

**GILPIN COUNTY SCHOOL DISTRICT RE-1
BLACK HAWK, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

**FOR THE YEAR ENDING
JUNE 30, 2017**



RECEIVED

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GILPIN COUNTY SCHOOL DISTRICT RE-1
BLACK HAWK, COLORADO
ROSTER OF SCHOOL OFFICIALS
JUNE 30, 2017

BOARD OF EDUCATION

Craig Holmes – President
Brook Ramsey – Vice-President
Charlotte Taylor – Secretary/Treasurer
Kersten Armstrong – Member
Steve Boulter - Member

ADMINISTRATIVE STAFF

David MacKenzie
Superintendent of Schools

Terry Scharg
Business Manager

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FINANCIAL SECTION

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2017

The discussion and analysis of Gilpin County School District RE-1's (the "District") 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 also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

Over the last several years, the Gilpin County School District student population has remained fairly consistent, although it decreased slightly in 2016-17. This helps provide a steady revenue stream for the District. Due to an economic recession in prior years and the current State financial situation, the Colorado Department of Education continues to reduce the District's total program funding by applying a negative stabilization factor. For the 2016-2017 fiscal year, the negative factor for Gilpin County School was decreased by \$12,708 from the prior year to \$482,344. Fortunately, additional revenue has been generated for the District since 2013-2014 from the passage of a mill levy override and additional revenue has been generated since the beginning of 2009 from a sales tax implemented by the City of Black Hawk. It is understood that these funds are generated at the discretion of Black Hawk City Council so district administration must remain cautious how these funds are spent.

Once again, the academic and curricular programs were fully supported in this budget. Gilpin County School District's funded pupil count for the 2016-2017 year was 389.5, which, under normal circumstances, would have provided total program funding of \$4,188,215 or per pupil funding of \$10,413. After the negative factor was applied by the State, the adjusted total program funding was \$3,705,871, resulting in per pupil funding of \$9,214. This funding was split between a state share of \$2,347,586 and local property tax of \$1,263,023 plus specific ownership taxes of \$95,262 based on an assessed valuation of \$309,944,298. As a result of the implementation of the negative factor by the State, Gilpin County School District has experienced a reduction in funding of \$1,199 per pupil. In addition to total program funding, the District receives \$952,351 annually for the General Fund as a result of voter-approved mill levy overrides on property taxes, as well as the Black Hawk Educational Enhancement tax.

Teaching staff remained constant for the 2016-2017 school year and base salary for a beginning teacher in the district remained the same at \$32,476. Teachers, as well as classified staff and administrative staff, received a step on the respective salary grid. The District continued to devote resources to teacher professional development, invested in Google Chromebooks for all secondary students, college online courses, off-site vocational training, building repairs and improvements, and a new short bus. Throughout this budget development process the financial management staff attempted to provide staff with an increase that was competitive with neighboring school districts and that kept up with the CPI inflation figure of 1.2%, but also attempted to maintain a healthy financial status for the District for the future. To maintain competitive rates, the District retained

its current health insurance provider, but changed plans resulting in a decrease of 5% in health insurance rates. Dental insurance benefits increased by 8%, bringing the total per employee expenditure to \$484 per month, which amounted to a \$20 per month per employee decrease in District insurance expenses. Also, the District's contribution to the Public Employees' Retirement Association (PERA) increased again this year bringing its total cost to 19.65% of employee compensation.

The District's fund balance in its General Fund remains strong through a healthy, fiscally conservative approach to financial management. The District remains focused on a course of ensuring a strong financial future, free of crisis mitigation.

Using the Basic Financial Statements

The basic financial statements consist of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operation in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

The District's total net position from governmental activities was \$10,181,637 as of June 30, 2017. This represents a decrease of \$2,522,647 in total net position from the prior fiscal year. Several years ago, the District was required to start reporting its proportionate share of the net pension liability in compliance with GASB 68. The reporting of the net pension liability has a significant effect on the District's net position. Detailed information about the Defined Benefit Pension Plan can be found in Note 7 to the financial statements on pages 21-27.

The District meets or exceeds all financial reporting requirements of the Colorado Department of Education, as well as meets all financial accreditation standards. The District continues to maintain adequate reserves to meet all financial obligations.

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader whether or not the financial position of the school district as a whole has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the School District reports the following type of activity:

Governmental Activities – The School District's programs and services are reported here including instruction, support services, operations and maintenance of plant, food service, pupil transportation and general obligation debt repayment.

A condensed summary of the District's Net Position is as follows:

	Governmental	
	Activities	
	2017	2016
Current & Other Assets	\$ 5,704,266	\$ 5,471,049
Capital Assets - Net	16,904,772	16,973,709
Total Deferred Outflows of Financial Resources	7,135,070	1,212,532
Total Assets	29,744,108	23,657,290
Current Liabilities	486,555	473,185
Non-Current Liabilities	18,706,440	9,953,112
Total Liabilities	19,192,995	10,426,297
Deferred Inflows of Resources	369,476	526,709
Net Investment in Capital Assets	16,832,393	16,855,481
Restricted Net Position	166,226	169,489
Unrestricted Net Position	(6,816,982)	(4,320,686)
Total Net Position	\$ 10,181,637	\$ 12,704,284
Total Liabilities, Deferred Inflows and Net Position	29,744,108	23,657,290

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are primarily amounts legally restricted for TABOR emergencies and for debt repayment.

A condensed Statement of Activities and Changes in Net Position is as follows:

	Governmental	
	Activities	
	2017	2016
Program Revenues:		
Charges for Services	\$ 180,568	\$ 176,902
Operating Grants	1,331,104	1,268,604
Total Program Revenues	<u>1,511,672</u>	<u>1,445,506</u>
General Revenues:		
Taxes	2,573,624	2,562,251
State Equalization	2,341,949	2,349,844
Investment Income	32,045	15,723
Gain (Loss) on Capital Asset Disposals	52,387	13,506
Miscellaneous	73,790	59,586
Total General Revenues	<u>5,073,795</u>	<u>5,000,910</u>
Total Revenues	<u>6,585,467</u>	<u>6,446,416</u>
Expenses		
Instruction	4,830,623	3,040,529
Supporting Services	4,226,159	3,210,839
Invested in Long Term Debt	51,332	3,599
Total Expenses	<u>9,108,114</u>	<u>6,254,967</u>
Change in Net Position	(2,522,647)	191,449
Net Position - Beginning	<u>12,704,284</u>	<u>12,512,835</u>
Net Position - Ending	<u>\$ 10,181,637</u>	<u>\$ 12,704,284</u>

The District's primary revenue source is per pupil funding which is a combination of State Equalization and local property taxes. The major changes in the District's operations were described above.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins on page five. Fund financial reports provide detailed information about the School District's major funds. The District's major fund is the General Fund. The District also has the following non-major funds, Food Service, Designated Grants, Transportation, and Capital Projects Fund.

Governmental Funds. Most of the District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. 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. The governmental funds statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District's governmental funds consist of the General, Capital Projects, Designated Grants, Food Service, and Transportation Funds. The General Fund accounts for the majority of the District's instruction and support operations. The Capital Projects Fund accounts for the District's capital needs, the Designated Grants Fund accounts for the District's grant activity, the Food Service Fund accounts for the food service operation, and the Transportation Fund accounts for the District's local and state transportation funding and expenditures.

