

cPa DIXON, WALLER & CO., INC.

BACA COUNTY SCHOOL

DISTRICT NUMBER RE-1

WALSH, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2017



**RECEIVED**

*By the Office of the State Auditor at 4:07 pm, Jan 03, 2018*

**DIXON, WALLER & CO., INC.**

**TABLE OF CONTENTS**

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
FINANCIAL STATEMENTS  
JUNE 30, 2017

	<u>Page</u>
Title Page	
Table of Contents	
Roster of Officials	
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	i-ix
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government Wide Financial Statements:	
Statement of Net Position .....	3
Statement of Activities.....	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	8

Fund Financial Statements (Continued):	<u>Page</u>
Statement of Fiduciary Net Position .....	9
Notes to Basic Financial Statements .....	10-32

REQUIRED SUPPLEMENTARY INFORMATION:

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Governmental Funds:	
General Fund.....	33-36
Pension Trend Data:	
Schedule of Proportionate Share of Net Pension Liability.....	37
Schedule of District Contributions.....	38

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND OTHER SCHEDULES:

Combining Balance Sheet – Nonmajor Governmental Funds.....	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	40
Schedule of Revenues, Expenditures (Expenses) and Changes in Fund Equity - Budget and Actual:	
Food Service – Proprietary Fund – Special Revenue Fund.....	41
Designated Purpose Grant Fund – Special Revenue Fund.....	42
Student Activity – Agency Fund.....	43

STATE REQUIRED SCHEDULES:

Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund).....	44
Bolded Balance Sheet.....	45-47

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2017

---

BOARD OF EDUCATION

Todd Randolph	President
James Dubois	Vice-President
Tim Hume	Treasurer
Janiese Alton	Secretary
Ben Acre	Member

SCHOOL OFFICIALS

Stephanie Hund	Superintendent
Tressa Turner	Business Manager
Kylene Smith	Business Manager

FINANCIAL SECTION

164 E. MAIN  
TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Baca County School District Number RE-1  
Walsh, Colorado 81090

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-1, 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 as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-1, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension trend data on pages i through ix and 33 through 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. 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baca County School District Number RE-1's basic financial statements. The combining and individual fund financial statements, other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules and state required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

*Arthur, Waller & Co., Inc.*

Trinidad, Colorado  
December 13, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

# Walsh School District RE-1

## Management's Discussion and Analysis

The discussion and analysis of Walsh School District RE-1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999. The GASB requires certain comparative information between the current year and the prior year to be presented in the MD&A.

As of June 30, 2017, the District's proportionate share of the net pension liability is \$7,545,586. Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is recorded as a District liability. Based on total liabilities, deferred inflows, and deferred outflows, there was a decrease in net position of total governmental funds.

### Financial Highlights

- The District's governmental total net position decreased by \$1,162,604 as a direct result of the increased net pension liability nearly doubling this year. While net position does indicated negative overall fiscal health, the reader should be aware that this is an academic standard and does not reflect the fund-level fiscal health of the district.

- Expenses from governmental activities totaled \$3,572,214 and were countered by revenues totaling \$2,409,610. Again, pension costs played a significant role in the governmental activities expenses, with a cost of \$1,204,656.
- General revenues reported include \$766,479 from property taxes, \$86,069 from specific ownership taxes, \$1,232,911 from state equalization, \$6,709 from earnings on investments, and \$24,953 from other revenues.
- The General Fund Balance as of June 30, 2017 was \$2,326,662, and decreased by \$54,482. For the 2017 fiscal year, the District levied only 8 mills of the voter approved 10 mill levy override. The full 10 mill levy override has been budgeted for the 2018 fiscal year, and should offset the General Fund expenditure to revenue deficit.

## **Overview of the Financial Statements**

The Walsh School District RE-1 basic financial statements are comprised of three components:

1. Government-wide financial statements - focusing on both short-term and long-term information about the overall financial status of the District. The government-wide financial statements include the General Fund, Insurance Reserve Fund, CPP Fund, Designated Grant Fund, Food Service Fund, and Activity Fund.
2. Fund financial statements – focusing on the individual parts of the government, reporting the District’s operations in more detail than the government-wide statements.
3. Notes to the financial statements – required supplemental information that further explains and supports the information in the financial statements.

## **Government-wide Statements**

The financial statements provided are designed to supply the reader an overview of the District’s financial activities similar to those used in the private sector. The government-wide statements relate to those activities directly related to the education of students. The statement of net position includes all of the government’s assets, liabilities, and deferred flows. All of the current year’s revenues and expenses are accounted for in the statement of activities.

The two government-wide statements report the District's net position and any changes in net position from one year to the next. Net position is the difference between the District's assets, liabilities, and deferred flows, and is one indicator of the District's overall financial health. Net position indicates whether the District's financial health is improving or deteriorating. The reader should note that the net position includes the District's share of the PERA pension plan liability. Changes in the solvency of PERA affect the net position, sometimes dramatically. Other factors to consider when examining net position include non-financial factors such as changes to the District's tax base, student enrollment, and overall condition of facilities.

The government-wide financial statements of the District include the governmental activities. Most of the district's basic services are included within, such as instruction, support, general administration, and capital outlay. The statements also indicate that funding for these services come primarily from state equalization, property tax, and grant sources.

## **Fund Financial Statements**

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. The Walsh School District, like other governments, uses fund accounting to guarantee and demonstrate compliance. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

### **Governmental Funds**

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances, or those available to spend at the end of the fiscal year. Such information is used to evaluate the District's short-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's short-term financing decisions.

Walsh School District maintains the following fund types:

- General Fund – accounts for all financial resources except for those legally required to be accounted for separately.

- Colorado Preschool Project Fund (CPP) – accounts for all financial resources related to preschool students identified by the CPP program and is reported as part of the General Fund.
- Designated Purpose Grants Fund – accounts for all financial resources tied to specific grant funding.
- Insurance Reserve Fund – accounts for all financial resources legally restricted for specific insurance purposes and is reported as part of the General Fund.
- Pupil Activity Fund – accounts for all financial resources held by special interest groups such as clubs, organizations, and classes.
- Food Service Special Revenue Fund – accounts for all financial resources related to the operation of the school lunch program.

