,253	
Change in the difference between actual and expected experience	544,937	
Change in the amortization of experience difference	(275,294)	
Current year projected to actual investment return difference	129,934	
Current year amortization of overall investment return differences	(561,553)	
Change in the changes of assumptions for deferred outflows	20,999,645	
Change in the amortization of change in assumptions for deferred outflows	(6,051,770)	
Change in net pension liability	(22,874,783)	
Current year projected to actual pension plan experience difference	(43)	
Current year amortization of overall experience differences	604	
Change in the changes of assumptions for deferred inflows	(9,186)	
Change in the amortization of change in assumptions for deferred inflows	129,196	
Current year change in proportionate share of cost-sharing plan liability	431,358	
Current year amortization of overall proportionate share differences	<u>285,604</u>	(7,191,098)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on bonds payable	880,000	
Principal payments on capital leases	97,238	
Principal payments on settlements	33,334	
Change in accrued interest payable	1,748	
Amortization of premiums and discounts	29,353	
Amortization of gain on refunding	51,278	
Change in accrued compensated absences	<u>(47,448)</u>	<u>1,045,503</u>
Total Net Position - Governmental Activities		<u>\$ (6,154,432)</u>

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

**ARCHULETA SCHOOL DISTRICT 50JT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**  
**(With Comparative Totals for June 30, 2016)**

	A.S.E. - Mooney -		Totals	
	Hughes P.A.C. Fund	Pupil Activity Agency Fund	2017	2016
<b>ASSETS</b>				
Cash and Investments	\$ 558,457	\$ 108,226	\$ 666,683	\$ 675,370
<b>NET POSITION</b>				
Restricted Net Position	<u>558,457</u>	<u>108,226</u>	<u>666,683</u>	<u>675,370</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 558,457</u>	<u>\$ 108,226</u>	<u>\$ 666,683</u>	<u>\$ 675,370</u>

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

ARCHULETA SCHOOL DISTRICT 50JT  
 Balance Sheet - Governmental Funds  
 Discretely Presented Component Unit  
 June 30, 2017

	<u>Special Revenue</u>		<u>Totals - Pagosa</u>
	<u>Charter Grants</u>		<u>Peak Open</u>
	<u>General Fund</u>	<u>Fund</u>	<u>2017</u>
<b>ASSETS</b>			
Cash and Investments	\$ 61,694	\$ -	\$ 61,694
Interfund Accounts Receivable	23,854	-	23,854
Other Accounts Receivable	-	23,854	23,854
<b>TOTAL ASSETS</b>	<u>\$ 85,548</u>	<u>\$ 23,854</u>	<u>\$ 109,402</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Internal Balances	\$ -	\$ 23,854	\$ 23,854
Unearned Revenue	5,492	-	5,492
Grant Deferred Revenue	38,000	-	38,000
Short Term Loan Payable	50,000	-	50,000
<b>Total Liabilities</b>	<u>93,492</u>	<u>23,854</u>	<u>117,346</u>
<b>Fund Balance</b>			
Unrestricted Fund Balance	(7,944)	-	(7,944)
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 85,548</u>	<u>\$ 23,854</u>	<u>\$ 109,402</u>
<b>TOTAL FUND BALANCE - GOVERNMENTAL FUND</b>			<u>\$ (7,944)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>			<u>\$ (7,944)</u>

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

ARCHULETA SCHOOL DISTRICT 50JT  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds - Discretely Presented Component Unit  
For the Year Ended June 30, 2017

	Totals - Pagosa		
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Peak Open School</u>
			<b>2017</b>
<b>REVENUES</b>			
Local Sources	\$ 9,311	\$ -	\$ 9,311
Federal Sources	-	33,339	33,339
<b>TOTAL REVENUES</b>	<u>9,311</u>	<u>33,339</u>	<u>42,650</u>
<b>EXPENDITURES</b>			
Instruction	-	7,373	7,373
General Administration	1,820	60	1,880
School Administration	8,616	23,273	31,889
Business Services	6,819	2,633	9,452
<b>TOTAL EXPENDITURES</b>	<u>17,255</u>	<u>33,339</u>	<u>50,594</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>(7,944)</u>	<u>-</u>	<u>(7,944)</u>
<b>CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM</b>	<u>(7,944)</u>	<u>-</u>	<u>(7,944)</u>
<b>BEGINNING FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ENDING FUND BALANCE</b>	<u>\$ (7,944)</u>	<u>\$ -</u>	<u>\$ (7,944)</u>
<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>			<u>\$ (7,944)</u>
<b>CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES</b>			<u>\$ (7,944)</u>

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

# ARCHULETA SCHOOL DISTRICT 50JT

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Archuleta School District 50 JT (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

#### **Reporting Entity**

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

#### **Discretely Presented Component Unit**

The District has an approved charter with the Pagosa Peak Open School, (the "School") as authorized under Section 22.30.5-102(2) of the Colorado Revised Statutes to provide education to students in grades K-12 who reside within the jurisdictional boundaries of the District and qualified students from outside the District's jurisdictional boundaries. The members of the School's governing board are elected by the School's board. The School is fiscally dependent upon the District because the School does not have the authority to determine its budget without the District's approval. The School does not provide services entirely or almost entirely to the District. The School financial information is presented as two governmental funds. Additional information can be obtained by writing to Pagosa Peak Open School, Business Manager, 7 Parelli Way, Pagosa Springs CO 81147.

#### **Basis of Presentation**

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

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

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

#### **Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds would be aggregated and reported as non-major funds. The fiduciary funds are presented separately.

# ARCHULETA SCHOOL DISTRICT 50JT

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Basis of Presentation** (Continued)

##### Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

Special Revenue (Designated Grants) Fund - This fund is used to account for some of the Districts grants.

Debt Service – (Bond Redemption) Fund – This fund is used to account for the repayment of the District’s general obligation indebtedness.

Capital Projects (Capital Reserve) Fund - This fund is used to account for the District’s major capital outlay activity.

The District reports the following fiduciary funds:

A.S.E.- Mooney- Hughes P.A.C. (Agency) Fund – This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. This fund generally accounts for significant donations that are set aside for student benefit.

Pupil Activity (Agency) Fund – This fund is used to account for the money held in trust by the District for student organizations. This fund is custodial and does not measure the results of operations.

#### **Measurement Focus and Basis of Accounting**

##### Government-Wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

##### Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

# ARCHULETA SCHOOL DISTRICT 50JT

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles except for the Enterprise Fund which budgets on a cash basis. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

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

#### **Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances**

Cash and Investments – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government'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.

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

Inventories – Inventory of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

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

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

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The District capitalizes assets with an original value of at least \$5,000 and a useful life in excess of one year.

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

Buildings and Site Improvements	40-75 years
Vehicles	7-15 years
Other Equipment	7 years

Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2017, the District has recorded accrued leave as disclosed in Note 6.

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District reports deferred outflows related to pension liabilities as further described in Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports several items, one of which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows related to grant carryovers and prepaid student balances, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The deferred gain on the bond refunding is being amortized over the life of the bonds using the effective interest rate method as principal is repaid. In addition, the District reports deferred inflows related to pension liabilities as further described in Note 9.

