

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado

Financial Statements
For the Year Ended June 30, 2017



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 Seibert, Colorado
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Hi-Plains School District R-23
Seibert, Colorado 80834

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hi-Plains School District R-23, as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, 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 Hi-Plains School District R-23, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages a-g and 22-24 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. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hi-Plains School District R-23's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

WINFREY, COUNTY & HAYS, PC
Certified Public Accountants

Winfrey, County & Hays, PC

October 17, 2017

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

Management of Hi-Plains School District R-23 offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. The focus of the information is on the primary government-general fund.

The District has adopted a financial reporting model promulgated by the Government Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, *Basic Financial Statement and Management Discussion and Analysis for State and Local Governments*, the District is providing a comparative analysis of the government wide information.

Financial Highlights:

- At June 30, 2017, net position of the District was \$11,029,818 which is a decrease of \$1,465,961 from the prior year.
- The District has a negative unrestricted net position of \$3,244,612 as a result of showing a net pension liability from PERA of \$6,910,178.
- As of the close of the 2017 fiscal year, the District's governmental funds reported combined ending fund balances of \$1,272,416, a decrease of \$140,076 from the previous year.
- The District had adequate funds available for all appropriations.

Overview of Financial Statements

This discussion is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided is other supplementary information.

Government-Wide Financial Statements

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

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

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating.

The government-wide statements have only governmental activities.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017
(continued)

Governmental activities - all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds - acts as a trustee, or fiduciary for student activities. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017
(continued)

Financial Analysis of the District as a Whole:

The District's total net position was \$11,029,818.

Table 1
Fiscal Year Ended June 30, 2017
Net Position

	<u>Government Activities</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>
Current and other assets	1,430,820	1,571,099
Capital assets	<u>16,410,685</u>	<u>16,689,918</u>
Total Assets	17,841,504	18,261,017
 Deferred Outflows	 2,766,618	 483,698
 Current and other liabilities	 280,707	 277,341
Noncurrent liabilities	<u>9,254,271</u>	<u>5,893,624</u>
Total Liabilities	9,534,977	6,170,965
 Deferred Inflows	 43,326	 77,971
 Net Position		
Invested in capital assets	13,944,289	14,104,788
Restricted for TABOR	52,074	53,838
Restricted for bond redemption	278,067	253,404
Unrestricted	<u>(3,244,612)</u>	<u>(1,916,251)</u>
Total Net Position	<u>11,029,818</u>	<u>12,495,779</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the Hi-Plains School District R-23, assets exceed liabilities by approximately \$11,029,818, a decrease of \$1,465,961 from 2016.

Of the District's \$17,841,504 in assets, \$16,410,685, (92%), reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Management Discussion and Analysis
 For the Year Ended June 30, 2017
 (continued)

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education (\$876,650) (42%) and the property taxes assessed to District taxpayers (\$791,253) (38%) of the total revenue. Specific Ownership Taxes was \$90,619 (4%).

Table 2 takes the information from that statement, rearranges it slightly, so you can see the total revenues for the year equals \$2,072,883.

Table 2
 Fiscal Year Ended June 30, 2017
 Change in Net Position

REVENUES	Government Activities	
	6/30/2017	6/30/2016
Program Revenues		
Charges for service	38,431	36,044
Operating grants	209,035	171,833
Capital grants/contributions	0	29,211
General Revenues		
Property taxes	791,253	776,188
Auto taxes	90,619	96,195
State Equalization	876,650	938,402
Other	<u>66,896</u>	<u>15,783</u>
Total Revenues	2,072,883	2,063,656
EXPENSES		
Instruction	2,087,833	1,430,246
Pupil services	57,403	43,660
Instructional services	37,901	40,521
General administration	395,731	261,202
School administration	129,994	82,121
Business	111,117	76,642
Operations & maintenance	255,555	215,941
Pupil transportation	169,788	118,584
Central services	31,423	34,695
Noninstructional	12,723	13,636
Debt service	75,922	79,439
Food services	<u>173,453</u>	<u>123,455</u>
Total Expenses	<u>3,538,845</u>	<u>2,520,142</u>
Increase (decrease) in net position	<u>(1,465,961)</u>	<u>(456,486)</u>

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017
(continued)

The District Funds

At June 30, 2017, the District governmental funds reported a combined fund balance of \$1,272,416 which is a decrease of \$140,076. The primary reasons for this decrease are:

General Fund

Revenues of \$1,774,018 increased by \$16,220 and expenditures of \$1,887,409 increased by \$97,283. Excess of revenues over expenditures was negative \$113,390. The ending fund balance decreased by \$168,390 due to operating transfers of \$55,000.