Proprietary Funds. The Proprietary Fund has historically operated as an enterprise fund using the same basis of accounting as business-type activities. The District no longer has a Proprietary Fund.

Fiduciary Funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District's Fiduciary Fund is the Pupil Activity Fund. The Pupil Activity Fund generally accounts for student generated revenues and expenditures related to non-classroom activities.

Fund Financial Statements

As of June 30, 2017, the District's governmental funds reported a combined fund balance of \$5,140,470 which is an increase of \$336,806 from the June 30, 2016 balance. The following is additional information, by fund, which contributed to the change.

General Fund revenues for 2016-2017 exceeded revenues from the prior fiscal year by \$74,779 primarily due to additional state and federal funding. General Fund expenditures were \$76,945 higher than the prior fiscal year. Overall, fund equity increased in the General Fund by \$691,314.

The Capital Projects Fund has an ending fund balance of \$1,145,492. The equity balance will be used as the need arises. As the building continues to age, additional funds will be necessary to maintain it in good condition. The District is also planning on making capital improvements to the property. In the 2016-17 fiscal year, capital funds were used to pave the main parking lot, to paint and refurbish one of the water storage tanks, to put a down payment on new playground equipment, and to purchase a 2017 14-passenger Micro Bird bus, as well as for lease payments on business equipment and other student transportation vehicles.

The designated Grant Fund is generally self-balancing in that the District recognizes grant revenues to the extent it incurs expenditures.

There was no Bond Redemption Fund for the District for the fiscal year 2016-2017. The bond was retired in the 2014-2015 fiscal year.

In the Food Service Fund, the District's revenues increased by \$17,507 from the previous year. Expenses came in under budget, but increased by \$18,793 from the previous fiscal year. The transfer from the General Fund to support food service operations increased by \$1,286.

Capital Assets

As of June 30, 2017, the District had \$16,904,772 invested in a broad range of governmental capital assets, including land, buildings, and furniture and equipment. This represents a net decrease of \$68,937 from last year. A Summary of the District's Governmental Activity Capital Assets is as follows:

A summary of the District's Business-Type Activity Capital Assets is as follows:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 434,588	\$ -	\$ -	\$ 434,588
Construction in Progress	-	54,332	-	54,332
Total Capital Assents not being depreciated	<u>434,588</u>	<u>54,332</u>	<u>-</u>	<u>488,920</u>
Capital Assets, being depreciated:				
Buildings and Improvements	23,071,549	267,537	33,910	23,305,176
Transportation Equipment	800,174	68,798	156,125	712,847
Food Service Equipment	70,204	-	18,645	51,559
Other Equipment	549,530	7,880	-	557,410
Total Capital Assets being depreciated	<u>24,491,457</u>	<u>344,215</u>	<u>208,680</u>	<u>24,626,992</u>
Accumulated Depreciation:				
Buildings and Improvements	(7,187,759)	(323,466)	(33,910)	(7,477,315)
Transportation Equipment	(489,806)	(54,172)	(156,125)	(387,853)
Food Service Equipment	(58,976)	(1,404)	(18,645)	(41,735)
Other Equipment	(215,795)	(88,442)	-	(304,237)
Total Accum. Depreciation	<u>(7,952,336)</u>	<u>(467,484)</u>	<u>(208,680)</u>	<u>(8,211,140)</u>
Net Governmental Capital Assets	<u>\$ 16,973,709</u>	<u>\$ (68,937)</u>	<u>\$ -</u>	<u>\$ 16,904,772</u>

In 2016-2017, the District paved the main parking lot, painted and refurbished one of the water storage tanks, put a deposit on new playground equipment, and purchased a 2017 14-passenger Micro Bird bus. The only other capital asset activity was the recording of depreciation expense. The District does not maintain separate infrastructure assets as all infrastructure has been included with the related capital asset.

Long-Term Debt

The following is a summary of the District's outstanding long-term debt:

	Balance 6/30/16	Advances	Payments	Balance 6/30/17	Current Portion	Interest Expense
<u>Governmental Activities</u>						
Bus Leases Payable	\$ 70,610	\$ -	\$ (34,807)	\$ 35,803	\$ 35,803	\$ 2,019
Copier Leases Payable	47,618	-	(11,042)	36,576	11,598	2,098
PERA Net Pension Obligation	9,729,850	8,801,884	-	18,531,734	-	-
Accrued Compensated Absences	105,034	-	(2,707)	102,327	-	-
Total Long-Term Obligations	<u>\$ 9,953,112</u>	<u>\$ 8,801,884</u>	<u>\$ (48,556)</u>	<u>\$ 18,706,440</u>	<u>\$ 47,401</u>	<u>\$ 4,117</u>

The 1998 and 1999 General Obligation bonds were retired in December of 2008, thereby leaving the 2005 General Obligation bonds as the sole remaining long-term debt of the District. The 2005 General Obligation bonds were retired in December of 2014.

The District currently has long-term debt payables for the photocopier equipment and the 2017 Bluebird bus.

Additional information regarding the District's debt can be found in Note 6 to the financial statements on page 20.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are then made by December after student enrollment is identified through the October count. Thereafter, the school district's revised budget is approved by the Board of Education. Program funding is based upon student enrollment on October 1st of each year. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes and changes in instructional needs. The per pupil funding is a combination of property tax, state equalization and specific ownership tax.

The on-going budget analysis, assisted by District Accountability Committee input, establishes the base of expenditure assumptions for each fiscal year. After reviewing enrollment projections and the most current revenue assumptions provided by the Colorado Department of Education, a preliminary budget is prepared prioritizing the needs expressed throughout this budget process. Wages and benefits have always been a priority in order for the Gilpin County School District to retain its position of being competitive in the hiring and retention of quality staff. The District also prioritizes teacher professional development for maximum teacher effectiveness and small classroom sizes to provide the best possible learning experience for students. In addition, the District provides Chromebooks for a majority of the students to enhance their learning experience and provide them with the technological skills they will need for the future.

Economic Factors and Next Year's Budget

The Colorado Legislature approved funding for the 2017-2018 school year at the end of the Legislative Assembly. Even though the economy has recovered from a recession, the State financial situation is still having an impact on public school finance. The voter-approved mill levy override and the sales tax in Black Hawk have provided relief for Gilpin County School from the economic situation that is affecting school districts throughout the State of Colorado.

Gilpin County School District's projected funded pupil count for the 2017-2018 school year was 399, providing total formula funding of \$4,288,649. After application of the negative factor in the amount of \$475,983, total formula funding will be \$3,812,666, resulting in per pupil funding of \$9,556. This funding is split between a State share of \$2,436,909, a local share of \$1,277,637, and specific ownership revenues of \$98,120, based on a projected assessed valuation of \$313,530,553. The total formula accounted for inflation of 2.8%. In addition, the District also receives General Fund override revenues of \$952,351. Our past practice in the Gilpin County School District has been to cut budgets to balance our revenue and expenditures. As of June of 2017, we anticipate a balanced budget.