# ARCHULETA SCHOOL DISTRICT 50JT

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **Assets, Liabilities, Deferred Inflows and Net Position/Fund Balances** (Continued)

##### Net Position/Fund Balance

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

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

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

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

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

All other remaining governmental balances are reported as unassigned.

#### **Net Position/Fund Balance Flow Assumption**

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

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Revenues and Expenditures/Expenses**

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

These revenues consist of, but are not limited to grants, fees and other charges for services. Expenditures, where eligible, are first charged to restricted net position prior to being charged against unrestricted net position. Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on October 1. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**NOTE 2: CASH AND INVESTMENTS**

A summary of deposits and investments at June 30, 2017, follows:

Cash & Equivalents	\$ 1,098,762
Investments	9,902,749
<b>Total Cash &amp; Investments</b>	<b><u>\$ 11,001,511</u></b>

These balances are allocated as follows in the financial statements:

Governmental Activities - Unrestricted	\$ 8,734,252
Governmental Activities - Held By Others	1,600,576
Fiduciary Funds	666,683
<b>Total Cash &amp; Investments</b>	<b><u>\$ 11,001,511</u></b>

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 2: CASH AND INVESTMENTS** (Continued)

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2017, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<b>Bank Balance</b>	<b>Carrying Balance</b>
FDIC Insured	\$ 850,346	\$ 850,346
PDPA Collateralized (Not in the District's name)	<u>369,646</u>	<u>248,416</u>
<b>Total Cash Balances</b>	<b><u>\$ 1,219,992</u></b>	<b><u>\$ 1,098,762</u></b>

**INVESTMENTS**

The District's investments are allocated as follows:

	<b>Total</b>	<b>Weighted Avg. Mat. in Years</b>
Local Gov't Invest Pool - Bond Trustee	\$ 2,081,824	0.00
Local Gov't Invest Pool - Unrestricted	<u>7,820,925</u>	0.00
<b>Total Investments</b>	<b><u>\$ 9,902,749</u></b>	0.00

## ARCHULETA SCHOOL DISTRICT 50JT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### NOTE 2: CASH AND INVESTMENTS (Continued)

##### INVESTMENTS (Continued)

###### Credit Risk

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

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

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

During the year ended June 30, 2017, the District invested funds in Colotrust and CSAFE. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pools invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similarly to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These pools are rated AAAm by the Standard and Poor's Corporation.

###### Concentration of Credit Risk

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

###### Interest Rate Risk

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

###### Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2017, the District did not have any investments requiring safekeeping.

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 3: INVENTORIES**

Food Service Fund inventory as of June 30, 2017 of \$21,878, consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

**NOTE 4: CAPITAL ASSETS**

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

	<b>Balance</b>			<b>Balance</b>
	<b>July 1</b>			<b>June 30</b>
	<b>2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>2017</b>
<b><u>Governmental activities</u></b>				
Assets not being depreciated:				
Land	\$ 1,080,048	\$ -	\$ -	\$ 1,080,048
Construction in Progress	15,282	-	15,282	-
Total assets not being depreciated	<u>1,095,330</u>	<u>-</u>	<u>15,282</u>	<u>1,080,048</u>
Assets being depreciated:				
Buildings & Improvements	19,811,173	269,734	-	20,080,907
Equipment and vehicles	<u>2,262,575</u>	<u>336,995</u>	<u>-</u>	<u>2,599,570</u>
Total assets being depreciated	<u>22,073,748</u>	<u>606,729</u>	<u>-</u>	<u>22,680,477</u>
Less: Accumulated depreciation				
Buildings	(4,848,270)	(315,346)	-	(5,163,616)
Equipment and vehicles	<u>(1,678,206)</u>	<u>(107,770)</u>	<u>-</u>	<u>(1,785,976)</u>
Total accumulated depreciation	<u>(6,526,476)</u>	<u>(423,116)</u>	<u>-</u>	<u>(6,949,592)</u>
<b>Total capital assets, net</b>	<b><u>\$ 16,642,602</u></b>	<b><u>\$ 183,613</u></b>	<b><u>\$ 15,282</u></b>	<b><u>\$ 16,810,933</u></b>
Instruction		\$ 244,893		
Supporting Services		<u>178,223</u>		
<b>Total Depreciation</b>		<b><u>\$ 423,116</u></b>		

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, are as follows:

General Fund	\$ 1,234,655
Food Service Fund	26,350
Grants Fund	<u>18,830</u>
<b>Total Accrued Salaries &amp; Benefits</b>	<b><u>\$ 1,279,835</u></b>

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 6: LONG-TERM DEBT**

Changes in the District's long-term debt for the year ended June 30, 2017, were as follows:

	<b>Balance</b>			<b>Balance</b>			
	<b>July 1,</b>			<b>June 30,</b>	<b>Current</b>	<b>Interest</b>	<b>Accrued</b>
	<b>2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>2017</b>	<b>Portion</b>	<b>Expense</b>	<b>Interest</b>
2014 General Obligation Refunding Bonds	\$ 4,030,000	\$ -	\$ 880,000	\$ 3,150,000	\$ 905,000	\$ 67,759	\$ 4,992
Capital Lease Payable - Improvements	1,183,110	-	88,566	1,094,544	95,802	27,512	4,378
Capital Lease Payable - Copiers	58,637	-	8,672	49,965	13,067	1,771	-
Roofmasters Settlement	33,334	-	33,334	-	-	-	-
Accrued Compensated Absences	310,600	47,448	-	358,048	-	-	-
PERA Net Pension Liability	23,192,506	22,874,783	-	46,067,289	-	-	-
Unamortized Bond Premium	<u>134,422</u>	<u>-</u>	<u>29,353</u>	<u>105,069</u>	<u>30,187</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ 28,942,609</b>	<b>\$ 22,922,231</b>	<b>\$ 1,039,925</b>	<b>\$ 50,824,915</b>	<b>\$ 1,044,056</b>	<b>\$ 97,042</b>	<b>\$ 9,370</b>

**Capital Leases**

In 2016, the District entered into a capital lease agreement for the purchase of office copiers. The lease requires 60 monthly payments beginning on March 24, 2016 of \$1,203, including interest at 6.0%. Equipment with a remaining value of \$58,084 has been capitalized under this lease.

In 2013, the District entered into a capital lease agreement for energy efficiency improvements to the District. The lease requires 30 semiannual payments beginning October 2012 and ending April 2027. Payments start in the amount of \$49,111 and increases each year until it reaches a maximum payment of \$62,025, including interest at 2.4%. Building improvements with a remaining value of \$1,368,148 have been capitalized under this lease.

Future minimum capital lease payments at June 30, 2017, are as follows:

<b><u>Year</u></b>	<b><u>Amount</u></b>
2018	\$ 135,937
2019	138,486
2020	138,486
2021	133,674
2022	124,049
2023-2027	<u>620,247</u>
Total Future Minimum Lease Payments	1,290,879
Less: Interest Portion	<u>(146,370)</u>
Present Value of Future Minimum Lease Payments	<b>\$ 1,144,509</b>

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 6: LONG-TERM DEBT** (Continued)

**2014 General Obligation Refunding Bonds**

On March 26, 2014, the District issued \$5,700,000 of general obligation bonds to refund the remaining outstanding 2004 General Obligation Bonds. The bonds require semiannual interest payments at a rate of 2%. The bonds also require annual principal payments each year through December 2020. Payments are made through the District's Bond Redemption Fund. All bond reserves are held by the District's trustee, Archuleta County.