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information essential to a fully understanding of the data provided in the district-wide and fund financial statements.

## **Required Supplementary Information**

Each year, the District adopts a budget and appropriation resolutions for each of the individual governmental funds. A budgetary comparison for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget. A comparison of the remaining governmental funds are also reported as supplemental information.

## **Financial Analysis**

As previously stated, net position is one indicator of an entity's financial health. The net position of Walsh School District decreased by \$1,162,604, as previously stated. The decrease in net position is a direct result of the increase in our share of the state funded PERA pension plan. The District's net position was -\$1,288,656 as of June 30, 2017.

Walsh School District's current assets total \$2,587,452, with an additional \$968,818 in capital assets such as land, buildings, equipment, etc. As capital assets are used to provide services to students, these assets are not available for expenditures. The ratio of current assets to current liabilities is approximately 15:1, indicating that the District is solvent and able to meet its financial obligations.

## Statement of Net Position

	<b>Governmental Activities 2016-2017</b>	<b>Total 2016-2017</b>	<b>Governmental Activities 2015-2016</b>	<b>Total 2015-2016</b>
<b>ASSETS</b>				
Current & Other	2,587,452	2,587,452	2,589,665	2,589,665
Capital	968,818	968,818	924,393	924,393
<b>TOTAL</b>	<b>3,556,270</b>	<b>3,556,270</b>	<b>3,514,058</b>	<b>3,514,058</b>
<b>DEFERRED OUTFLOWS</b>	<b>2,938,035</b>	<b>2,938,035</b>	<b>523,094</b>	<b>523,094</b>
<b>LIABILITIES</b>				
Current	174,487	174,487	173,930	173,930
Long-term	7,545,586	7,545,586	3,864,574	3,864,574
<b>TOTAL</b>	<b>7,720,073</b>	<b>7,720,073</b>	<b>4,038,504</b>	<b>4,038,504</b>
<b>DEFERRED INFLOWS</b>	<b>62,888</b>	<b>62,888</b>	<b>124,701</b>	<b>124,701</b>
<b>NET POSITION</b>				
Net Investments-				
Capital Assets	968,818	968,818	923,995	923,995
Restricted for:				
Debt	0	0	0	0
TABOR	68,000	68,000	70,200	70,200
Preschool	154,094	154,094	164,462	164,462
Food Service	33,082	33,082	4,344	4,344
Unrestricted	-2,512,650	-2,512,650	-1,289,054	-1,289,054
<b>TOTAL NET POSITION</b>	<b>-1,288,656</b>	<b>-1,288,656</b>	<b>-126,053</b>	<b>-126,053</b>

## Changes in Net Position

	Governmental Activities 2016-2017	Total 2016-2017	Governmental Activities 2015-2016	Total 2015-2016
<b>REVENUES</b>				
Property Taxes	766,479	766,479	793,700	793,700
Specific Ownership				
Taxes	86,069	86,069	97,770	97,770
Investment Earnings	6,709	6,709	3,697	3,697
Charges for Services	47,157	47,157	62,541	62,541
State Equalization	1,232,911	1,232,911	1,204,183	1,204,183
Federal & State Grants	245,332	245,332	265,514	265,514
Transfer to Lunch Fund	0	0	0	0
Other	24,953	24,953	41,067	41,067
<b>TOTAL</b>	<b>2,409,610</b>	<b>2,409,610</b>	<b>2,469,472</b>	<b>2,469,472</b>
<b>EXPENSES</b>				
<b>CURRENT:</b>				
Instruction	1,233,873	1,233,873	1,198,990	1,198,990
Support Services:				
Students	53,857	53,857	55,374	55,374
Instructional Staff	67,242	67,242	76,930	76,930
District Admin.	244,740	244,740	212,916	212,916
School Admin.	152,518	152,518	153,838	153,838
Business	34,100	34,100	31,505	31,505
Operation & Maint.	258,315	258,315	254,581	254,581
Transportation	163,928	163,298	138,590	138,590
Community	0	0	0	0
Central	41,510	41,510	40,691	40,691
Pension Cost	1,204,656	1,204,656	149,162	149,162
Capital Outlay	7,254	7,254	0	0
Food Service	110,221	110,221	110,221	110,221
Interest on Debt	0	0	160	160
<b>TOTAL</b>	<b>3,572,214</b>	<b>3,572,214</b>	<b>2,423,175</b>	<b>2,423,175</b>
<b>INCREASE/DECREASE</b>	<b>1,162,604</b>	<b>1,162,604</b>	<b>46,297</b>	<b>46,297</b>

## Governmental Activities

The table below displays the District's major fiscal functions, and the net costs associated with each. As would be expected of a school district, the major functions involve instructional services and related supporting services.

### Governmental Activities

	<b>Total Cost of Services 2016-2017</b>	<b>Net Cost of Services 2016-2017</b>	<b>Total Cost of Services 2015-2016</b>	<b>Net Cost of Services 2015-2016</b>
INSTRUCTIONAL SERVICES	1,233,873	1,051,620	1,198,990	976,524
SUPPORTING SERVICES:				
Students	53,857	53,857	55,374	55,374
Instructional Staff	67,242	67,242	76,930	76,930
District Admin.	244,740	244,740	212,916	212,916
School Admin.	152,518	152,518	153,838	153,838
Business	34,100	34,100	31,505	31,505
Operations & Maint.	258,315	258,315	254,581	254,581
Transportation	163,928	133,210	138,590	106,128
Central	41,510	41,510	40,691	40,691
Community	0	0	0	0
Capital Outlay	7,254	7,254	0	0
Interest on Long-Term Debt	0	0	0	0
Food Service	110,221	30,703	110,438	38,311
Pension Cost	1,204,656	1,204,656	149,162	149,162
<b>TOTAL</b>	<b>3,572,214</b>	<b>3,279,725</b>	<b>2,423,175</b>	<b>2,096,120</b>

As table above indicates, the total cost of governmental activities for the fiscal year ending June 30, 2016 was \$3,572,214. The District's total cost of services was offset by charges for services in the amount of \$47,157, and operating grants and contributions totaling \$245,332. Revenue for governmental activities came primarily from state equalization (\$1,232,911) and district tax payers in the form of property taxes and specific ownership taxes (\$852,548). In addition, earnings on investments produced \$6,709 in revenue, and other revenues contributed \$24,953 to supporting District governmental activities.