Bond Redemption Fund

Revenues from the tax levy for the construction of a new school building of \$219,320 and interest expense on bonds of \$75,922 and \$118,734 for principal, leaving a fund balance of \$278,067, for an increase of \$24,664.

Capital Projects Fund

The Capital Projects Fund only had income of \$43 from interest and expenditures of \$0, for an increase of \$43.

Student Activity Fund

Revenues of \$14,123, expenditures of \$12,723, resulting in an ending fund balance of \$14,428, an increase of \$1,400.

Food Service Fund

Revenues of \$65,380, plus \$43,000 transfer from General Fund, expenditures of \$118,172, resulting in an ending fund balance of \$10,229, a decrease of \$9,792. Without the transfer of \$43,000 from the General Fund, the Food Service Fund would have shown a net loss of \$52,792.

Financial Analysis of the District's Funds:

The financial condition of the school remains strong as the 2017 Ending Fund Balance in the General Fund decreased \$168,390 compared to the Ending Fund Balance in 2016. There is cash and certificates of deposit of \$1,020,107 which would carry at least 6 months of expenditures.

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Management Discussion and Analysis
 For the Year Ended June 30, 2017
 (continued)

Budgets

No amendments were made the budget.

Capital Assets and Debt Administration

At June 30, 2017, the District had \$16,410,685 invested in capital assets. This represents a decrease of \$279,233 because depreciation expense exceeds capital purchases.

	<u>6/30/2017</u>	<u>6/30/2016</u>
Sites & improvements	121,239	121,239
Buildings	16,778,850	16,761,704
Equipment	103,902	94,229
Transportation	<u>435,127</u>	<u>375,539</u>
Total capital assets	17,439,118	17,352,712
Accumulated depreciation	<u>(1,028,434)</u>	<u>(662,794)</u>
Total capital assets	<u>16,410,685</u>	<u>16,689,918</u>

Major capital assets purchased by the District during the year include a school bus for \$59,588, bleachers for \$9,673, and a greenhouse for \$17,145.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017
(continued)

Economic Factors and Next Year's Budget and Rates:

The economy in our community remains strong. We have had above normal precipitation this year. Livestock prices have fallen along with the major grain markets. The District has now been in the new building for three years. Last year the District had to hire legal counsel and two engineers in order to address our building issues. The building issues were addressed and hopefully remedied, but it ended up costing the district an additional \$22,000.00.

Our 2017-18 school year has started with approximately 4 students up from last year's October count. The factors that will also negatively affect our budget will include but not be limited to a decreased state share which includes the "negative factor" along with the TABOR amendment. The Budget Stabilization Factor (also formerly known as The Negative Factor) continues to hamper our ability to fund all programs. The most recent economic forecasts show a little stabilization to the State's economy.

The 2016-2017 budget was established in compliance with the Hi-Plains School District Board of Education's policy manual. In years past, the district did make it a practice of combining the 5th and 6th grade classes. This year the 5th and 6th grade classes were separated by adding a 5th grade teacher to teach 5th grade. This was done to remedy the lower than expected scores from the 2013-14 and 2014-15 State Assessments. Separating the two grades did have a positive impact on our 2015-16 State Assessments. However, the district has combined the 5th and 6th grade for the 2017-18 school year. The District also hired a full-time Principal to help with the unfunded mandates that have been instituted over the last six years by the State Legislation. Hiring a Principal has had a positive impact with our State Assessments and also with the overall management of the school. Again, the District will have to look closely at whether or not it can maintain a Principal and Superintendent without adversely affecting the budget. The State of Colorado and the Nation is experiencing a teacher shortage which will have a direct impact on hiring new teachers to a rural area. While the state average for a teacher in Colorado is above \$50,000.00, our District is in the mid \$30,000.00's. It will be a challenge for us to recruit new teachers to our rural area.

Contacting the District Financial Management

Our financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of School at Hi-Plains School District R-23, P.O. Box 238, Seibert, CO 80834.



BASIC FINANCIAL STATEMENTS

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	648,731
Certificates of deposit	709,113
Accounts/grants receivable	15,945
Inventory	4,731
Accrued property taxes receivable	<u>52,299</u>
Total Current Assets	1,430,820
Capital assets, net of accumulated depreciation	<u>16,410,685</u>
Total Assets	17,841,504
DEFERRED OUTFLOWS OF RESOURCES	2,766,618
LIABILITIES	
Current Liabilities	
Accrued salaries and benefits	158,250
Unearned revenue	154
Bonds payable, due within one year	<u>122,303</u>
Total Current Liabilities	280,707
Noncurrent Liabilities	
Bonds payable, due beyond one year	2,344,093
Net pension liability	<u>6,910,178</u>
Total Noncurrent Liabilities	<u>9,254,271</u>
Total Liabilities	9,534,977
DEFERRED INFLOWS OF RESOURCES	43,326
NET POSITION	
Invested in capital assets	13,944,289
Restricted for TABOR	52,074
Restricted for bond redemption	278,067
Unrestricted	<u>(3,244,612)</u>
Total Net Position	<u>11,029,818</u>