A schedule of required future bond payments is as follows:

<u>Year Ended June 30, 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 905,000	\$ 53,950	\$ 958,950
2019	930,000	35,600	965,600
2020	940,000	16,900	956,900
2021	375,000	3,750	378,750
<b>Total</b>	<b>\$ 3,150,000</b>	<b>\$ 110,200</b>	<b>\$ 3,260,200</b>

**2014 Bond Premiums**

Upon the issuance of the 2014 general obligation bonds, the District recognized bond premiums of \$190,126. This premium will be amortized over the life of the bonds through December 2020.

**Bond Refunding**

As part of the 2014 bond refunding, the District recognized a gain based on the difference of the carrying value of the old and new bonds in the amount of \$332,142 that will be amortized over the life of the 2014 bonds.

**Settlement Agreement**

The District entered into a settlement agreement related to Junior High roof repairs that were completed during the previous fiscal year. The settled repair cost of \$200,000 required a \$100,000 payment upon completion and then requires payment of a third of the remaining balance annually commencing December 31, 2014. The payments do not bear interest and the final payment was made during fiscal year 2017.

**Accrued Compensated Absences**

The District allows eligible employees to carryover used vacation of up to 20 days. Sick leave and personal leave will be paid out annually, subsequent to the end of the year, for accruals in excess of 60 days at either the current substitute teacher rate or a percentage thereof, depending upon the employee type. Any remaining sick and vacation leave accruals will be paid upon termination at the above listed rates. The District has accrued all potential payments as noncurrent liabilities in the governmental activities. In addition, the District has included the current portion of the accrued compensated absences as part of the accrued salaries and benefits reported in the funds. Payments for unused leave are typically funded through the General Fund.

## ARCHULETA SCHOOL DISTRICT 50JT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2017

#### **NOTE 7: JOINTLY GOVERNED ORGANIZATION**

The District is a participant among five Districts in a jointly governed organization to operate the San Juan Board of Cooperative Services (BOCS). The BOCS was formed for the purpose of administrative functions among member districts for special education and federal grants. During the year ended June 30, 2017, the District paid \$158,590 in assessments to the BOCS. The BOCS is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCS. Financial statements for the BOCS can be obtained from the BOCS administrative offices at: 201 East 12<sup>th</sup> Street, Durango, CO 81301.

#### **NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

##### Colorado School Districts Self Insurance Pool

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool.

##### Health and Dental Insurance

The District partially self-insured its health insurance claims until December of 2012 when it switched to a commercial carrier.

##### Other Insurance

The District carries commercial insurance for other risks of loss, including workers compensation.

# ARCHULETA SCHOOL DISTRICT 50JT

## NOTES TO FINANCIAL STATEMENTS June 30, 2017

### NOTE 9: DEFINED BENEFIT PENSION PLAN

#### Summary of Significant Accounting Policies

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

#### General Information about the Pension Plan

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

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

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

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

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

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

## ARCHULETA SCHOOL DISTRICT 50JT

### NOTES TO FINANCIAL STATEMENTS June 30, 2017

#### NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

##### **General Information about the Pension Plan** (Continued)

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

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

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

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

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

<b>January 1<sup>st</sup> through December 31<sup>st</sup></b>	<b>2014<sup>1</sup></b>	<b>2015<sup>1</sup></b>	<b>2016<sup>1</sup></b>
Employer contribution rate	10.15%	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>16.43%</b>	<b>17.33%</b>	<b>18.13%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$1,192,641 for the plan year ended December 31, 2016 and \$1,321,088 for the fiscal year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$46,067,289 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was .1547%, which was a decrease of .00308% from its proportion measured as of December 31, 2015.

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

For the year ended June 30, 2017 the District recognized pension expense of \$8,794,013. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 575,912	\$ (405)
Changes of assumptions or other inputs	\$ 14,947,875	\$ (207,740)
Net difference between projected and actual earnings on pension plan	\$ 1,540,394	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (251,463)
Contributions subsequent to the measurement date	\$ 690,980	\$ -
Total	\$ 17,755,161	\$ (459,608)

\$690,980 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	Fiscal Year Totals
2018	\$ (6,496,860)
2019	(6,688,972)
2020	(3,403,375)
2021	(15,366)
Total	\$ (16,604,573)

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

*Actuarial assumptions.* The total pension liability as of December 31, 2016 actuarial valuation was determined based on the December 31, 2015 actuarial valuation using the following rollforward assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-9.7%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

The actuarial assumptions used in the December 31, 2015 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.

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, adopted by the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

\* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

*Discount rate.* The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions described above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 16, 2016.
- 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 3.5 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to 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 and effective as of the measurement date, including current and estimated future AED, and SAED, until the Actuarial Value Funding Ration reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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.

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

- Employer contributions and the amount of total service costs for future plan members were based on 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 increase 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 assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF’s fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer Federal Obligation 20-year Municipal bond Index published weekly by the board of Governors of the Federal Reserve System was applied to periods on or after 2014 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the GASB Statement No. 67 projection test indicated 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 of 7.50 percent 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 and the discount rate was 7.50 percent.

*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 5.26%, 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 (4.26%) or 1-percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension asset (liability)	\$ (57,928,136)	\$ (46,067,289)	\$ (36,407,987)

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 10: DEFINED CONTRIBUTION PENSION PLAN**

Voluntary Investment Program

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2017 program members contributed \$88,941.

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

Health Care Trust Fund

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

*Funding Policy* – The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015, the District contributions to the HCTF were \$70,863, \$66,949, and \$66,045, respectively, equal to their required contributions for each year.

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 12: INTERFUND ACTIVITY**

The District has the following balances owed between funds at year end:

General Fund	
Due from Grants Fund	\$ 12,238
Grants Fund	
Due to General Fund	<u>(12,238)</u>
<b>Net Interfund Balances</b>	<b><u>\$ -</u></b>

The District has recorded the following annual transfers through June, 30 2017.

General Fund	
Transfer to Capital Reserve Fund	\$ (572,156)
Transfer to Food Service	<u>(20,000)</u>
Net General Fund	(592,156)
Capital Reserve Project Fund	
Transfer from General Fund	572,156
Food Service Fund	
Transfer from General Fund	<u>20,000</u>
<b>Net Interfund Transfers</b>	<b><u>\$ -</u></b>

**NOTE 13: COMMITMENTS AND CONTINGENCIES AND RESTRICTIONS**

Claims and Judgments – The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Tabor Amendment – In November 1992, Colorado voters passed Article X, Section 20, (the Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. In November, 1997, voters within the District passed the following ballot question:

“Shall Archuleta School District 50JT located in Archuleta and Hinsdale Counties, **without imposing any new taxes or increases in tax rates**, be allowed to collect, retain, and expend all revenues from all sources in 1998 and subsequent years, notwithstanding any state restriction on fiscal year spending, including without limitation of the restrictions of Article X, Section 20 of the Colorado Constitution?”

The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$383,000, as required by the Amendment.