## General Fund Budgetary Highlights

The Board adopted a final budget on January 16, 2017 with a total appropriation of \$4,468,812. As of June 30, 2017, the District had actual expenditures totaling \$2,219,963, which was \$2,248,849 less than the budgeted. The unspent appropriations remain in the District's fund balance. Similarly, the district realized \$2,220,481 in revenues, which exceeded the budgeted amount by \$5,082.

## Next Year's Budget and Future Economic Status of the District

The 2017-2018 budget will continue to be impacted by the uncertain future of PERA reform and school finance at the State and Federal levels. Furthermore, while enrollment appears to be stabilizing, the trend favors an overall decline. Despite these fiscal concerns, District administration is confident in its ability to maintain overall financial solvency. In the upcoming year, the mill levy override will be certified at the voter-approved maximum of 10 mills, and the district is conducting a comprehensive needs assessment to determine where funds are most needed, and areas where cuts can be made. The District will continue to engage in a budget development process that is comprehensive and effective in controlling expenditures while meeting the needs of all students.

## Capital Assets and Debt Administration

Walsh School District's investments in capital assets for its governmental and business-type activities as of June 30, 2017 are \$968,818. This figure represents the net capital assets, and takes into account \$3,403,277 in total accumulated depreciation. Gross capital assets would therefore total \$4,372,095. The District's governmental capital assets are composed of the following:

	<b>2016-2017</b>	<b>2015-2016</b>
Land & Sites	99,902	99,902
Buildings	2,896,373	2,896,373
Vehicles	608,684	514,871
Equipment	767,136	751,622

As of June 30, 2017, the District has no long-term debt. Long-term debt that was retired during the fiscal year includes \$398 of debt on a 2012 copier lease purchase.

	<b>Beginning Balance 07/01/2016</b>	<b>Ending Balance 06/30/2017</b>	<b>Payments (less interest)</b>
Copier Lease Purchase-2012	398	0	398

## **Requests for Information**

The purpose of the Management's Discussion and Analysis is to provide the District's citizens, taxpayers, customers, and creditors a general overview of the District's finances. This financial report provides an added layer of fiscal accountability, and as such, may generate questions or concerns. Questions or comments concerning this report may be addressed to Stephanie Hund, Superintendent of Schools, P.O. Box 68, Walsh, CO 81090, or by calling 719-324-5400.

BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STATEMENT OF NET POSITION  
June 30, 2017

	Governmental Activities	Total
<u>ASSETS</u>		
Cash	2,517,383	2,517,383
Investments	-	-
Accounts Receivable	-	-
Accrued Revenue	-	-
Property Taxes Receivable	65,500	65,500
Inventories	4,569	4,569
Capital Assets	4,372,095	4,372,095
Accumulated Depreciation	(3,403,277)	(3,403,277)
<u>Total Assets</u>	<u>3,556,270</u>	<u>3,556,270</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Pension Cost – Plan	2,795,025	2,795,025
Deferred Pension Cost – Employer	32,065	32,065
Deferred Pension Cost – Contributions Subsequent to Pension Measurement Date	<u>110,945</u>	<u>110,945</u>
<u>Total Deferred Outflow of Resources</u>	<u>2,938,035</u>	<u>2,938,035</u>
 <u>LIABILITIES</u>		
Accounts Payable	10,597	10,597
Accrued Salaries and Benefits	163,890	163,890
Grant Amounts Received In Advance	-	-
Noncurrent Liabilities:		
Leases Due Within One Year	-	-
Leases Due in More Than One Year	-	-
Net Pension Liability	<u>7,545,586</u>	<u>7,545,586</u>
<u>Total Liabilities</u>	<u>7,720,073</u>	<u>7,720,073</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred Pension – Plan	34,093	34,093
Deferred Pension - Employer	<u>28,795</u>	<u>28,795</u>
<u>Total Deferred Inflow of Resources</u>	<u>62,888</u>	<u>62,888</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	968,818	968,818
Restricted for:		
TABOR Reserve	68,000	68,000
Preschool	154,094	154,094
Food Service	33,082	33,082
Unrestricted	<u>(2,512,650)</u>	<u>(2,512,650)</u>
<u>TOTAL NET POSITION</u>	<u>(1,288,656)</u>	<u>(1,288,656)</u>

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



BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	2,488,150	29,233	2,517,383
Accounts Receivable	-	-	-
Accrued Revenue	-	-	-
Due From Other Funds	-	-	-
Property Taxes Receivable	65,500	-	65,500
Inventories	-	4,569	4,569
<u>TOTAL ASSETS</u>	<u>2,553,650</u>	<u>33,802</u>	<u>2,587,452</u>
<u>LIABILITIES</u>			
Accounts Payable	10,597	-	10,597
Accrued Salaries and Benefits	163,890	-	163,890
Due to Other Funds	-	-	-
Grant Amounts Received in Advance	-	-	-
<u>Total Liabilities</u>	<u>174,487</u>	<u>-</u>	<u>174,487</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Tax	<u>52,501</u>	<u>-</u>	<u>52,501</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventories	-	4,569	4,569
Restricted:			
Emergency Reserve	68,000	-	68,000
Food Service	-	29,233	29,233
Preschool	154,094	-	154,094
Committed:			
Insurance	2,537	-	2,537
Assigned:	-	-	-
Unassigned:	<u>2,102,031</u>	<u>-</u>	<u>2,102,031</u>
<u>Total Fund Balances</u>	<u>2,326,662</u>	<u>33,802</u>	<u>2,360,464</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,553,650</u>	<u>33,802</u>	<u>2,587,452</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2017