See auditor's report and notes to the financial statements.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Statement of Activities
For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Operating Grants Service & Contributions</u>	<u>Capital Grants & Contributions</u>	
Governmental Activities				
Instructional	2,087,833	0	140,709	
Support Services				
Pupil services	57,403			
Instructional services	37,901			
General administration	395,731			
School administration	129,994			
Business	111,117			
Operations & maintenance	255,555			0
Pupil transportation	169,788		27,278	
Central services	31,423			
Debt Service	75,922			
Non Instructional	12,723	14,123	0	0
Food Services	<u>173,453</u>	<u>24,308</u>	<u>41,047</u>	<u>0</u>
Total Governmental Activities	<u>3,538,845</u>	<u>38,431</u>	<u>209,035</u>	<u>0</u>

General revenues:

Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for bond redemption

 Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Sale of assets

 Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and
Changes in Net Position
 Governmental
Activities

(1,947,124)

(57,403)

(37,901)

(395,731)

(129,994)

(111,117)

(255,555)

(142,510)

(31,423)

(75,922)

1,400

(108,098)

(3,291,379)

594,933

196,320

90,619

876,650

62,058

4,838

0

1,825,418

(1,465,961)

12,495,780

11,029,818

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	<u>Bond Redemption</u>	<u>NonMajor</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	310,994	265,091	72,647	648,731
Certificates of deposit	709,113	0	0	709,113
Inventory	0	0	4,731	4,731
Accrued property taxes receivable	39,323	12,976	0	52,299
Accounts/grants receivable	<u>15,945</u>	<u>0</u>	<u>0</u>	<u>15,945</u>
Total Assets	<u>1,075,374</u>	<u>278,067</u>	<u>77,378</u>	<u>1,430,820</u>
 LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accrued salaries and benefits payable	152,126	0	6,124	158,250
Unearned revenue	<u>0</u>	<u>0</u>	<u>154</u>	<u>154</u>
Total Liabilities	152,126	0	6,278	158,404
 Fund Balances				
Restricted for				
TABOR	52,074	0	0	52,074
Bond redemption	0	278,067	0	278,067
Committed for capital projects	0	0	46,442	46,442
Nonspendable	0	0	4,731	4,731
Assigned	0	0	19,927	19,927
Unassigned	<u>871,174</u>	<u>0</u>	<u>0</u>	<u>871,174</u>
Total Fund Balances	<u>923,249</u>	<u>278,067</u>	<u>71,100</u>	<u>1,272,416</u>
 Total Liabilities and Fund Balances	 <u>1,075,374</u>	 <u>278,067</u>	 <u>77,378</u>	 <u>1,430,820</u>

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
Governmental Funds
June 30, 2017

Total Governmental Fund Balances	1,272,416
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	16,410,685
Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds	2,766,618
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(9,376,574)
Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds	<u>(43,326)</u>
Net Position of Governmental Activities	<u>11,029,818</u>

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General</u>	<u>Bond Redemption</u>	<u>NonMajor</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property taxes	594,744	196,251	0	790,995
Specific ownership taxes	67,896	22,723	0	90,619
Delinquent taxes & penalties	189	68	0	258
Interest	4,493	277	68	4,838
Charges for service	0	0	24,308	24,308
Other	82,548	0	14,123	96,671
Intergovernmental				
State Sources				
Equalization	876,650	0	0	876,650
Other	112,393	0	1,062	113,454
Federal Sources	<u>35,105</u>	<u>0</u>	<u>39,985</u>	<u>75,090</u>
Total Revenues	1,774,018	219,320	79,545	2,072,883
EXPENDITURES				
Current				
Instruction	994,208	0	0	994,208
Supporting Services				
Students	42,963	0	0	42,963
Instructional staff services	25,121	0	0	25,121
General administration	253,945	0	0	253,945
School administration	73,624	0	0	73,624
Business	69,788	0	0	69,788
Operations & maintenance	202,730	0	0	202,730
Pupil transportation	92,547	0	0	92,547
Central services	31,423	0	0	31,423
Non Instructional	0	0	12,723	12,723
Food Service	0	0	118,172	118,172
Debt Service	0	194,656	0	194,656
Capital Outlay	<u>101,059</u>	<u>0</u>	<u>0</u>	<u>101,059</u>
Total Expenditures	<u>1,887,409</u>	<u>194,656</u>	<u>130,895</u>	<u>2,212,959</u>

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017
(continued)