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 13: COMMITMENTS AND CONTINGENCIES AND RESTRICTIONS** (Continued)

The District has recorded the following restrictions and assignments of its governmental fund balance and governmental activities net position:

Restricted for Debt Service	\$	1,596,931
Restricted for TABOR Emergencies		383,000
Restricted for Multiyear Agreements		<u>198,667</u>
Total Restricted Governmental Fund Balance/Net Position	\$	<u><u>2,178,598</u></u>
Assigned for Capital Projects	\$	62,303
Assigned for Food Service		<u>44,823</u>
Total Assigned Fund Balance	\$	<u><u>107,126</u></u>

**NOTE 14: DEFICIT NET POSITION**

The Governmental Activities has an overall net position deficit of \$7,577,686 and an unrestricted net position deficit of \$22,293,376, primarily due to adding the PERA net pension liability of \$46,067,289, as further described in Note 9. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION SCHEDULES - UNAUDITED**

**ARCHULETA SCHOOL DISTRICT 50JT**

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

	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
District's proportion of the net pension asset (liability)	0.154724%	0.151642%	0.159583%	0.163093%
District's proportionate share of the net pension asset (liability)	\$ (46,067,289)	\$ (23,192,506)	\$ (21,628,812)	\$ (20,802,459)
District's covered-employee payroll	\$ 6,944,286	\$ 6,608,505	\$ 6,685,369	\$ 6,574,795
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%	64.07%

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

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

See the accompanying Independent Auditors' Report.

**ARCHULETA SCHOOL DISTRICT 50JT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>**

	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
Contractually required contributions	\$ 1,258,999	\$ 1,145,254	\$ 1,098,406	\$ 1,021,066
Actual contributions	<u>(1,258,999)</u>	<u>(1,145,254)</u>	<u>(1,098,406)</u>	<u>(1,021,066)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,944,286	\$ 6,608,505	\$ 6,685,369	\$ 6,574,795
Contributions as a percentage of covered-employee payroll	18.13%	17.33%	16.43%	15.53%

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

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

See the accompanying Independent Auditors' Report.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**Budgetary Comparison Schedule**

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017			
	Final Budget	Actual	Variance with Final Budget	2016 Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Property Taxes	\$ 5,750,195	\$ 5,757,443	\$ 7,248	\$ 5,756,744
Specific Ownership Taxes	524,440	641,374	116,934	613,066
Delinquent Taxes	30,000	10,009	(19,991)	15,827
Other Taxes	-	760	760	-
Tuition From Individuals	25,000	63,890	38,890	98,504
Investment Earnings	44,400	57,510	13,110	22,592
Pupil Activity Revenues	30,000	20,931	(9,069)	25,259
Fees	2,000	7,534	5,534	8,325
Rent Revenue	2,000	4,402	2,402	2,918
Donations	3,000	1,934	(1,066)	3,000
Indirect Cost Revenue	-	13,311	13,311	13,987
Insurance Proceeds	-	94	94	-
Other Local	25,000	62,481	37,481	85,760
Total Local Sources	<u>6,436,035</u>	<u>6,641,673</u>	<u>205,638</u>	<u>6,645,982</u>
<b>Intermediate Sources</b>				
Mineral Leases	-	2,090	2,090	1,241
Impact Fee Revenue	1,000	-	(1,000)	-
Other Intermediate Source Revenue	65,250	4,160	(61,090)	67,258
Total Intermediate Sources	<u>66,250</u>	<u>6,250</u>	<u>(60,000)</u>	<u>68,499</u>
<b>State Sources</b>				
State Equalization	4,945,815	5,181,145	235,330	4,014,587
Hold Harmless Kindergarten	46,951	46,971	20	46,995
Transportation	126,743	127,912	1,169	136,445
State Grants from CDE				
State ELPA	42,276	46,973	4,697	50,752
Add'l At-Risk Funding	-	9,213	9,213	9,893
Library Grant	4,000	4,000	-	4,000
Other CDE State Grants	208,669	-	(208,669)	-
State Vocational Education	55,042	55,043	1	64,043
SWAP	-	39,263	39,263	-
State Grants Provided through BOCES	57,144	17,720	(39,424)	18,918
Total State Sources	<u>5,486,640</u>	<u>5,528,240</u>	<u>41,600</u>	<u>4,345,633</u>
<b>Federal Sources</b>				
Federal Grants from Other State Agencies				
NFS - Secure Rural Schools	-	39,431	39,431	303,931
Direct Federal Revenue				
Medicaid Reimbursement	46,000	61,606	15,606	57,268
Federal Provided through BOCES	-	-	-	35,218
Total Federal Sources	<u>46,000</u>	<u>101,037</u>	<u>55,037</u>	<u>396,417</u>
<b>TOTAL REVENUES</b>	<u>12,034,925</u>	<u>12,277,200</u>	<u>242,275</u>	<u>11,456,531</u>

See the accompanying Independent Auditors' Report  
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
(Continued)				
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Salaries	4,672,863	4,723,414	(50,551)	4,396,036
Benefits	1,577,478	1,531,643	45,835	1,377,751
PS - Professional	290,957	323,875	(32,918)	323,638
PS - Property	20,355	15,554	4,801	14,676
PS - Other	290,953	322,010	(31,057)	323,310
Supplies	476,274	377,447	98,827	262,948
Property	210,879	137,216	73,663	93,966
Other Expenses	(251,786)	(243,351)	(8,435)	(190,918)
Total Instruction	<u>7,287,973</u>	<u>7,187,808</u>	<u>100,165</u>	<u>6,601,407</u>
<b>Supporting Services</b>				
<b>Pupil Support</b>				
Salaries	248,755	274,723	(25,968)	287,918
Benefits	100,498	96,611	3,887	93,288
PS - Professional	15,115	12,480	2,635	18,666
PS - Other	16,460	12,624	3,836	2,033
Supplies	16,530	13,386	3,144	12,193
Property	75	-	75	-
Other Expenses	6,050	1,043	5,007	1,229
Total Pupil Support	<u>403,483</u>	<u>410,867</u>	<u>(7,384)</u>	<u>415,327</u>
<b>Staff Support</b>				
Salaries	142,907	127,536	15,371	122,654
Benefits	29,816	26,632	3,184	24,664
PS - Professional	410	400	10	2,041
PS - Property	50	-	50	-
PS - Other	24,160	21,222	2,938	945
Supplies	20,993	16,419	4,574	21,743
Property	102,840	10,059	92,781	928
Other Expenses	-	60	(60)	-
Total Staff Support	<u>321,176</u>	<u>202,328</u>	<u>118,848</u>	<u>172,975</u>
<b>General Administration</b>				
Salaries	356,695	289,310	67,385	322,338
Benefits	86,267	74,594	11,673	76,796
PS - Professional	89,200	103,820	(14,620)	63,913
PS - Property	2,000	2,795	(795)	2,447
PS - Other	26,580	25,263	1,317	24,489
Supplies	17,588	18,594	(1,006)	14,801
Property	500	-	500	638
Other Expenses	12,392	25,560	(13,168)	32,784
Total General Administration	<u>591,222</u>	<u>539,936</u>	<u>51,286</u>	<u>538,206</u>
<b>School Administration</b>				
Salaries	518,146	531,900	(13,754)	522,760
Benefits	171,758	168,143	3,615	148,122
PS - Professional	2,396	140	2,256	818
PS - Other	9,708	10,173	(465)	10,507
Supplies	6,915	6,397	518	5,442
Property	1,558	2,363	(805)	1,491
Other Expenses	3,910	3,300	610	3,430
Total School Administration	<u>714,391</u>	<u>722,416</u>	<u>(8,025)</u>	<u>692,570</u>