Base salary for a beginning teacher in the district for the 2017-2018 fiscal year will be increased by one percent (1%) to \$32,801. Staff will also receive a step on the salary grid for the 2017-2018 school year. A new health insurance plan with the same provider was put in place for the 2017-2018 school year which resulted in a one-half percent increase in health insurance benefits. To maintain competitive rates, the District changed dental insurance providers. As a result, the cost of dental insurance decreased by 23% for 2017-18. The end result was a total benefit decrease of \$4.50 per employee per month. The District currently pays the entire employee portion of health insurance costs. The District's contribution to the Public Employees' Retirement Association (PERA) will increase again this year bringing its total cost to 20.15%. The final PERA increase will go into effect January of 2018.

Requests for Information

This financial report is designed to provide a general overview of the Gilpin County School District RE-1's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, 10595 Highway 119, Black Hawk, Colorado 80422.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Education
Gilpin County School District RE-1
Black Hawk, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Gilpin County School District RE-1, Colorado, as of and for the year ended June 30, 2017, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited the Gilpin County School District RE-1's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M9 and pension schedules on pages 32 - 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 34 - 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the budgetary comparison schedules on pages 37 - 45 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors' Integrity Report Figures and Bolder Balance Sheet reports pages 45 – 48 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, CO
September 9, 2017

BASIC FINANCIAL STATEMENTS

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

Gilpin County School District RE-1
Statement of Net Position
June 30, 2017

	<u>Governmental</u> <u>Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	\$ 5,468,264
Cash with Fiscal Agent	42,467
Taxes Receivable	62,304
Grants Receivable	37,318
Other Accounts Receivable	88,687
Inventory	<u>5,226</u>
Total Current Assets	<u>5,704,266</u>
Noncurrent Assets	
Capital Assets, not being depreciated	488,920
Capital Assets, being depreciated	<u>16,415,852</u>
Total Noncurrent Assets	<u>16,904,772</u>
TOTAL ASSETS	<u>22,609,038</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Contributions Subsequent to Measurement Date	270,571
Difference Between Actual and Expected Experience - net	231,675
Difference Between Projected and Actual Returns on Pension Plan Investments - net	619,663
Change in Assumptions - net	<u>6,013,161</u>
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>7,135,070</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 29,744,108</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 20,313
Accrued Interest	683
Accrued Salaries & Benefits	<u>465,559</u>
Total Current Liabilities	<u>486,555</u>
Noncurrent Liabilities	
Due Within One Year	47,401
Due In More Than One Year	<u>18,659,039</u>
Total Noncurrent Liabilities	<u>18,706,440</u>
TOTAL LIABILITIES	<u>19,192,995</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Revenue	21,269
Deferred Grant Revenue	56,655
Difference Between Projected and Actual Pension Plan Experience - net	163
Changes of Assumptions - net	83,569
Change in District's Proportionate Share of Net Pension Liability - net	<u>207,820</u>
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>369,476</u>
NET POSITION	
Net Investment in Capital Assets	16,832,393
Restricted Net Position	166,226
Unrestricted Net Position	<u>(6,816,982)</u>
TOTAL NET POSITION	<u>10,181,637</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 29,744,108</u>

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

Gilpin County School District RE-1
 Balance Sheet
 Governmental Funds
 June 30, 2017
 (With Comparative Totals for June 30, 2016)

	Capital Projects			Totals	
	General Fund	Capital Reserve	Other	2017	2016
		Project Fund	Governmental Funds		
ASSETS					
Cash and Investments	\$ 4,302,091	\$ 1,145,492	\$ 20,681	\$ 5,468,264	\$ 5,296,622
Cash with Fiscal Agent	39,911	-	2,556	42,467	18,060
Taxes Receivable	58,553	-	3,751	62,304	106,749
Grants Receivable	23,428	-	13,890	37,318	32,758
Other Accounts Receivable	88,624	-	63	88,687	12,371
Inventory	-	-	5,226	5,226	4,489
TOTAL ASSETS	<u>\$ 4,512,607</u>	<u>\$ 1,145,492</u>	<u>\$ 46,167</u>	<u>\$ 5,704,266</u>	<u>\$ 5,471,049</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Accounts Payable	19,279	-	1,034	20,313	18,831
Accrued Salaries & Benefits	441,114	-	24,445	465,559	453,008
Total Liabilities	<u>460,393</u>	<u>-</u>	<u>25,479</u>	<u>485,872</u>	<u>471,839</u>
Deferred Inflows of Financial Resources					
Deferred Revenue	19,726	-	1,543	21,269	69,643
Deferred Grant Revenue	56,655	-	-	56,655	125,903
Total Deferred Inflows of Financial Resources	<u>76,381</u>	<u>-</u>	<u>1,543</u>	<u>77,924</u>	<u>195,546</u>
Fund Balance					
Nonspendable Fund Balance	-	-	5,226	5,226	4,489
Restricted Fund Balance					
Restricted for TABOR Emergencies	161,000	-	-	161,000	165,000
Committed Fund Balance					
Committed for Insurance Expenditures	-	-	-	-	14,656
Other Commitments	-	-	13,919	13,919	14,656
Assigned Fund Balance					
Other Assigned Fund Balance	-	1,145,492	-	1,145,492	1,500,000
Unassigned Fund Balance	3,814,833	-	-	3,814,833	3,104,863
Total Fund Balance	<u>3,975,833</u>	<u>1,145,492</u>	<u>19,145</u>	<u>5,140,470</u>	<u>4,803,664</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4,512,607</u>	<u>\$ 1,145,492</u>	<u>\$ 46,167</u>	<u>\$ 5,704,266</u>	<u>\$ 5,471,049</u>

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

Gilpin County School District RE-1
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2017

Fund Balance - Governmental Funds		\$	5,140,470
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	488,920		
Capital assets, being depreciated	24,626,992		
Accumulated depreciation	<u>(8,211,140)</u>		16,904,772
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds			
Contributions subsequent to measurement date	270,571		
Difference between actual and expected experience	389,086		
Amortization of experience difference	(157,411)		
Difference between projected and actual investment returns on the pension plan	1,103,301		
Amortization of the investment return difference	(483,638)		
Changes in deferred outflow assumptions	8,447,639		
Amortization of change in deferred outflow assumptions	(2,434,478)		
Net pension liability	(18,531,734)		
Difference between projected and actual pension plan experience	(863)		
Amortization of the experience difference	700		
Changes in deferred inflow assumptions	(185,483)		
Amortization of change in assumptions	101,914		
Change in District proportionate share of the net pension liability	(646,761)		
Amortization of the change in proportion	<u>438,941</u>		(11,688,216)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable	(72,379)		
Accrued interest payable	(683)		
Accrued compensated absences	<u>(102,327)</u>		<u>(175,389)</u>
Total Net Position - Governmental Activities		\$	<u>10,181,637</u>