---

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

<u>Total Fund Balance – Governmental Funds</u>	2,360,464
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,372,095 and the accumulated depreciation is \$3,403,277.	968,818
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is not available.	52,501
Long-term liabilities, including loans and capital leases are not due and payable in the current period and therefore are not reported in the funds.	-
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(7,545,586)
Deferred Pension Cost – Plan	2,760,932
Deferred Pension Cost – Contributions Subsequent to Pension Measurement Date	110,945
Deferred Pension Cost – Employer	3,270
 <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	 <u>(1,288,656)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property Taxes	739,108	-	739,108
Specific Ownership Taxes	86,069	-	86,069
Earnings on Investments	6,666	43	6,709
Other Local Sources	68,160	20,548	88,708
State Aid	1,316,146	8,598	1,324,744
Federal Aid	4,332	<u>132,569</u>	<u>136,901</u>
<u>Total Revenues</u>	<u>2,220,481</u>	<u>161,758</u>	<u>2,382,239</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	1,104,741	82,197	1,186,938
Supporting Services:			
Students	53,857	-	53,857
Instructional Staff	67,242	-	67,242
District Administration	244,740	-	244,740
School Administration	152,518	-	152,518
Business	34,100	-	34,100
Operation & Maintenance of Facilities	273,275	-	273,275
Transportation	240,328	-	240,328
Community	-	-	-
Central	41,510	-	41,510
Food Service	-	110,221	110,221
Debt Service:			
Principal	398	-	398
Interest	-	-	-
Capital Outlay	7,254	-	7,254
<u>Total Expenditures</u>	<u>2,219,963</u>	<u>192,418</u>	<u>2,412,381</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>518</u>	<u>(30,660)</u>	<u>(30,142)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(55,000)	55,000	-
Proceeds of Capital Lease	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(55,000)</u>	<u>55,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(54,482)</u>	<u>24,340</u>	<u>(30,142)</u>
<u>FUND BALANCES – BEGINNING</u>	<u>2,381,144</u>	<u>9,462</u>	<u>2,390,606</u>
<u>FUND BALANCES – ENDING</u>	<u>2,326,662</u>	<u>33,802</u>	<u>2,360,464</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017

---

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

Net Change in Fund Balances – Total Governmental Funds (30,142)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount of depreciation and capital outlay in the current period.

Capital Outlays more than \$5,000	109,327	
Depreciation Expense	<u>(64,902)</u>	44,425

Property tax revenues are not recognized for amounts levied and due but not “available” at year-end and are reported as deferred inflows in the governmental funds. They are, however, recorded as revenues in the statement of activities. 27,371

The governmental funds report debt proceeds as another financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Repayment of Debt Principal		398
-----------------------------	--	-----

The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:

Change in net pension liability and related deferred flows		<u>(1,204,656)</u>
---	--	--------------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (1,162,604)

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
June 30, 2017

---

	<u>Student Activities Fund</u>
<u>ASSETS</u>	
Cash	105,232
Investments	
Deposits Held By Others	<u>-</u>
<u>Total Assets</u>	<u>105,232</u>
<u>LIABILITIES</u>	
Due to Student Groups	105,232
Accounts Payable	<u>-</u>
<u>Total Liabilities</u>	<u>105,232</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Baca County School District Number RE-1 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Baca County School District Number RE-1. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A.      Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B.      Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D.    Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds
  1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

Additionally, the District reports the following fund type: Trust and Agency

The Student Activity Fund – this fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District.

E.    Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F.    Receivables

Property taxes levied in 2016 but uncollected in 2017 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2017 are recorded as deferred inflows in the fund financial statements, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-30 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J.    Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position.

The District records long-term debt of governmental funds at the face value. Notes payable and capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

K.    Constitutional Amendment

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

In November of 1996 the registered voters approved a ballot resolution authorizing Baca County School District Number RE-1 to collect, retain and expend (during 1996 and beyond) all revenues from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending. As of June 30, 2017 the District reserved \$68,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L.      Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2016 property tax calendar for Baca County was as follows:

Levy Date	December 15, 2016
Lien Date	January 1, 2017
Tax Bills Mailed	January 1, 2017
First Installment Due	February 28, 2017
Second Installment Due	June 15, 2017
If Paid in Full, Due	April 30, 2017
Tax Sale – 2015 Delinquent Property Taxes	October 25, 2016

M.      Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N.      Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

O.      GASB Statement No. 54

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

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O.    GASB Statement No. 54 (Continued)

4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>			
Inventories	-	4,569	4,569
<u>Restricted:</u>			
Emergencies	68,000	-	68,000
Preschool	154,094	-	154,094
Food Service	-	29,233	29,233
<u>Committed:</u>			
Insurance	2,537	-	2,537
<u>Unassigned</u>	<u>2,102,031</u>	<u>-</u>	<u>2,102,031</u>
<u>Total Fund Balances</u>	<u>2,326,662</u>	<u>33,802</u>	<u>2,360,464</u>

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 2      RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

<u>Item Eliminated</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General Fund	-	-	55,000	-
Designated Purpose Grant Fund	-	-	-	-
Food Service Fund	-	-	-	55,000
	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>

NOTE 3      BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 3      BUDGETARY INFORMATION (Continued)

5. Formal budgetary integration should be employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds although measurement of operations is not required in the financial statements.

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

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4      CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At June 30, 2017, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,359,954	2,354,363
Cash with County Treasurer	12,111	-
Cash on Hand	550	-
<u>Total Cash and Deposits</u>	<u>2,622,615</u>	<u>2,604,363</u>

As presented above, deposits with a bank balance of \$2,354,363 and a carrying balance of \$2,359,954 as of June 30, 2017 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
<u>Non-Depreciable Assets</u>				
Land	99,902	-	-	99,902
<u>Depreciable Assets:</u>				
Buildings	2,896,373	-	-	2,896,373
Vehicles	514,871	93,813	-	608,684
Equipment	751,622	15,514	-	767,136
<u>Total Assets</u>	<u>4,262,768</u>	<u>109,327</u>	<u>-</u>	<u>4,372,095</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Buildings	2,158,928	44,135	-	2,203,063
Equipment & Vehicles	1,179,447	20,767	-	1,200,214
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>3,338,375</u>	<u>64,902</u>	<u>-</u>	<u>3,403,277</u>
<u>Total Capital Assets, Net</u>	<u>924,393</u>	<u>44,425</u>	<u>-</u>	<u>968,818</u>

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

Governmental Activities:

Instruction	46,935
Operations and Maintenance	554
Transportation	<u>17,413</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>64,902</u>

NOTE 6      ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine or ten months. The salaries and benefits earned, but unpaid at June 30, 2017, are estimated to be \$163,890. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements in the appropriate fund.