See the accompanying Independent Auditors' Report  
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
(Continued)				
<b>EXPENDITURES (Continued)</b>				
<b>Supporting Services (Continued)</b>				
<b>Business Services</b>				
Salaries	142,008	141,567	441	139,179
Benefits	50,487	51,198	(711)	43,968
PS - Professional	31,502	38,091	(6,589)	48,602
PS - Other	2,313	2,313	-	2,865
Supplies	9,000	9,005	(5)	9,142
Property	685	685	-	-
Total Business Services	<u>235,995</u>	<u>242,859</u>	<u>(6,864)</u>	<u>243,756</u>
<b>Operations and Maintenance</b>				
Salaries	452,614	439,879	12,735	451,331
Benefits	169,397	167,504	1,893	150,333
PS - Professional	121,044	129,382	(8,338)	142,184
PS - Property	82,828	96,831	(14,003)	351,754
PS - Other	37,500	66,374	(28,874)	55,129
Supplies	309,961	339,839	(29,878)	82,906
Property	6,047	2,676	3,371	5,665
Total Operations and Maintenance	<u>1,179,391</u>	<u>1,242,485</u>	<u>(63,094)</u>	<u>1,239,302</u>
<b>Transportation</b>				
Salaries	401,452	395,857	5,595	345,470
Benefits	106,928	102,637	4,291	84,486
PS - Professional	25,050	23,242	1,808	29,597
PS - Property	2,800	3,061	(261)	18,871
PS - Other	23,900	23,496	404	19,106
Supplies	179,450	153,748	25,702	128,159
Property	6,800	8,486	(1,686)	2,663
Other Expenses	(134,004)	(150,220)	16,216	(110,983)
Total Transportation	<u>612,376</u>	<u>560,307</u>	<u>52,069</u>	<u>517,369</u>
<b>Other Central Support</b>				
Salaries	120,129	119,623	506	133,266
Benefits	32,881	35,669	(2,788)	35,345
PS - Professional	132,250	149,128	(16,878)	101,068
PS - Property	5,000	-	5,000	14
PS - Other	-	-	-	208
Supplies	36,940	38,366	(1,426)	27,289
Property	21,750	22,381	(631)	9,440
Total Other Central Support	<u>348,950</u>	<u>365,167</u>	<u>(16,217)</u>	<u>306,630</u>
<b>Risk Management</b>				
PS - Professional	-	8	(8)	36,886
PS - Other	150,000	130,619	19,381	137,164
Total Risk Management	<u>150,000</u>	<u>130,627</u>	<u>19,373</u>	<u>174,050</u>
<b>Other Uses</b>				
Up-Front Grant Match	-	-	-	192

See the accompanying Independent Auditors' Report  
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
(Continued)				
<b>EXPENDITURES (Continued)</b>				
<b>Debt Service</b>				
Principal	101,232	101,231	1	95,233
Interest	29,638	29,638	-	30,732
Total Debt Service	130,870	130,869	1	125,965
<b>Contingency</b>	7,092,038	-	7,092,038	-
<b>TOTAL EXPENDITURES</b>	19,067,865	11,735,669	7,332,196	11,027,749
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(7,032,940)	541,531	7,574,471	428,782
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	(595,218)	(592,156)	3,062	(830,181)
Capital Lease Proceeds	-	-	-	62,232
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(595,218)	(592,156)	3,062	(767,949)
<b>CHANGE IN FUND BALANCE</b>	(7,628,158)	(50,625)	7,577,533	(339,167)
<b>BEGINNING FUND BALANCE</b>	7,628,158	7,628,158	-	7,967,325
<b>ENDING FUND BALANCE</b>	\$ -	\$ 7,577,533	\$ 7,577,533	\$ 7,628,158

See accompanying Independent Auditors' Report.

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## **DESIGNATED GRANTS FUND**

This fund is used to account for some of the Districts grants.

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Designated Grants Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016	
	Final Budget	Actual		Budget	Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Donations	\$ 216,034	\$ 135,606	\$ (80,428)	\$ 99,241	
<b>State Sources</b>					
State Grants from CDE					
READ Act Grant	28,800	28,800	-	15,400	
SHP Grant	84,711	82,273	(2,438)	87,477	
Educator Eff Liason Network Grant	-	-	-	18,000	
Other CDE State Grants	24,813	24,015	(798)	-	
State Grants from Other Agencies					
Other Agency State Grants	86,177	96,310	10,133	89,677	
State Grants Provided through BOCES	-	7,571	7,571	-	
Total State Sources	<u>224,501</u>	<u>238,969</u>	<u>14,468</u>	<u>210,554</u>	
<b>Federal Sources</b>					
Federal Grants from CDE					
NCLB Title I, Part A - Improving Basic Programs	391,102	390,902	(200)	334,656	
NCLB Title II, Part A - Teacher & Principal Training	72,985	72,985	-	74,291	
Title I - Charter Schools	135,000	33,339	(101,661)	-	
RTTT - Early Learning Challenge	125	125	-	895	
OBH Subst. Abuse Rev.	100,000	100,000	-	100,000	
DOT Highway Planning and Construction	46,160	22,547	(23,613)	-	
Federal Provided through BOCES	5,577	5,577	-	13,135	
Total Federal Sources	<u>750,949</u>	<u>625,475</u>	<u>(125,474)</u>	<u>522,977</u>	
<b>TOTAL REVENUES</b>	<u>1,191,484</u>	<u>1,000,050</u>	<u>(191,434)</u>	<u>832,772</u>	
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	209,532	249,099	(39,567)	165,751	
Benefits	58,278	70,832	(12,554)	31,183	
PS - Professional	40,000	9,920	30,080	10,000	
PS - Other	139,807	65,446	74,361	15,486	
Supplies	72,995	36,694	36,301	24,959	
Property	10,692	10,663	29	5,000	
Other Expenses	388,902	388,902	-	335,109	
Total Instruction	<u>920,206</u>	<u>831,556</u>	<u>88,650</u>	<u>587,488</u>	
<b>Supporting Services</b>					
<b>Pupil Support</b>					
Salaries	139,696	103,030	36,666	108,797	
Benefits	50,637	32,386	18,251	33,717	
PS - Professional	22,100	18,366	3,734	10,794	
PS - Other	3,683	4,133	(450)	12,523	
Supplies	10,837	7,931	2,906	24,477	
Property	-	-	-	669	
Other Expenses	-	523	(523)	-	
Total Pupil Support	<u>226,953</u>	<u>166,369</u>	<u>60,584</u>	<u>190,977</u>	
<b>Staff Support</b>					
PS - Professional	125	119	6	15,895	
Other Expenses	-	6	(6)	-	
Total Staff Support	<u>125</u>	<u>125</u>	<u>-</u>	<u>15,895</u>	
<b>General Administration</b>					
Salaries	16,500	-	16,500	-	
Benefits	3,500	-	3,500	-	
Supplies	15,000	-	15,000	-	
Total General Administration	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	
<b>School Administration</b>					
PS - Professional	-	-	-	18,000	