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

Gilpin County School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Capital Projects			Totals	
	General Fund	Capital Reserve Project Fund	Other Governmental Funds	2017	2016
REVENUES					
Local Sources	\$ 3,519,722	\$ -	\$ 238,923	\$ 3,758,645	\$ 3,764,340
Intermediate Sources	14,742	-	-	14,742	14,478
State Sources	2,456,125	-	57,484	2,513,609	2,441,987
Federal Sources	117,738	-	132,856	250,594	216,946
TOTAL REVENUES	<u>6,108,327</u>	<u>-</u>	<u>429,263</u>	<u>6,537,590</u>	<u>6,437,751</u>
EXPENDITURES					
Instruction	2,744,794	-	51,970	2,796,764	2,648,809
Pupil Support	263,495	-	-	263,495	214,516
Staff Support	72,911	-	11,708	84,619	167,865
General Administration	356,021	-	-	356,021	355,462
School Administration	350,375	11,403	-	361,778	423,817
Business Services	115,323	-	-	115,323	98,098
Operations and Maintenance	850,928	-	-	850,928	925,130
Transportation	-	68,798	279,511	348,309	254,890
Other Central Support	227,283	-	-	227,283	253,085
Other Supporting Services	-	-	-	-	6,237
Food Service	-	-	216,762	216,762	197,969
Community Support	79,776	-	-	79,776	10,981
Facilities	-	449,759	-	449,759	212,543
Debt Service	-	49,967	-	49,967	82,882
TOTAL EXPENDITURES	<u>5,060,906</u>	<u>579,927</u>	<u>559,951</u>	<u>6,200,784</u>	<u>5,852,284</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>1,047,421</u>	<u>(579,927)</u>	<u>(130,688)</u>	<u>336,806</u>	<u>585,467</u>
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	-	-	-	165,462
Transfer In (Out) - net	(356,107)	225,419	130,688	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(356,107)</u>	<u>225,419</u>	<u>130,688</u>	<u>-</u>	<u>165,462</u>
CHANGE IN FUND BALANCE	691,314	(354,508)	-	336,806	750,929
BEGINNING FUND BALANCE	<u>3,284,519</u>	<u>1,500,000</u>	<u>19,145</u>	<u>4,803,664</u>	<u>4,052,735</u>
ENDING FUND BALANCE	<u>\$ 3,975,833</u>	<u>\$ 1,145,492</u>	<u>\$ 19,145</u>	<u>\$ 5,140,470</u>	<u>\$ 4,803,664</u>

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

Gilpin County School District RE-1
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2017

Change in Fund Balance - Governmental Funds	\$	336,806	
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases		398,547	
Depreciation Expense		<u>(467,484)</u>	(68,937)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Change in contributions subsequent to the measurement date		13,833	
Change in the difference between actual and expected experience		211,934	
Change in the amortization of experience difference		(108,743)	
Current year projected to actual investment return difference		7,199	
Current year amortization of overall investment return differences		(214,846)	
Change in deferred outflow assumptions		8,447,639	
Change in deferred outflow changes in amortization of assumptions		(2,434,478)	
Change in net pension liability		(8,801,884)	
Current year projected to actual pension plan experience difference		19	
Current year amortization of overall experience differences		223	
Change in the deferred inflow assumptions		4,100	
Change in the amortization of change in assumptions		49,830	
Current year change in proportionate share of cost-sharing plan liability		(192,552)	
Current year amortization of overall proportionate share differences		<u>177,991</u>	(2,839,735)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on capital leases		45,849	
Change in accrued interest payable		663	
Change in accrued compensated absences		<u>2,707</u>	<u>49,219</u>
Change in Net Position - Governmental Activities	\$		<u><u>(2,522,647)</u></u>

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

Gilpin County School District RE-1
Statement of Fiduciary Net Position
Fiduciary Funds
Pupil Activity Fund
June 30, 2017
(With Comparative Totals for June 30, 2016)

	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Investments	\$ <u>106,412</u>	\$ <u>82,729</u>
NET POSITION		
Restricted Net Position (Due to Student Groups)	\$ <u><u>106,412</u></u>	\$ <u><u>82,729</u></u>

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

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Jointly Governed Organizations

The District is a participant among fourteen districts in a jointly governed organization to operate the Mt. Evans Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 10595 Highway 119 Black Hawk, CO 80422 or from their website, <http://mtevboces.com/financial-transparency/>

Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented.

The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental are aggregated and reported as non-major funds. The fiduciary funds are presented separately.

The District reports the following major governmental funds:

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

Capital Projects (Capital Reserve) Fund - This fund is authorized by Colorado School Law. It is primarily funded through General Fund transfers. This fund was considered nonmajor in the prior year.

The District also reports the following nonmajor governmental funds:

Special Revenue (Food Service, Designated Grants and Transportation) Funds – These funds account for the food service program, grants and transportation resources that are dedicated to providing those special projects and services, respectively. The Food Service Fund was presented as an Enterprise Fund in the prior year.

The District reports the following fiduciary fund:

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

Measurement Focus and Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements

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

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Government-Wide and Fiduciary Fund Financial Statements (Continued)

Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

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

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

Cash – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Cash and Cash Equivalents – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

Due To and Due From Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District’s capitalization policy is those items having a useful life of more than one year and an original cost of at least \$5,000. Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

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

Buildings and Site Improvements	20-70 years
Vehicles	12 years
Other Equipment	5-50 years

Tax Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2016 property taxes were both measurable and available at June 30, 2017, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2017 but not collected by June 30, 2017. Taxes not received within 60 days subsequent to year end have been reported as a deferred inflow.

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

Long-Term Debt – The District’s note payable and capital leases are paid through the Capital Reserve Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has three items that qualify for reporting in this category, both related to outstanding pension obligations and further described in Note 7.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows for property taxes as described above, deferred revenue, and pension related deferrals as further described in Note 7.

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

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

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

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

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumptions

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

Revenues and Expenditures/Expenses

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

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on August 17. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Comparative Data

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

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investment categories in this footnote are as follows:

Governmental Activities	\$ 5,468,266
Fiduciary	<u>106,412</u>
Total Cash and Investments	<u>\$ 5,574,678</u>
Deposits	\$ 1,983,830
Investments	<u>3,590,848</u>
Total Cash and Investments	<u>\$ 5,574,678</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2017, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	<u>1,765,706</u>	<u>1,733,830</u>
Total Deposits	<u>\$ 2,015,706</u>	<u>\$ 1,983,830</u>

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2017 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Weighted Average Maturity</u>
Local Gov't Invest Pool - Unrestricted	\$ -	\$ 3,590,848	\$ -	\$ 3,590,848	-

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

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

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2017, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

Credit Risk

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

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

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

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk – Investments

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

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2017, of \$5,226, consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt plus an allowance for any processing charges paid to the third party vendor.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4: CAPITAL ASSETS

Activity for governmental activities capital assets is summarized below:

	<u>Balance 06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/17</u>
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 434,588	\$ -	\$ -	\$ 434,588
Construction in Progress	-	54,332	-	54,332
Total Capital Assents not being depreciated	<u>434,588</u>	<u>54,332</u>	<u>-</u>	<u>488,920</u>
Capital Assets, being depreciated:				
Buildings and Improvements	23,071,549	267,537	33,910	23,305,176
Transportation Equipment	800,174	68,798	156,125	712,847
Food Service Equipment	70,204	-	18,645	51,559
Other Equipment	549,530	7,880	-	557,410
Total Capital Assets being depreciated	<u>24,491,457</u>	<u>344,215</u>	<u>208,680</u>	<u>24,626,992</u>
Accumulated Depreciation:				
Buildings and Improvements	(7,187,759)	(323,466)	(33,910)	(7,477,315)
Transportation Equipment	(489,806)	(54,172)	(156,125)	(387,853)
Food Service Equipment	(58,976)	(1,404)	(18,645)	(41,735)
Other Equipment	(215,795)	(88,442)	-	(304,237)
Total Accum. Depreciation	<u>(7,952,336)</u>	<u>(467,484)</u>	<u>(208,680)</u>	<u>(8,211,140)</u>
Net Governmental Capital Assets	<u>\$ 16,973,709</u>	<u>\$ (68,937)</u>	<u>\$ -</u>	<u>\$ 16,904,772</u>

Depreciation is allocated between functions as follows:

Instruction	\$ 212,564
Support Services	254,920
Governmental Depreciation Allocation	<u>\$ 467,484</u>

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months.