NOTE 7      LONG-TERM DEBT

The District has no long-term debt as of June 30, 2017.

NOTE 8      CHANGES LONG-TERM DEBT

	Beginning Balance <u>7-1-16</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>6-30-17</u>	Current Portion
Copier Lease Purchase - 2012	<u>398</u>	<u>-</u>	<u>398</u>	<u>-</u>	-
<u>Total Long-Term Debt</u>	<u>398</u>	<u>-</u>	<u>398</u>	<u>-</u>	

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 9

PENSION PLAN

**Defined Benefit Pension Plan**

Summary of Significant Accounting Policies

Pensions. Baca County School District Number RE-1 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 Baca County School District Number RE-1 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/investment/pera-financial-reports](http://www.copera.org/investment/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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 9      PENSION PLAN (Continued)

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

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

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

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

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

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

*Contributions.* Eligible employees and Baca County School District Number RE-1 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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 9      PENSION PLAN (Continued)

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	18.63%

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 Baca County School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Baca County School District Number RE-1 were \$212,235 for the 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 Baca County School District Number RE-1 reported a liability of \$7,545,586 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 Baca County School District Number RE-1 proportion of the net pension liability was based on Baca County School District Number RE-1 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 Baca County School District Number RE-1 proportion was 0.0253 percent, which was equal to its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Baca County School District Number RE-1 recognized pension expense of \$1,204,656. At June 30, 2017, the Baca County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 9 PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	94,331	(66)
Changes of assumptions or other inputs	2,448,385	(34,027)
Net difference between projected and actual earnings on pension plan investments	252,309	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	32,065	(28,795)
Contributions subsequent to the measurement date	110,945	N/A
Total	2,938,035	(62,888)

\$110,945 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, 2017	
2018	1,094,014
2019	1,118,179
2020	549,492
2021	2,517
2022	-
Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 9      PENSION PLAN (Continued)

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the
	Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 9      PENSION PLAN (Continued)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected rate of return on pension plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 9      PENSION PLAN (Continued)

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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%.

*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 cost method and assumptions shown 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 18, 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 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 9      PENSION PLAN (Continued)

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index 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 General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 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 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 plan investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate. The discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

**NOTE 9**      **PENSION PLAN (Continued)**

*Sensitivity of the Baca County School District Number RE-1 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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	9,488,332	7,545,586	5,963,290

*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).

**Defined Contribution Pension Plan**

**Voluntary Investment Program**

*Plan Description* – Employees of the Baca County School District Number RE-1 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. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2017, program members contributed \$10,743.

**Other Post-Employment Benefits**

**Health Care Trust Fund**

*Plan Description* – The Baca County School District Number RE-1 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).

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 9      PENSION PLAN (Continued)

*Funding Policy* – The Baca County School District Number RE-1 is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Baca County School District Number RE-1 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 Baca County School District Number RE-1 contributions to the HCTF were \$11,773, \$11,325 and \$11,142, respectively equal to their required contributions for each year.

NOTE 10      JOINT VENTURE

Not reflected in the accompanying financial statements is the District's participation in the Southeastern Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district.

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2016, the latest year for which audited information is available, is as follows:

Assets	967,468
Deferred Outflows	408,352
Liabilities	3,593,607
Deferred Inflows	<u>193,428</u>
Net Position	<u>(2,411,215)</u>
Revenues	2,518,565
Expenses	<u>2,504,933</u>
Change in Net Position	<u>13,632</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES files an audit annually with the Colorado State Auditor's Office.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2017

---

NOTE 11    POLICY REGARDING COMPENSATED ABSENCES

Full-time non-certified personnel are allowed compensated absences in the form of vacations and sick days. Vacations are non-cumulative. Sick days may be accumulated not to exceed forty days. Days in excess of an accumulation of twenty may be sold to the District in the month of December.

The liability for accumulated sick days is not material and is not recorded in the accompanying financial statements.

NOTE 12    RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 13    COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2016.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 13     COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

An audited summary of the Colorado School District's Pool financial information at December 31, 2016 (latest information available) follows:

Total Assets	<u>48,036,383</u>
Total Liabilities	<u>21,232,630</u>
Total Equity	<u>26,803,753</u>
Revenue	14,232,299
Underwriting Expenses	<u>12,497,566</u>
Underwriting Gain (Loss)	1,734,733
Net Investment Income	690,250
Other Income	<u>-</u>
Net Income (Loss) Before Dividend	2,424,983
Dividend	<u>-</u>
Net Income	2,424,983
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>53,761</u>
Return of Capital Contributions to Members	<u>-</u>
Unassigned Surplus	<u>26,803,753</u>

NOTE 14     INTERFUND ACTIVITY

Transfers from the general fund to support operational cash requirements were made in the following amounts:

Food Service Fund	\$ 55,000
-------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