See the accompanying Independent Auditors' Report  
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Designated Grants Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017			
	Final Budget	Actual	Variance with Final Budget	2016 Actual
(Continued)				
<b>EXPENDITURES (Continued)</b>				
<b>Supporting Services (Continued)</b>				
<b>Operations and Maintenance</b>				
Supplies	-	-	-	412
<b>Other Central Support</b>				
Salaries	-	-	-	7,556
Benefits	-	-	-	2,444
Total Other Central Support	-	-	-	10,000
<b>Other Supporting Services</b>				
Salaries	2,000	-	2,000	-
Benefits	422	-	422	-
Supplies	4,578	-	4,578	-
Total Other Supporting Services	7,000	-	7,000	-
<b>Food Service</b>				
Salaries	-	394	(394)	2,476
Benefits	-	76	(76)	510
PS - Other	-	-	-	499
Supplies	2,000	1,530	470	6,515
Total Food Service	2,000	2,000	-	10,000
<b>Community Support</b>				
Supplies	200	-	200	-
<b>TOTAL EXPENDITURES</b>	<b>1,191,484</b>	<b>1,000,050</b>	<b>191,434</b>	<b>832,772</b>
<b>CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>BEGINNING FUND BALANCE</b>	-	-	-	-
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report.

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## **OTHER SUPPLEMENTARY INFORMATION**

**ARCHULETA SCHOOL DISTRICT 50JT**  
**Balance Sheet**  
**Nonmajor Governmental Funds**  
**Food Service Fund**  
**June 30, 2017**  
**(With Comparative Totals for June 30, 2016)**

	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Investments	\$ 114,386	\$ 73,565
Grants Receivable	3,300	-
Other Accounts Receivable	549	671
Inventory	21,878	18,216
<b>TOTAL ASSETS</b>	<u>\$ 140,113</u>	<u>\$ 92,452</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,491	\$ 198
Accrued Salaries & Benefits	26,350	25,190
<b>Total Liabilities</b>	<u>27,841</u>	<u>25,388</u>
<b>Deferred Inflows of Financial Resources</b>		
Deferred Inflows Other	<u>9,621</u>	<u>9,236</u>
<b>Fund Balance</b>		
Nonspendable Fund Balance	21,878	18,216
Committed for Food Service	<u>80,773</u>	<u>39,612</u>
<b>Total Fund Balance</b>	<u>102,651</u>	<u>57,828</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 140,113</u>	<u>\$ 92,452</u>

See accompanying Independent Auditors' Report.

**ARCHULETA SCHOOL DISTRICT 50JT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**Food Service Fund**  
**For the Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Local Sources	\$ 132,835	\$ 116,617
State Sources	9,991	7,495
Federal Sources	<u>385,361</u>	<u>339,167</u>
<b>TOTAL REVENUES</b>	528,187	463,279
 <b>EXPENDITURES</b>		
Food Service	<u>503,364</u>	<u>483,573</u>
<b>TOTAL EXPENDITURES</b>	<u>503,364</u>	<u>483,573</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	24,823	(20,294)
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfer In (Out) - net	<u>20,000</u>	<u>20,000</u>
<b>CHANGE IN FUND BALANCE</b>	44,823	(294)
<b>BEGINNING FUND BALANCE</b>	<u>57,828</u>	<u>58,122</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 102,651</u>	<u>\$ 57,828</u>

See accompanying Independent Auditors' Report.

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## **SPECIAL REVENUE FUNDS**

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## **FOOD SERVICE FUND**

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

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Food Service Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016	
	Final Budget	Actual		Budget	Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Investment Earnings	\$ 447	\$ 503	\$ 56	\$ 212	
Food Service Revenue	155,471	132,332	(23,139)	116,405	
Total Local Sources	155,918	132,835	(23,083)	116,617	
<b>State Sources</b>					
State Grants from CDE					
State Match - Child Nutrition	4,408	4,407	(1)	4,122	
Smart Start Nutrition	1,500	2,109	609	1,631	
State K-2 Reduced Lunch	2,000	3,475	1,475	1,742	
Total State Sources	7,908	9,991	2,083	7,495	
<b>Federal Sources</b>					
Federal Grants from CDE					
School Breakfast Program	65,000	78,715	13,715	69,977	
National School Lunch Program	277,072	267,942	(9,130)	235,147	
Federal Grants from Other State Agencies					
Commodities	34,000	38,704	4,704	34,043	
Total Federal Sources	376,072	385,361	9,289	339,167	
<b>TOTAL REVENUES</b>	<b>539,898</b>	<b>528,187</b>	<b>(11,711)</b>	<b>463,279</b>	
<b>EXPENDITURES</b>					
<b>Supporting Services</b>					
<b>Food Service</b>					
Salaries	181,069	156,524	24,545	152,900	
Benefits	66,718	63,570	3,148	57,076	
PS - Professional	6,365	3,982	2,383	2,512	
PS - Property	100	93	7	19	
PS - Other	2,350	2,467	(117)	2,013	
Supplies	19,182	15,658	3,524	15,466	
Food	255,281	225,926	29,355	218,977	
Commodities	34,000	35,144	(1,144)	34,044	
Property	750	-	750	566	
<b>TOTAL EXPENDITURES</b>	<b>565,815</b>	<b>503,364</b>	<b>62,451</b>	<b>483,573</b>	
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(25,917)</b>	<b>24,823</b>	<b>50,740</b>	<b>(20,294)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	20,000	20,000	-	20,000	
<b>CHANGE IN FUND BALANCE</b>	<b>(5,917)</b>	<b>44,823</b>	<b>50,740</b>	<b>(294)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>5,917</b>	<b>57,828</b>	<b>51,911</b>	<b>58,122</b>	
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 102,651</b>	<b>\$ 102,651</b>	<b>\$ 57,828</b>	

See accompanying Independent Auditors' Report.

## **DEBT SERVICE FUND**

This fund is used to account for the repayment of the District's bonded debt.

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Bond Redemption Fund  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016	
	Final Budget	Actual		Budget	Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 923,000	\$ 964,790	\$ 41,790	\$ 974,914	
Specific Ownership Taxes	50,000	57,050	7,050	40,611	
Delinquent Taxes	2,000	1,597	(403)	1,829	
Other Taxes	-	128	128	-	
Investment Earnings	7,000	10,086	3,086	3,757	
<b>TOTAL REVENUES</b>	<u>982,000</u>	<u>1,033,651</u>	<u>51,651</u>	<u>1,021,111</u>	
<b>EXPENDITURES</b>					
<b>Supporting Services</b>					
<b>General Administration</b>					
PS - Professional	750	750	-	750	
<b>Debt Service</b>					
Principal	880,000	880,000	-	880,000	
Interest	71,800	71,800	-	89,400	
Total Debt Service	951,800	951,800	-	969,400	
<b>Contingency</b>	1,545,280	-	1,545,280	-	
<b>TOTAL EXPENDITURES</b>	<u>2,497,830</u>	<u>952,550</u>	<u>1,545,280</u>	<u>970,150</u>	
<b>CHANGE IN FUND BALANCE</b>	(1,515,830)	81,101	1,596,931	50,961	
<b>BEGINNING FUND BALANCE</b>	1,515,830	1,515,830	-	1,464,869	
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 1,596,931</u>	<u>\$ 1,596,931</u>	<u>\$ 1,515,830</u>	

See accompanying Independent Auditors' Report.