The salaries and benefits earned, but unpaid, in the General, Transportation, and Food Service Funds as of June 30, 2017, are \$441,114, \$15,955, and \$8,490, respectively. Accordingly, the accrued compensation is reflected as a liability in the funds in the accompanying financial statements.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6: LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2017:

	<u>Balance 6/30/16</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance 6/30/17</u>	<u>Current Portion</u>
<u>Governmental Activities</u>					
Bus Leases Payable	\$ 70,610	\$ -	\$ (34,807)	\$ 35,803	\$ 35,803
Copier Leases Payable	47,618	-	(11,042)	36,576	11,598
PERA Net Pension Obligation	9,729,850	8,801,884	-	18,531,734	-
Accrued Compensated Absences	105,034	-	(2,707)	102,327	-
Total Long-Term Obligations	<u>\$ 9,953,112</u>	<u>\$8,801,884</u>	<u>\$ (48,556)</u>	<u>\$ 18,706,440</u>	<u>\$ 47,401</u>

Capital Leases Payable

In September 2012, the District entered into a capital lease agreement for the purchase of copiers. In June 2016, the District exchanged the equipment from the September 2012 lease for a new lease with new equipment. The new lease bears interest at 5% and requires 60 monthly payments of \$1,895 through June 2020 including maintenance and supplies. The underlying equipment capitalized under this lease has a remaining value of \$40,617 as of June 30, 2017.

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

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 13,140
2019	13,140
2020	<u>13,140</u>
Total Future Minimum Lease Payments	39,420
Less Interest at 5.0%	<u>(2,844)</u>
Present Value of Payments	<u>\$ 36,576</u>

In March 2016, the District entered into a capital lease agreement for the purchase of a new passenger school bus. The lease bears interest at 2.90% and requires 3 annual payments of \$36,827 through February 2018. A bus with a remaining value of \$94,007 has been capitalized under this lease.

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

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 36,827
Less Interest at 2.9%	<u>(1,024)</u>
Present Value of Payments	<u>\$ 35,803</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

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

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

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.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$506,464 for the plan year ended December 31, 2016 and \$520,348 for the fiscal year ended June 30, 2017.

At June 30, 2017, the District reported a liability of \$18,531,734 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was .0622%, which was a decrease of .0050% from its proportion measured as of December 31, 2015.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2017 the District recognized pension expense of \$3,537,615. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 231,676	\$ (164)
Changes of assumptions or other inputs	\$ 6,013,161	\$ (83,569)
Net difference between projected and actual earnings on pension plan investments	\$ 619,663	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (207,820)
Contributions subsequent to the measurement date	\$ 270,571	\$ -
Total	\$ 7,135,071	\$ (291,553)

\$270,571 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2018	\$ (2,577,357)
2019	(2,669,899)
2020	(1,319,510)
2021	(6,181)
Total	\$ (6,572,947)

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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 method and assumptions described above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 16, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to total service costs for future plan members.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Based on the above assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on or after 2014 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26%.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

As of the prior measurement date, the GASB Statement No. 67 projection test indicated the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate and the discount rate was 7.50 percent.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26%) or 1-percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension asset (liability)	\$ (23,303,060)	\$ (18,531,734)	\$ (14,646,035)

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

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2017 program members contributed \$46,968.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015 each of the two preceding, the District contributions to the HCTF were \$28,104, \$27,690, and \$26,972, respectively, equal to their required contributions for each year.

NOTE 10: RISK MANAGEMENT

The District carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The District carries property, liability and bond coverage and workers compensation coverage through commercial insurance carriers. Risk of loss transfers to those carriers.

The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2017.

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations.

The District is subject to the TABOR Amendment. In the November 2001 election, the District's electorate allowed the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District without regard to any limitation under TABOR.

The TABOR Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has recorded a \$161,000 reserve in the General Fund to fully fund its 3% emergency reserve required by TABOR.

The District has also restricted all available resources in the Bond Redemption Fund for future debt service.

NOTE 12: INTERFUND TRANSFERS

The District has recorded the following routine transfers:

General Fund Transfer to Capital Projects Fund	\$ (225,419)
General Fund Transfer to Transportation Fund	(72,366)
General Fund Transfer to Food Service Fund	(58,322)
Capital Projects transfer from General Fund	225,419
Transportation transfer from General Fund	72,366
Food Service transfer from General Fund	<u>58,322</u>
Net Transfers	<u><u>\$ -</u></u>

GILPIN COUNTY SCHOOL DISTRICT RE-1

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13: DEFICIT NET POSITION

The Governmental Activities has an unrestricted net position deficit of \$6,816,982 primarily due to the PERA net pension liability of \$18,531,734, as further described in Note 7. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

NOTE 14: CONVENIENCE STORE RECEIVABLE

During the 2016 fiscal year, the District entered into memorandum of understanding whereby the Gilpin County Education Foundation will operate a convenience store to be staffed by District provided employees. The Foundation agreed to reimburse the District for all incurred costs. As of June 30, 2016, a receivable was recorded for \$11,076. This was repaid during fiscal year 2017. As of June 30, 2017, the Foundation owed the District \$104,194 for incurred costs. As of the date of these financial statements, only \$20,000 had been paid by the Foundation for fiscal year 2017. This amount was recorded as a receivable at year-end. The remaining \$84,194 owed did not qualify for recording in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

(Pension Schedules Unaudited)

Gilpin County School District RE-1

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

	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
District's proportion of the net pension asset (liability)	0.062242%	0.063618%	0.063179%	0.067195%
District's proportionate share of the net pension asset (liability)	\$ (18,531,734)	\$ (9,729,850)	\$ (8,562,897)	\$ (8,570,743)
District's covered-employee payroll	\$ 2,793,515	\$ 2,772,437	\$ 2,646,753	\$ 2,708,857
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%	64.07%

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

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

See the accompanying Independent Auditors' Report.

Gilpin County School District RE-1

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

	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
Contractually required contributions	\$ 506,464	\$ 480,463	\$ 434,862	\$ 420,685
Actual contributions	<u>(506,464)</u>	<u>(480,463)</u>	<u>(434,862)</u>	<u>(420,685)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,793,515	\$ 2,772,437	\$ 2,646,753	\$ 2,708,857
Contributions as a percentage of covered-employee payroll	18.13%	17.33%	16.43%	15.53%

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

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

See the accompanying Independent Auditors' Report.