## MAJOR GOVERNMENTAL FUNDS

### General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	838,070	775,300	739,108	(36,192)
Specific Ownership Taxes	69,190	71,190	86,069	14,879
Earnings on Investments	2,520	2,770	6,666	3,896
Delinquent Taxes & Interest	1,600	2,600	2,320	(280)
Tuition	30,000	26,000	16,291	(9,709)
Other	31,125	49,125	49,549	424
<u>State Sources</u>				
Equalization	1,088,467	1,232,914	1,232,911	(3)
Transportation	25,000	27,000	30,720	3,720
Vocational Education	12,000	20,000	31,156	11,156
Other	3,500	8,500	21,359	12,859
<u>Federal Sources</u>				
Designated Purpose Grants	-	-	4,332	4,332
Other	-	-	-	-
<u>TOTAL REVENUES</u>	<u>2,101,472</u>	<u>2,215,399</u>	<u>2,220,481</u>	<u>5,082</u>
 <u>EXPENDITURES</u>				
<u>Instruction</u>				
Salaries	719,718	719,718	723,744	(4,026)
Employee Benefits	276,300	276,300	262,580	13,720
Purchased Services - Professional	17,350	17,350	10,477	6,873
Purchased Services – Property	-	-	-	-
Purchased Services – Other	76,300	76,300	41,824	34,476
Supplies and Materials	64,400	64,400	55,921	8,479
Property	25,300	25,300	10,195	15,105
Other Objects	-	-	-	-
<u>Total Instruction</u>	<u>1,179,368</u>	<u>1,179,368</u>	<u>1,104,741</u>	<u>74,627</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	40,000	40,000	38,126	1,874
Employee Benefits	16,024	16,024	15,133	891
Purchased Services – Professional	300	300	-	300
Purchased Services – Property	-	-	-	-
Purchased Services – Other	500	500	-	500
Supplies and Materials	2,500	2,500	598	1,902
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>59,324</u>	<u>59,324</u>	<u>53,857</u>	<u>5,467</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Instructional Staff</u>				
Salaries	29,000	29,000	29,683	(683)
Employee Benefits	14,500	14,500	13,455	1,045
Purchased Services – Professional	4,500	4,500	-	4,500
Purchased Services – Property	-	-	-	-
Purchased Services – Other	1,700	1,700	13	1,687
Supplies and Materials	10,900	10,900	6,145	4,755
Property	15,500	15,500	17,946	(2,446)
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>76,100</u>	<u>76,100</u>	<u>67,242</u>	<u>8,858</u>
<u>General Administration</u>				
Salaries	84,200	84,200	95,493	(11,293)
Employee Benefits	30,597	30,597	33,016	(2,419)
Purchased Services – Professional	39,300	39,300	38,309	991
Purchased Services – Property	-	-	-	-
Purchased Services – Other	45,710	45,710	45,400	310
Supplies and Materials	20,500	20,500	31,106	(10,606)
Property	-	-	42	(42)
Other Objects	6,100	6,100	1,374	4,726
<u>Total General Administration</u>	<u>226,407</u>	<u>226,407</u>	<u>244,740</u>	<u>(18,333)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	108,955	108,955	102,666	6,289
Employee Benefits	48,772	48,772	43,772	5,000
Purchased Services – Professional	2,000	2,000	-	2,000
Purchased Services – Property	-	-	-	-
Purchased Services – Other	2,000	2,000	657	1,343
Supplies and Materials	8,300	8,300	4,544	3,756
Property	1,500	1,500	219	1,281
Other Objects	600	600	660	(60)
<u>Total School Administration</u>	<u>172,127</u>	<u>172,127</u>	<u>152,518</u>	<u>19,609</u>
<u>Business Services</u>				
Salaries	28,400	28,400	21,504	6,896
Employee Benefits	13,457	13,457	11,148	2,309
Purchased Services – Professional	300	300	-	300
Purchased Services – Property	-	-	-	-
Purchased Services – Other	500	500	-	500
Supplies and Materials	1,500	1,500	1,448	52
Property	1,000	1,000	-	1,000
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>45,157</u>	<u>45,157</u>	<u>34,100</u>	<u>11,057</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Operations and Maintenance</u>				
Salaries	87,000	87,000	86,610	390
Employee Benefits	36,097	36,097	34,833	1,264
Purchased Services – Professional	3,000	3,000	2,329	671
Purchased Services – Property	21,700	21,700	19,519	2,181
Purchased Services – Other	14,500	14,500	12,602	1,898
Supplies and Materials	106,000	106,000	95,708	10,292
Property	3,000	3,000	21,674	(18,674)
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>271,297</u>	<u>271,297</u>	<u>273,275</u>	<u>(1,978)</u>
<u>Student Transportation</u>				
Salaries	88,905	88,905	77,429	11,476
Employee Benefits	23,364	23,364	27,896	(4,532)
Purchased Services – Professional	2,000	2,000	7,300	(5,300)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	1,500	1,500	80	1,420
Supplies and Materials	40,300	40,300	33,810	6,490
Property	1,000	1,000	93,813	(92,813)
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>157,069</u>	<u>157,069</u>	<u>240,328</u>	<u>(83,259)</u>
<u>Central Support</u>				
Purchased Services – Professional	-	-	-	-
Purchased Services - Other	44,100	44,100	41,510	2,590
<u>Total Central Support</u>	<u>44,100</u>	<u>44,100</u>	<u>41,510</u>	<u>2,590</u>
<u>Community Services</u>				
Other	-	-	-	-
<u>Total Community Services</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Facilities Acquisition and Construction</u>				
Property	180,000	180,000	7,254	172,746
Debt Service	-	-	398	(398)
<u>Total Facilities and Construction</u>	<u>180,000</u>	<u>180,000</u>	<u>7,652</u>	<u>172,348</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,231,581</u>	<u>1,231,581</u>	<u>1,115,222</u>	<u>116,359</u>
<u>Appropriated Reserves</u>	<u>1,773,828</u>	<u>2,057,863</u>	<u>-</u>	<u>2,057,863</u>
<u>TOTAL EXPENDITURES</u>	<u>4,184,777</u>	<u>4,468,812</u>	<u>2,219,963</u>	<u>2,248,849</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Revenues Over (Under) Expenditures</u>	(2,083,305)	(2,253,413)	518	
<u>Other Financing Sources (Uses)</u>				
Transfers	(27,000)	(55,000)	(55,000)	-
<u>Total Other Financing Sources (Uses)</u>	(27,000)	(55,000)	(55,000)	-
<u>Revenues and Sources Over (Under) Expenditures and Uses</u>	(2,110,305)	(2,308,413)	(54,482)	
<u>FUND BALANCE, July 1</u>	2,110,305	2,308,413	2,381,143	
<u>FUND BALANCE, June 30</u>	-	-	2,326,661	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 For The Last 10 Fiscal Years (As Available)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset)	.0253%	.0253%	0.0249%	0.0261%	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$7,545,586	\$3,864,176	\$3,371,880	\$3,325,457	-	-	-	-	-	-
District's covered-employee payroll	\$1,154,207	\$1,110,372	\$1,092,379	\$ 996,186	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	654%	348%	309%	334%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.2%	62.80%	64.06%	-	-	-	-	-	-

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 For The Last 10 Fiscal Years (As Available)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contributions	\$ 212,235	\$ 197,601	\$ 184,603	\$ 159,381	\$ 159,599	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (212,235)</u>	<u>\$ (197,601)</u>	<u>\$ (184,603)</u>	<u>\$ (159,381)</u>	<u>\$ (159,599)</u>	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
District's covered-employee payroll	\$1,154,207	\$1,110,372	\$1,092,379	\$ 996,186	\$1,055,590	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.39%	17.79%	16.90%	16.00%	15.12%	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

AND

OTHER SCHEDULES

## SPECIAL REVENUE FUNDS

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

Designated Purpose Grants Fund – This fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.