## **CAPITAL PROJECTS FUND**

This fund is used to account for the District's major capital outlay activity.

ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Capital Reserve Project Fund  
For the Year Ended June 30, 2017

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Investment Earnings	\$ 250	\$ 278	\$ 28	\$ 117
<b>State Sources</b>				
Best Capital Construction Program	99,802	99,802	-	-
<b>TOTAL REVENUES</b>	<u>100,052</u>	<u>100,080</u>	<u>28</u>	<u>117</u>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Property	<u>105,904</u>	<u>103,753</u>	<u>2,151</u>	<u>104,888</u>
<b>Supporting Services</b>				
<b>General Administration</b>				
Supplies	-	-	-	2,866
Property	<u>9,118</u>	<u>9,117</u>	<u>1</u>	<u>-</u>
Total General Administration	<u>9,118</u>	<u>9,117</u>	<u>1</u>	<u>2,866</u>
<b>Operations and Maintenance</b>				
Salaries	-	-	-	623
Benefits	-	-	-	115
PS - Professional	49,999	34,171	15,828	-
PS - Property	64,970	149,345	(84,375)	-
Property	<u>157,059</u>	<u>25,328</u>	<u>131,731</u>	<u>111,059</u>
Total Operations and Maintenance	<u>272,028</u>	<u>208,844</u>	<u>63,184</u>	<u>111,797</u>
<b>Transportation</b>				
Property	<u>318,134</u>	<u>318,134</u>	<u>-</u>	<u>286,925</u>
<b>Facilities/Capital Outlay</b>				
PS - Professional	-	-	-	5,825
Buildings	<u>284,857</u>	<u>284,856</u>	<u>1</u>	<u>18,212</u>
Total Facilities/Capital Outlay	<u>284,857</u>	<u>284,856</u>	<u>1</u>	<u>24,037</u>
<b>TOTAL EXPENDITURES</b>	<u>990,041</u>	<u>924,704</u>	<u>65,337</u>	<u>530,513</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(889,989)	(824,624)	65,365	(530,396)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>575,218</u>	<u>572,156</u>	<u>(3,062)</u>	<u>810,181</u>
<b>CHANGE IN FUND BALANCE - BUDGET BASIS</b>	(314,771)	(252,468)	62,303	279,785
<b>BEGINNING FUND BALANCE</b>	<u>314,771</u>	<u>314,771</u>	<u>-</u>	<u>34,986</u>
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 62,303</u>	<u>\$ 62,303</u>	<u>\$ 314,771</u>

See accompanying Independent Auditors' Report.

## **FIDUCIARY FUNDS**

Private Purpose Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The District's private purpose trust fund is its Scholarship Fund.

The District has established agency funds to account for various student activity groups and contributions from private organizations. The agency funds are custodial in nature and do not involve measurement of results of operations. This fund is the Pupil Activity Agency Fund.

**ARCHULETA SCHOOL DISTRICT 50JT**  
**Schedule of Revenues, Expenses and Changes in Fiduciary Net Position**  
**Budget and Actual**  
**Fiduciary Funds**  
**A.S.E. - Mooney - Hughes P.A.C. Fund**  
**For the Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	<b>2017</b>		<b>Variance with Final Budget</b>	<b>2016 Actual</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>ADDITIONS</b>				
Local Sources	\$ 5,244	\$ 6,252	\$ 1,008	\$ 1,935
<b>DEDUCTIONS</b>				
Instruction	30,000	-	30,000	-
Other Supporting Services	760	3,934	(3,174)	3,698
Contingency	530,623	-	530,623	-
<b>TOTAL DEDUCTIONS</b>	<u>561,383</u>	<u>3,934</u>	<u>557,449</u>	<u>3,698</u>
<b>CHANGE IN NET POSITION</b>	(556,139)	2,318	558,457	(1,763)
<b>BEGINNING NET POSITION</b>	556,139	556,139	-	557,902
<b>ENDING NET POSITION</b>	<u>\$ -</u>	<u>\$ 558,457</u>	<u>\$ 558,457</u>	<u>\$ 556,139</u>

See accompanying Independent Auditors' Report.

**ARCHULETA SCHOOL DISTRICT 50JT**  
**Schedule of Revenues, Expenses and Changes in Fiduciary Net Position**  
**Budget and Actual**  
**Fiduciary Funds**  
**Pupil Activity Agency Fund**  
**For the Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	<b>2017</b>		<b>Variance with Final Budget</b>	<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>	<b>Actual</b>
<b>ADDITIONS</b>					
Local Sources	\$ 158,400	\$ 157,800	\$ (600)	\$ 175,617	
<b>DEDUCTIONS</b>					
Instruction	156,993	168,805	(11,812)	156,310	
Contingency	120,638	-	120,638	-	
<b>TOTAL DEDUCTIONS</b>	<u>277,631</u>	<u>168,805</u>	<u>108,826</u>	<u>156,310</u>	
<b>CHANGE IN NET POSITION</b>	(119,231)	(11,005)	108,226	19,307	
<b>BEGINNING NET POSITION</b>	<u>119,231</u>	<u>119,231</u>	-	<u>99,924</u>	
<b>ENDING NET POSITION</b>	<u>\$ -</u>	<u>\$ 108,226</u>	<u>\$ 108,226</u>	<u>\$ 119,231</u>	

See accompanying Independent Auditors' Report.

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## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0220 - ARCHULETA COUNTY 50 JT  
 Fiscal Year 2016-17  
 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
<b>Governmental</b>							
10 General Fund	7,628,158		11,685,045		11,735,669		7,577,533
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
<b>Sub- Total</b>	<b>7,628,158</b>		<b>11,685,045</b>		<b>11,735,669</b>		<b>7,577,533</b>
11 Charter School Fund	0		9,312		17,255		-7,944
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	57,828		548,187		503,364		102,651
22 Govt Designated-Purpose Grants Fund	0		1,033,390		1,033,390		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	1,515,830		1,033,650		952,550		1,596,931
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	314,771		672,236		924,704		62,303
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>9,516,588</b>		<b>14,981,819</b>		<b>15,166,932</b>		<b>9,331,474</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	556,139		6,252		3,933		558,457
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	119,231		157,800		168,805		108,226
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>675,370</b>		<b>164,052</b>		<b>172,738</b>		<b>666,683</b>

FINAL



**Colorado Department of Education**

**Bolded Balance Sheet Report**

District: 0220 - ARCHULETA COUNTY 50 JT

Fiscal Year 2016-17

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	8,488,279	61,694	0	69,283	0	114,386	0	62,303	0	0	0	666,683	0	9,462,629	
Cash with Fiscal Agent (8105)	68,228	0	0	0	0	0	1,532,348	0	0	0	0	0	0	1,600,576	
Taxes Receivable (8121,8122)	345,391	0	0	0	0	0	64,582	0	0	0	0	0	0	409,973	
Interfund Loans Receivable (8131,8132)	12,238	23,854	0	0	0	0	0	0	0	0	0	0	0	36,093	
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Accounts Receivable (8142)	0	0	0	78,327	0	3,300	0	0	0	0	0	0	0	81,627	
Other Receivables (8151-8154,8161)	6,825	0	0	23,854	0	549	0	0	0	0	0	0	0	31,229	
Inventories (8171,8172,8173)	0	0	0	0	0	21,878	0	0	0	0	0	0	0	21,878	
Prepaid Expenses 8181,8182)	1,364	0	0	0	0	0	0	0	0	0	0	0	0	1,364	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Assets</b>	<b>8,922,326</b>	<b>85,549</b>	<b>0</b>	<b>171,464</b>	<b>0</b>	<b>140,113</b>	<b>1,596,931</b>	<b>62,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>666,683</b>	<b>0</b>	<b>11,645,370</b>	

See accompanying Independent Auditor's Report.