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BUDGETARY COMPARISON SCHEDULES

(Required Supplementary Information)

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Property Taxes	\$ 2,281,486	\$ 2,281,486	\$ 2,282,194	\$ 708	\$ 2,252,717
Specific Ownership Taxes	136,000	136,000	146,542	10,542	151,766
Delinquent Taxes	6,000	(10,000)	(10,139)	(139)	1,704
Tuition From Individuals	60,000	66,500	71,753	5,253	75,034
Investment Earnings	27,000	27,000	31,805	4,805	15,298
Pupil Activity Revenues	13,000	13,000	14,373	1,373	14,237
Community Service Revenue	78,172	78,172	8,924	(69,248)	11,076
Donations	757,000	800,000	906,067	106,067	953,485
Sale of Fixed Assets	-	4,175	4,510	335	-
Insurance Proceeds	-	-	-	-	4,841
Instructional Materials Fees	2,000	2,000	2,092	92	2,029
Other Local	42,700	59,645	61,601	1,956	51,065
Total Local Sources	<u>3,403,358</u>	<u>3,457,978</u>	<u>3,519,722</u>	<u>61,744</u>	<u>3,533,252</u>
Intermediate Sources					
Mineral Leases	220	220	220	-	327
Other Intermediate Source Revenue	12,000	12,000	14,522	2,522	14,151
Total Intermediate Sources	<u>12,220</u>	<u>12,220</u>	<u>14,742</u>	<u>2,522</u>	<u>14,478</u>
State Sources					
State Equalization	2,287,210	2,288,313	2,341,949	53,636	2,349,844
State Grants from CDE					
State ELPA	-	-	-	-	1,154
Small Rural Schools	107,396	107,396	54,929	(52,467)	-
At Risk Funding	1,712	3,217	3,217	-	-
Read Act	20,067	20,067	22,772	2,705	4,789
State Grants Provided through BOCES	31,828	33,258	33,258	-	25,000
Total State Sources	<u>2,448,213</u>	<u>2,452,251</u>	<u>2,456,125</u>	<u>3,874</u>	<u>2,380,787</u>
Federal Sources					
RTTT Early Childhood	-	197	197	-	-
Federal Provided through BOCES	117,541	117,541	117,541	-	105,031
Total Federal Sources	<u>117,541</u>	<u>117,738</u>	<u>117,738</u>	<u>-</u>	<u>105,031</u>
TOTAL REVENUES	<u>5,981,332</u>	<u>6,040,187</u>	<u>6,108,327</u>	<u>68,140</u>	<u>6,033,548</u>

(Continued)
 See the accompanying Independent Auditors' Report

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES					
Instruction					
Salaries	1,940,213	1,962,712	1,905,781	56,931	1,794,692
Benefits	636,719	643,392	574,893	68,499	549,837
PS - Professional	13,906	15,861	14,495	1,366	-
PS - Property	2,500	2,500	(657)	3,157	596
PS - Other	157,650	173,200	101,707	71,493	73,540
Supplies	169,162	172,089	144,348	27,741	187,683
Property	5,700	5,700	3,691	2,009	-
Other Expenses	1,400	1,400	536	864	1,129
Total Instruction	<u>2,927,250</u>	<u>2,976,854</u>	<u>2,744,794</u>	<u>232,060</u>	<u>2,607,477</u>
Supporting Services					
Pupil Support					
Salaries	69,293	69,293	71,174	(1,881)	75,057
Benefits	63,038	63,038	57,910	5,128	45,991
PS - Professional	27,000	27,000	16,535	10,465	14,710
PS - Other	95,836	97,336	97,302	34	63,541
Supplies	17,000	17,000	17,170	(170)	14,933
Property	500	3,500	3,344	156	284
Other Expenses	200	200	60	140	-
Total Pupil Support	<u>272,867</u>	<u>277,367</u>	<u>263,495</u>	<u>13,872</u>	<u>214,516</u>
Staff Support					
Salaries	60,091	60,091	46,563	13,528	102,448
Benefits	25,652	25,652	18,647	7,005	29,820
PS - Professional	-	-	-	-	20,854
Supplies	9,250	9,250	2,611	6,639	2,161
Property	-	2,600	2,585	15	-
Other Expenses	2,850	2,850	2,505	345	3,022
Total Staff Support	<u>97,843</u>	<u>100,443</u>	<u>72,911</u>	<u>27,532</u>	<u>158,305</u>
General Administration					
Salaries	163,692	164,992	163,070	1,922	145,822
Benefits	62,191	62,472	58,067	4,405	50,788
PS - Professional	42,700	42,700	27,211	15,489	62,946
PS - Other	23,750	23,750	19,160	4,590	20,715
Supplies	94,000	95,000	79,669	15,331	67,305
Other Expenses	10,600	10,600	8,844	1,756	7,886
Total General Administration	<u>396,933</u>	<u>399,514</u>	<u>356,021</u>	<u>43,493</u>	<u>355,462</u>
School Administration					
Salaries	240,772	238,022	236,332	1,690	234,986
Benefits	104,045	97,026	95,028	1,998	93,248
PS - Professional	-	-	-	-	4,304
PS - Other	5,600	5,600	3,508	2,092	4,454
Supplies	13,213	13,213	13,712	(499)	16,367
Other Expenses	2,300	2,300	1,795	505	1,311
Total School Administration	<u>365,930</u>	<u>356,161</u>	<u>350,375</u>	<u>5,786</u>	<u>354,670</u>

(Continued)
 See the accompanying Independent Auditors' Report

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	82,319	82,319	82,230	89	70,849
Benefits	23,213	23,213	23,164	49	20,560
PS - Professional	4,000	4,000	3,287	713	1,944
PS - Property	6,500	6,500	6,507	(7)	4,506
PS - Other	400	400	135	265	239
Total Business Services	<u>116,432</u>	<u>116,432</u>	<u>115,323</u>	<u>1,109</u>	<u>98,098</u>
Operations and Maintenance					
Salaries	125,840	131,340	129,491	1,849	179,988
Benefits	43,031	44,220	42,039	2,181	57,527
PS - Professional	35,000	35,000	35,000	-	34,999
PS - Property	259,200	268,200	221,136	47,064	136,347
PS - Other	40,600	40,600	33,015	7,585	36,662
Supplies	429,979	431,529	332,140	99,389	360,765
Property	70,750	70,750	58,107	12,643	83,780
Other Expenses	-	-	-	-	35,062
Total Operations and Maintenance	<u>1,004,400</u>	<u>1,021,639</u>	<u>850,928</u>	<u>170,711</u>	<u>925,130</u>
Other Central Support					
Salaries	67,800	67,800	67,800	-	58,602
Benefits	20,221	20,221	18,737	1,484	17,021
PS - Professional	61,500	61,500	42,930	18,570	60,957
PS - Other	101,500	101,500	92,135	9,365	111,579
Supplies	9,000	9,000	5,681	3,319	4,926
Total Other Central Support	<u>260,021</u>	<u>260,021</u>	<u>227,283</u>	<u>32,738</u>	<u>253,085</u>
Other Supporting Services					
Other Expenses	-	-	-	-	6,237
Community Support					
Salaries	67,864	67,864	68,468	(604)	9,249
Benefits	11,358	11,358	11,308	50	1,732
Total Community Support	<u>79,222</u>	<u>79,222</u>	<u>79,776</u>	<u>(554)</u>	<u>10,981</u>
Contingency	<u>3,284,519</u>	<u>3,284,519</u>	-	<u>3,284,519</u>	-
TOTAL EXPENDITURES	<u>8,805,417</u>	<u>8,872,172</u>	<u>5,060,906</u>	<u>3,811,266</u>	<u>4,983,961</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(2,824,085)	(2,831,985)	1,047,421	3,879,406	1,049,587
OTHER FINANCING SOURCES (USES)					
Transfers	(460,434)	(452,534)	(356,107)	96,427	(998,658)
CHANGE IN FUND BALANCE	(3,284,519)	(3,284,519)	691,314	3,975,833	50,929
BEGINNING FUND BALANCE	<u>3,284,519</u>	<u>3,284,519</u>	<u>3,284,519</u>	-	<u>3,233,590</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,975,833</u>	<u>\$ 3,975,833</u>	<u>\$ 3,284,519</u>