## FIDUCIARY FUND

### Agency Fund

Student Activity – Agency Fund – Used to account for amounts held in a fiduciary capacity for student clubs and organizations.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2017

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food</u>	<u>Designated</u>	<u>Nonmajor</u>
	<u>Service</u>	<u>Purpose</u>	<u>Governmental</u>
		<u>Grants</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	29,233	-	29,233
Inventories	4,569	-	4,569
Accrued Revenue	-	-	-
<u>Total Assets</u>	<u>33,802</u>	<u>-</u>	<u>33,802</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	-	-	-
Accrued Salaries	-	-	-
Due to Other Funds	-	-	-
Grant Amounts Received in Advance	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Fund Balances</u>			
Nonspendable:			
Inventories	4,569	-	4,569
Restricted:			
Food Service	29,233	-	29,233
<u>Total Fund Balances</u>	<u>33,802</u>	<u>-</u>	<u>33,802</u>
 <u>TOTAL LIABILITIES &amp; FUND BALANCES</u>	<u>33,802</u>	<u>-</u>	<u>33,802</u>

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

BACA COUNTY SCHOOL DISTRICT RE-1  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2017

	<u>Food Service</u>	<u>Designated Purpose Grants</u>	<u>Total Nonmajor Governmental Funds</u>
<u>REVENUES</u>			
Earnings on Investments	43	-	43
Other Local Sources	20,548	-	20,548
State Aid	1,116	7,482	8,598
Federal Aid	<u>57,854</u>	<u>74,715</u>	<u>132,569</u>
<u>Total Revenues</u>	<u>79,561</u>	<u>82,197</u>	<u>161,758</u>
 <u>EXPENDITURES</u>			
Instruction	-	82,197	82,197
Food Service	110,221	-	110,221
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>110,221</u>	<u>82,197</u>	<u>192,418</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>			
	(30,660)	-	(30,660)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>55,000</u>	-	<u>55,000</u>
<u>Total Other Financing Sources (Uses)</u>	<u>55,000</u>	-	<u>55,000</u>
 <u>NET CHANGE IN FUND BALANCES</u>			
	24,340	-	24,340
 <u>FUND BALANCE, Beginning</u>			
	<u>9,462</u>	-	<u>9,462</u>
 <u>FUND BALANCE, Ending</u>			
	<u>33,802</u>	-	<u>33,802</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
FOOD SERVICE – SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	18,500	20,548	2,048
Earnings on Investments	50	43	(7)
Other	2,000	-	(2,000)
<u>State Sources</u>			
School Lunches and Breakfast	1,300	1,116	(184)
<u>Federal Sources</u>			
School Lunches and Breakfast	39,000	52,008	13,008
Commodities	-	5,846	5,846
<u>Total Revenues</u>	<u>60,850</u>	<u>79,561</u>	<u>18,711</u>
 <u>EXPENDITURES</u>			
Salaries	31,542	29,792	1,750
Employee Benefits	20,507	19,096	1,411
Purchased Services – Professional	2,100	1,693	407
Purchased Services – Property	2,000	-	2,000
Purchased Services - Other	-	-	-
Food Purchases	55,000	50,513	4,487
Capital Outlay	-	-	-
Commodities	-	5,846	(5,846)
Non-Food Supplies	3,800	3,281	519
Appropriated Reserves	10,363	-	10,363
<u>Total Expenditures</u>	<u>125,312</u>	<u>110,221</u>	<u>15,091</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(64,462)	(30,660)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	55,000	55,000	-
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(9,462)	24,340	
<u>FUND BALANCE, July 1</u>	<u>9,462</u>	<u>9,462</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>33,802</u>	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues</u>			
Local Sources	-	-	-
State Sources	11,100	7,482	(3,618)
Federal Sources	77,886	74,715	(3,171)
<u>Total Revenues</u>	<u>88,986</u>	<u>82,197</u>	<u>(6,789)</u>
<u>Expenditures</u>			
Salaries	58,598	45,618	12,980
Employee Benefits	25,949	32,424	(6,475)
Purchased Services – Professional	-	-	-
Purchased Services – Property	-	-	-
Purchased Services – Other	-	2,904	(2,904)
Supplies and Materials	3,300	1,251	2,049
Property	-	-	-
Other Objects	<u>1,139</u>	-	<u>1,139</u>
<u>Total Expenditures</u>	<u>88,986</u>	<u>82,197</u>	<u>6,789</u>
<u>Revenues Over (Under) Expenditures</u>	-	-	
<u>Transfers</u>	-	-	-
<u>Fund Balance, July 1</u>	-	-	
<u>Fund Balance, June 30</u>	-	-	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 STUDENT ACTIVITY FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES – BUDGET AND ACTUAL  
 For the Year Ended June 30, 2017

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>RECEIPTS</u>			
Other Local	<u>110,110</u>	<u>130,224</u>	<u>20,114</u>
<u>Total Receipts</u>	<u>110,110</u>	<u>130,224</u>	<u>20,114</u>
 <u>EXPENDITURES:</u>			
Pupil Activities	<u>201,590</u>	<u>116,472</u>	<u>85,118</u>
<u>Total Expenditures</u>	<u>201,590</u>	<u>116,472</u>	<u>85,118</u>
 Net Increase (Decrease) in Deposits Held	 (91,480)	 13,752	
 Deposits Held – Beginning of Year	 <u>91,480</u>	 <u>91,480</u>	
 Deposits Held – End of Year	 <u>      -</u>	 <u>105,232</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