**Governmental**

**Proprietary**

**Fiduciary**

	Governmental										Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
<b>LIABILITIES &amp; FUND EQUITY</b>																
<b>LIABILITIES</b>																
Interfund Payables (7401,7402)	0	0	0	36,093	0	0	0	0	0	0	0	0	0	0	36,093	
Other Payables (7421-7423)	106,873	0	0	26,731	0	1,491	0	0	0	0	0	0	0	0	135,095	
Bonds Payables (7441-7445,7451,7452,7455)	0	50,000	0	0	0	0	0	0	0	0	0	0	0	0	50,000	
Accrued Expenses (7461)	1,234,655	0	0	18,830	0	26,350	0	0	0	0	0	0	0	0	1,279,835	
Unearned Revenue (7481)	0	5,492	0	0	0	0	0	0	0	0	0	0	0	0	5,492	
Grants Deferred Revenue (7482)	0	38,000	0	0	0	0	0	0	0	0	0	0	0	0	38,000	
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred Inflow (7800)	0	0	0	0	0	9,621	0	0	0	0	0	0	0	0	9,621	
Deferred Inflow Grants (7801)	3,265	0	0	89,810	0	0	0	0	0	0	0	0	0	0	93,075	
<b>Total Liabilities</b>	<b>1,344,793</b>	<b>93,492</b>	<b>0</b>	<b>171,464</b>	<b>0</b>	<b>37,462</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,647,212</b>	

See accompanying Independent Auditor's Report.

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	21,878	0	0	0	0	0	0	0	0	21,878
Restricted Fund Balance 6720	0	0	0	0	0	0	1,596,931	0	0	0	0	0	0	0	1,596,931
TABOR 3% Emergency Reserve 6721	383,000	279	0	0	0	0	0	0	0	0	0	0	0	0	383,279
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	80,773	0	0	0	0	0	0	0	0	80,773
Assigned Fund Balance 6760	0	0	0	0	0	0	0	62,303	0	0	0	0	0	0	62,303
Unassigned Fund Balance 6770	7,194,533	-8,223	0	0	0	0	0	0	0	0	0	0	666,683	0	7,852,994
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>7,577,533</b>	<b>-7,944</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102,651</b>	<b>1,596,931</b>	<b>62,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>666,683</b>	<b>0</b>	<b>9,998,158</b>

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>Total Liabilities &amp; Fund Equity</b>	8,922,326	85,549	0	171,464	0	140,113	1,596,931	62,303	0	0	0	0	666,683	0	11,645,370

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
<b>Do Assets=Liability+Fund Equity</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

See accompanying Independent Auditor's Report.

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## **SINGLE AUDIT COMPLIANCE**

# Holscher, Mayberry & Company, LLC

## Certified Public Accountants

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

Board of Education  
Archuleta School District 50 JT  
Pagosa Springs, Colorado

### Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance *Government Auditing Standards*

#### Independent Auditors' Report

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Archuleta School District 50 JT (the District) as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2017.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of 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 opinion 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 on 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 a 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 a 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 from 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*.

#### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Englewood, Colorado  
December 4, 2017

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Education  
Archuleta School District 50 JT  
Pagosa Springs, Colorado

## Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

### Independent Auditors' Report

#### Report on Compliance for Each Major Federal Program

We have audited the Archuleta School District 50 JT (District's) compliance 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, Colorado's major federal programs for the year ended June 30, 2017. 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 Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

#### Auditors' Responsibility

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 of the District's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the District's 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, 2017.

#### 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 of compliance, 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 the 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 the 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 combination of deficiencies, in internal control over compliance, such that there is 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 a 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.

Archuleta School District 50 JT  
Report on Compliance, Report on Internal Control Over Compliance and  
Report on Schedule of Expenditures of Federal Awards

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, material weaknesses may exist that have not been identified.

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 on the requirements of the Uniform Guidance. 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 the Archuleta School District 50 JT, as of and for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado  
December 4, 2017

**ARCHULETA SCHOOL DISTRICT 50JT  
Schedule of Findings and Questioned Costs  
June 30, 2017**

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_\_\_ yes      x   no

Identification of major program:

- 10.553 School Breakfast Program
- 10.555 National School Lunch Program
- 10.555 Commodities

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   x   yes    \_\_\_\_\_ no

**Findings Related to Financial Statements**

None noted.

**Findings and Questioned Costs for Federal Awards**

None noted.

**ARCHULETA SCHOOL DISTRICT 50JT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

<u>Grantor/Grant Title</u>	<u>State</u>		<u>Expenditures</u>
	<u>Grant</u>	<u>CFDA</u>	
	<u>Number</u>	<u>Number</u>	
<b>U.S. Department of Education</b>			
<b>Passthrough Colorado Department of Education</b>			
NCLB Title I, Part A - Improving Basic Programs	4010	84.010	\$ 390,902
NCLB Title II, Part A - Teacher & Principal Training	4367	84.367	72,985
Race to the Top - Phase 3	4413	84.413	125
Charter School	5282	84.282	33,339
<b>Total U.S. Department of Education</b>			<u>497,351</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Passthrough Colorado Department of Human Services</b>			
Block Grants for Prevention and Treatment of Substance Abuse	7959	93.959	<u>100,000</u>
<b>U.S. Department of Agriculture</b>			
<b>Passthrough Archuleta County</b>			
Secure Rural Schools	7665	10.665	39,431
<b>Passthrough Colorado Department of Education</b>			
School Breakfast Program	4553	10.553	78,715
National School Lunch Program	4555	10.555	267,942
<b>Passthrough Colorado Department of Human Services</b>			
Commodities	4555	10.555	<u>38,705</u>
<b>Total U.S. Department of Agriculture</b>			<u>424,793</u>
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction	7205	84.205	<u>22,547</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,044,691</u>

See accompanying Independent Auditors' Report.

**ARCHULETA SCHOOL DISTRICT 50JT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards, (the "Schedule"), includes the federal award activity of the Archuleta School District 50JT, (the "District") under the programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3: 10% DE MINIMUS COST RATE**

The District did not utilize the 10% de minimis cost rate allowed under the Uniform Guidance.

**NOTE 4: SUBRECIPIENTS**

The District's charter school, Pagosa Peak Open School, was the subrecipient of the Charter School grant (CFDA 84.282).