See accompanying Independent Auditors' Report.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

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

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

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

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OTHER SUPPLEMENTARY INFORMATION

Gilpin County School District RE-1
 Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017
 (With Comparative Totals for June 30, 2016)

	Special Revenue			Totals	
	Food Service Fund	Designated Grants Fund	Transportation Fund	2017	2016
ASSETS					
Cash and Investments	\$ 14,718	\$ (5,982)	\$ 11,945	\$ 20,681	\$ 30,705
Cash with Fiscal Agent	-	-	2,556	2,556	1,098
Taxes Receivable	-	-	3,751	3,751	6,493
Grants Receivable	7,908	5,982	-	13,890	2,195
Other Accounts Receivable	63	-	-	63	1,295
Inventory	5,226	-	-	5,226	4,489
TOTAL ASSETS	<u>\$ 27,915</u>	<u>\$ -</u>	<u>\$ 18,252</u>	<u>\$ 46,167</u>	<u>\$ 46,275</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Accounts Payable	-	-	1,034	1,034	662
Accrued Salaries & Benefits	8,490	-	15,955	24,445	20,338
Total Liabilities	<u>8,490</u>	<u>-</u>	<u>16,989</u>	<u>25,479</u>	<u>21,000</u>
Deferred Inflows of Financial Resources					
Deferred Revenues	280	-	1,263	1,543	6,130
Fund Balance					
Nonspendable Fund Balance	5,226	-	-	5,226	4,489
Committed Fund Balance	-	-	-	-	-
Other Commitments	13,919	-	-	13,919	14,656
Total Fund Balance	<u>19,145</u>	<u>-</u>	<u>-</u>	<u>19,145</u>	<u>19,145</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 27,915</u>	<u>\$ -</u>	<u>\$ 18,252</u>	<u>\$ 46,167</u>	<u>\$ 46,275</u>

See accompanying Independent Auditors' Report.

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	Special Revenue			Totals	
	Food Service	Designated Grants	Transportation Fund	2017	2016
	Fund	Fund			
REVENUES					
Local Sources	\$ 83,656	\$ -	\$ 155,267	\$ 238,923	\$ 231,088
State Sources	2,106	3,500	51,878	57,484	61,200
Federal Sources	72,678	60,178	-	132,856	111,915
TOTAL REVENUES	<u>158,440</u>	<u>63,678</u>	<u>207,145</u>	<u>429,263</u>	<u>404,203</u>
EXPENDITURES					
Instruction	-	51,970	-	51,970	41,332
Staff Support	-	11,708	-	11,708	9,560
Transportation	-	-	279,511	279,511	254,890
Food Service	216,762	-	-	216,762	197,969
TOTAL EXPENDITURES	<u>216,762</u>	<u>63,678</u>	<u>279,511</u>	<u>559,951</u>	<u>503,751</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(58,322)</u>	<u>-</u>	<u>(72,366)</u>	<u>(130,688)</u>	<u>(99,548)</u>
OTHER FINANCING SOURCES (USES)					
Transfer In (Out) - net	58,322	-	72,366	130,688	99,548
CHANGE IN FUND BALANCE	-	-	-	-	-
BEGINNING FUND BALANCE	19,145	-	-	19,145	19,145
ENDING FUND BALANCE	<u>\$ 19,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,145</u>	<u>\$ 19,145</u>

See accompanying Independent Auditors' Report.

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SPECIAL REVENUE FUND

Food Service, Designated Grants and Transportation Funds – These funds account for the food service, grants and transportation resources that are dedicated to providing those special projects and services, respectively.

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Food Service Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Food Service Revenue	\$ 75,200	\$ 83,426	\$ 8,226	\$ 74,526
Other Local	175	230	55	73
Total Local Sources	<u>75,375</u>	<u>83,656</u>	<u>8,281</u>	<u>74,599</u>
State Sources				
State Match - Child Nutrition	1,248	1,249	1	1,174
Smart Start Nutrition	300	374	74	226
State K-2 Reduced Lunch	400	483	83	411
Total State Sources	<u>1,948</u>	<u>2,106</u>	<u>158</u>	<u>1,811</u>
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	10,000	11,057	1,057	9,360
National School Lunch Program	47,000	49,860	2,860	46,714
Federal Grants from Other State Agencies				
Commodity Revenue	12,000	11,761	(239)	8,449
Total Federal Sources	<u>69,000</u>	<u>72,678</u>	<u>3,678</u>	<u>64,523</u>
TOTAL REVENUES	<u>146,323</u>	<u>158,440</u>	<u>12,117</u>	<u>140,933</u>
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	68,611	64,454	4,157	56,407
Benefits	32,115	28,903	3,212	26,845
PS - Other	400	120	280	167
Supplies	19,900	16,656	3,244	15,630
Food	112,500	94,868	17,632	90,471
Commodities	12,000	11,761	239	8,449
Total Food Service	<u>245,526</u>	<u>216,762</u>	<u>28,764</u>	<u>197,969</u>
Contingency	<u>19,145</u>	<u>-</u>	<u>19,145</u>	<u>-</u>
TOTAL EXPENDITURES	<u>264,671</u>	<u>216,762</u>	<u>47,909</u>	<u>197,969</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(118,348)</u>	<u>(58,322)</u>	<u>60,026</u>	<u>(57,036)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	<u>99,203</u>	<u>58,322</u>	<u>(40,881)</u>	<u>57,036</u>
CHANGE IN FUND BALANCE	<u>(19,145)</u>	<u>-</u>	<u>19,145</u>	<u>-</u>
BEGINNING FUND BALANCE	<u>19,145</u>	<u>19,145</u>	<u>-</u>	<u>19,145</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 19,145</u>	<u>\$ 19,145</u>	<u>\$ 19,145</u>

See accompanying Independent Auditors' Report.