**Bolded Balance Sheet**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0230 - WALSH RE-1  
 Fiscal Year 2016-17  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Big Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	1000-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	2,214,152	2,059,500	2,103,620	2,170,031
18 Risk Mgmt Sub-Fund of General Fund	2,530	40,551	40,554	2,537
19 Colorado Preschool Program Fund	164,462	65,422	75,790	154,094
<b>Sub-Total</b>	<b>2,381,143</b>	<b>2,165,472</b>	<b>2,219,964</b>	<b>2,326,662</b>
31 Charter School Fund	0	0	0	0
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	9,462	134,562	110,221	33,803
22 Govt Designated-Purpose Grants Fund	0	82,197	82,197	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	0	0	0	0
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	0	0	0	0
46 Supplemental Cap Const. Tech. Main. Fund	0	0	0	0
<b>Totals</b>	<b>2,390,605</b>	<b>2,302,074</b>	<b>2,412,392</b>	<b>2,360,465</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,75-69 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	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	91,460	130,224	116,472	105,232
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>91,460</b>	<b>130,224</b>	<b>116,472</b>	<b>105,232</b>
<b>FINAL</b>				



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
 District: 0230 - WALSH RE-1  
 Fiscal Year 2016-17  
 Colorado School District/BOCES

	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)	1,659,190	0	163,999	0	0	29,233	0	0	0	0	0	105,232	0	1,957,654		
Cash with Fiscal Agent (8105)	12,111	0	0	0	0	0	0	0	0	0	0	0	0	12,111		
Other Investment Accounts (8112-8115)	652,851	0	0	0	0	0	0	0	0	0	0	0	0	652,851		
Taxes Receivable (8121,8122)	65,500	0	0	0	0	0	0	0	0	0	0	0	0	65,500		
Interfund Loans Receivable (8131,8132)	3,633	0	0	0	0	0	0	0	0	0	0	0	0	3,633		
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Inventories (8171,8172,8173)	0	0	0	0	0	4,570	0	0	0	0	0	0	0	4,570		
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>2,393,284</b>	<b>0</b>	<b>163,999</b>	<b>0</b>	<b>0</b>	<b>33,803</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,232</b>	<b>0</b>	<b>2,696,318</b>		

Governmental

Proprietary

Fiduciary

**LIABILITIES & FUND EQUITY**

**LIABILITIES**

	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
Interfund Payables (7401-7402)	0	0	3,633	0	0	0	0	0	0	0	0	0	0	0	3,633
Other Payables (7421-7423)	10,597	0	0	0	0	0	0	0	0	0	0	0	0	0	10,597
Accrued Expenses (7461)	157,518	0	6,272	0	0	0	0	0	0	0	0	0	0	0	163,890
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	52,501	0	0	0	0	0	0	0	0	0	0	0	0	0	52,501
<b>Total Liabilities</b>	<b>220,716</b>	<b>0</b>	<b>9,905</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>0</b>	<b>0</b>	<b>0</b>	<b>230,621</b>

Governmental

Proprietary

Fiduciary

FUND EQUITY	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		
Non-spendable Fund Balance 6710	0	0	0	0	0	4,589	0	0	0	0	0	0	0	0	4,589		
Restricted Fund Balance 6720	0	0	0	0	0	29,234	0	0	0	0	0	0	0	0	29,234		
TABOR 3% Emergency Reserve 6721	68,000	0	0	0	0	0	0	0	0	0	0	0	0	0	68,000		
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 (CPF) Reserve 6724	0	0	154,094	0	0	0	0	0	0	0	0	0	0	0	154,094		
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	2,537	0	0	0	0	0	0	0	0	0	0	0	0	0	2,537		
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Unassigned Fund Balance 6770	2,102,031	0	0	0	0	0	0	0	0	0	0	105,232	0	0	2,102,031		
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>2,172,568</b>	<b>0</b>	<b>154,094</b>	<b>0</b>	<b>0</b>	<b>33,803</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,232</b>	<b>0</b>	<b>0</b>	<b>2,465,697</b>		

FUND EQUITY	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		
General Funds 10,12-18	2,393,284	0	163,999	0	0	33,803	0	0	0	0	0	105,232	0	0	2,598,318		
Charter School Fund 11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Preschool Fund 19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Special Revenue Funds 20, 22-29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Supplemental Cap Const Fund 06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Food Service Special Revenue Fund 21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Debt Service Funds 30-39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Capital Projects Funds 40-45, 47-49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Supplemental Cap Const Fund 46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Enterprise Funds 50, 52-59	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Risk-Related Activity Funds 63-64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Internal Service Funds 60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Trust & Agency Funds 70-79	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Foundations Fund 85	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Liabilities &amp; Fund Equity</b>	<b>2,393,284</b>	<b>0</b>	<b>163,999</b>	<b>0</b>	<b>0</b>	<b>33,803</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,232</b>	<b>0</b>	<b>0</b>	<b>2,598,318</b>		

FUND EQUITY	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		
General Funds 10,12-18	2,393,284	0	163,999	0	0	33,803	0	0	0	0	0	105,232	0	0	2,598,318		
Charter School Fund 11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Preschool Fund 19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Special Revenue Funds 20, 22-29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Supplemental Cap Const Fund 06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Food Service Special Revenue Fund 21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Debt Service Funds 30-39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Capital Projects Funds 40-45, 47-49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Supplemental Cap Const Fund 46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Enterprise Funds 50, 52-59	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Risk-Related Activity Funds 63-64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Internal Service Funds 60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Trust & Agency Funds 70-79	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Foundations Fund 85	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Liabilities &amp; Fund Equity</b>	<b>2,393,284</b>	<b>0</b>	<b>163,999</b>	<b>0</b>	<b>0</b>	<b>33,803</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,232</b>	<b>0</b>	<b>0</b>	<b>2,598,318</b>		

For Each Fund Type:  
Do Assets=Liability+Fund Equity