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Designated Grants Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
REVENUES				
State Sources				
Library Grant	\$ 3,500	\$ 3,500	\$ -	\$ 3,500
Federal Sources				
Federal Grants from CDE				
NCLB Title I, Part A - Improving Basic Programs	17,959	17,485	(474)	8,792
Rural Education (REAP)	34,485	34,485	-	27,528
NCLB Title II, Part A - Teacher & Principal Training	15,844	8,208	(7,636)	6,060
Title I Reallocated	-	-	-	5,012
Total Federal Sources	68,288	60,178	(8,110)	47,392
TOTAL REVENUES	71,788	63,678	(8,110)	50,892
EXPENDITURES				
Instruction				
Salaries	40,383	40,584	(201)	35,867
Benefits	11,587	11,386	201	5,465
Total Instruction	51,970	51,970	-	41,332
Supporting Services				
Pupil Support				
PS - Other	50	-	50	-
Staff Support				
PS - Other	15,844	8,208	7,636	6,060
Supplies	3,500	3,500	-	3,500
Total Staff Support	19,344	11,708	7,636	9,560
General Administration				
Other Expenses	424	-	424	-
TOTAL EXPENDITURES	71,788	63,678	8,110	50,892
CHANGE IN FUND BALANCE	-	-	-	-
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Transportation Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Property Taxes	\$ 139,881	\$ 146,116	\$ 6,235	\$ 146,042
Specific Ownership Taxes	8,000	9,568	1,568	9,976
Delinquent Taxes	(700)	(657)	43	47
Investment Earnings	400	240	(160)	424
Total Local Sources	147,581	155,267	7,686	156,489
State Sources				
Transportation	51,393	51,878	485	55,889
TOTAL REVENUES	198,974	207,145	8,171	212,378
EXPENDITURES				
Supporting Services				
Transportation				
Salaries	195,342	154,292	41,050	138,770
Benefits	76,534	65,585	10,949	58,116
PS - Professional	1,200	446	754	1,305
PS - Property	12,196	6,625	5,571	11,192
PS - Other	10,000	8,650	1,350	13,087
Supplies	66,786	43,913	22,873	32,420
TOTAL EXPENDITURES	362,058	279,511	82,547	254,890
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(163,084)	(72,366)	90,718	(42,512)
OTHER FINANCING SOURCES (USES)				
Transfers	163,084	72,366	(90,718)	42,512
CHANGE IN FUND BALANCE	-	-	-	-
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

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

Gilpin County School District RE-1
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Reserve Project Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
EXPENDITURES				
Supporting Services				
School Administration				
Property	\$ 28,327	\$ 11,403	\$ 16,924	\$ 69,147
Transportation				
Property	70,000	68,798	1,202	-
Facilities/Capital Outlay				
Land and Improvements	555,000	449,759	105,241	105,106
Vehicles	-	-	-	107,437
Total Facilities/Capital Outlay	555,000	449,759	105,241	212,543
Debt Service				
Principal	34,900	45,849	(10,949)	80,131
Interest	2,020	4,118	(2,098)	2,751
Total Debt Service	36,920	49,967	(13,047)	82,882
Contingency	1,000,000	-	1,000,000	-
TOTAL EXPENDITURES	<u>1,690,247</u>	<u>579,927</u>	<u>1,110,320</u>	<u>364,572</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,690,247)</u>	<u>(579,927)</u>	<u>1,110,320</u>	<u>(364,572)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	190,247	225,419	35,172	899,110
Capital Lease Proceeds	-	-	-	165,462
TOTAL OTHER FINANCING SOURCES (USES)	<u>190,247</u>	<u>225,419</u>	<u>35,172</u>	<u>1,064,572</u>
CHANGE IN FUND BALANCE	<u>(1,500,000)</u>	<u>(354,508)</u>	<u>1,145,492</u>	<u>700,000</u>
BEGINNING FUND BALANCE	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>800,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,145,492</u>	<u>\$ 1,145,492</u>	<u>\$ 1,500,000</u>

See accompanying Independent Auditors' Report.

TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The agency funds are custodial in nature and do not involve measurement of results of operations.

Pupil Activity Fund

The District has established an agency fund to account for various student activity groups and contributions from private organizations.

Gilpin County School District RE-1
 Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
 Budget and Actual
 Fiduciary Funds
 Pupil Activity Agency Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
ADDITIONS				
Local Sources	\$ 250,000	\$ 167,488	\$ (82,512)	\$ 138,171
DEDUCTIONS				
Instruction	250,000	143,805	106,195	143,482
Contingency	82,729	-	82,729	-
TOTAL DEDUCTIONS	<u>332,729</u>	<u>143,805</u>	<u>188,924</u>	<u>143,482</u>
CHANGE IN NET POSITION	(82,729)	23,683	106,412	(5,311)
BEGINNING NET POSITION	<u>82,729</u>	<u>82,729</u>	-	<u>88,040</u>
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 106,412</u>	<u>\$ 106,412</u>	<u>\$ 82,729</u>

See accompanying Independent Auditors' Report.

STATE COMPLIANCE

This report includes information required by the Colorado Department of Education.



Colorado Department of Education
Auditors Integrity Report
 District: 1330 - GILPIN COUNTY RE-1
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
	+		-	=
Governmental				
10 General Fund	3,284,519	5,719,982	5,028,669	3,975,833
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	32,237	32,237	0
Sub- Total	3,284,519	5,752,220	5,060,906	3,975,833
11 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	19,145	216,763	216,763	19,145
22 Govt Designated-Purpose Grants Fund	0	63,678	63,678	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	279,511	279,511	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	1,500,000	225,419	579,927	1,145,492
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	4,803,664	6,537,591	6,200,785	5,140,470
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	82,729	167,488	143,805	106,412
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	82,729	167,488	143,805	106,412

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 1330 - GILPIN COUNTY RE-1

Fiscal Year 2016-17

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	4,302,091	0	0	5,964	0	14,718	0	1,145,492	0	0	0	106,412	0	5,574,677	
Cash with Fiscal Agent (8105)	39,911	0	0	2,556	0	0	0	0	0	0	0	0	0	42,467	
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Taxes Receivable (8121,8122)	58,553	0	0	3,751	0	0	0	0	0	0	0	0	0	62,303	
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Accounts Receivable (8142)	23,428	0	0	5,982	0	7,908	0	0	0	0	0	0	0	37,318	
Other Receivables (8151-8154,8161)	88,624	0	0	0	0	62	0	0	0	0	0	0	0	88,686	
Inventories (8171,8172,8173)	0	0	0	0	0	5,226	0	0	0	0	0	0	0	5,226	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	4,512,606	0	0	18,253	0	27,915	0	1,145,492	0	0	0	106,412	0	5,810,678	

See accompanying Independent Auditor's Report.

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
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	19,278	0	0	1,034	0	0	0	0	0	0	0	0	0	0	20,312
Accrued Expenses (7461)	441,114	0	0	15,955	0	8,490	0	0	0	0	0	0	0	0	465,559
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
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	19,726	0	0	1,263	0	280	0	0	0	0	0	0	0	0	21,269
Deferred Inflow Grants (7801)	56,655	0	0	0	0	0	0	0	0	0	0	0	0	0	56,655
Total Liabilities	536,773	0	0	18,252	0	8,770	0	0	0	0	0	0	0	0	563,795

See accompanying Independent Auditor's Report.

Governmental

Proprietary

Fiduciary

FUND EQUITY	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	5,226	0	0	0	0	0	0	0	0	5,226
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	161,000	0	0	0	0	0	0	0	0	0	0	0	0	0	161,000
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 (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	13,919	0	0	0	0	0	0	0	0	13,919
Assigned Fund Balance 6760	0	0	0	0	0	0	0	1,145,492	0	0	0	0	0	0	1,145,492
Unassigned Fund Balance 6770	3,814,833	0	0	0	0	0	0	0	0	0	0	0	106,412	0	3,921,245
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
Total Fund Equity	3,975,833	0	0	0	0	19,145	0	1,145,492	0	0	0	0	106,412	0	5,246,882

	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
Total Liabilities & Fund Equity	4,512,606	0	0	18,253	0	27,915	0	1,145,492	0	0	0	0	106,412	0	5,810,677

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