	<u>General</u>	<u>Bond Redemption</u>	<u>NonMajor</u>	<u>Total Governmental Funds</u>
Revenues over (under) Expenditures	(113,390)	24,664	(51,349)	(140,076)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(55,000)</u>	<u>0</u>	<u>55,000</u>	<u>0</u>
Revenues & Other Sources over (under)				
Expenditures & Other Sources	(168,390)	24,664	3,651	(140,076)
Fund Balance - Beginning	<u>1,091,639</u>	<u>253,404</u>	<u>67,449</u>	<u>1,412,492</u>
Fund Balance - Ending	<u>923,249</u>	<u>278,067</u>	<u>71,100</u>	<u>1,272,416</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds (140,076)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	86,406	
Depreciation expense	<u>(365,640)</u>	(279,234)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal on bonds		118,734
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expenses		<u>(1,165,386)</u>
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Change in net position of government activities		<u>(1,465,962)</u>
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See auditor's report and notes to the financial statements.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Statement of Fiduciary Net Position
Student Activity Agency Fund
June 30, 2017

	Student Activity Fund
ASSETS	
Cash in bank	40,411
LIABILITIES	
Due to student activities	<u>40,411</u>
NET POSITION	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The District is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the Hi-Plains School District R-23's significant accounting policies applied in the preparation of these financial statements follows.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of Hi-Plains School District R-23.

B. Basis of Presentation

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule, the effect of interfund activity has been eliminated from these statements.

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

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the district. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The Bond Redemption Fund levies taxes in amounts to pay off bonds outstanding.

Additionally, the District reports the Student Activity Agency Fund which accounts for cash held by the District for related organizations. It is custodial in nature and does not involve measurement of results of operations.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

- Submission of a proposed budget to the Board of Education is due by May 31.
- On June 10, or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection.
- The last date for final adoption of the budget and appropriation resolution is June 30.
- January 31 is last date to change the adopted budget.
- By December 15, the Board of Education certifies to the County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

The legal level of budgetary control is at the individual fund level.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

F. Assets, Liabilities and Fund Balances/Net Position

1. Deposits

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

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds". Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide statements as "internal balances".

Accounts receivable and property taxes receivables are shown on a gross basis. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2017 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Site improvements	15-50
Equipment	10
Vehicles	7-12

The District does not have any infrastructure assets.

5. Compensated Absences

The District allows all employees to accumulate annual/sick leave. Accumulated leave in excess of 30 days as of June 15th will be paid at the rate of \$30 per day. The 30 days accumulated leave will not be reimbursed upon the employees leaving the District.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Estimates

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

8. Fund Balances and Net Position

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When restricted and unrestricted funds are available, restricted are deemed first spent.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources are either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, and unassigned funds are available, committed is deemed first spent, then assigned.

At June 30, 2017, the amounts restricted were \$52,074 for the TABOR Reserve, \$278,067 for bond redemption.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

In November of 1996, the voters of the District approved a ballot issue which allows the District to receive and spend all revenues received. Based upon this approval, the District considers the revenue and spending limits imposed by the Amendment no longer apply to the District.

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits and Investments - all are in three financial institutions. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit". They are carried at cost.

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

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking 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.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

At June 30, 2017, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	935,907	934,211
Deposits collateralized in three institutional pools	<u>362,599</u>	<u>464,044</u>
Total cash	1,298,505	1,398,255
Amounts of certificates of deposit		(709,113)
Amount with agency fund		<u>(40,411)</u>
Net cash		648,731

As presented above, deposits with a bank balance of \$362,599 and a carrying balance of \$464,044 as of June 30, 2017, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

- B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28 and the second is due June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

- C. Changes in General Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Land	112,661	-	-	112,661
Site Improvements	8,579	-	-	8,579
Buildings	16,761,704	17,145	-	16,778,849
Equipment	94,230	9,673	-	103,903
Transportation	<u>375,539</u>	<u>59,588</u>	-	<u>435,127</u>
Total	<u>17,352,713</u>	<u>86,406</u>	-	<u>17,439,119</u>
Less Accumulated Depreciation				
Site Improvements	-	343	-	343
Buildings	400,623	334,075	-	734,698
Equipment	29,149	8,246	-	37,395
Transportation	<u>233,022</u>	<u>22,976</u>	-	<u>255,998</u>
Total	<u>662,794</u>	<u>365,640</u>	-	<u>1,028,434</u>
Net Capital Assets	<u>16,689,919</u>	<u>(279,234)</u>	-	<u>16,410,685</u>

Depreciation expense for the governmental activities was allocated \$342,664 to instruction and \$22,976 to transportation.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

D. Changes in Long-Term Debt

	Balance July 1	Additions	Reductions	Balance June 30
Bonds Payable	2,585,130	-	118,734	2,466,396

General Obligation Bonds Payable.

In November 2012, the voters of the District approved a bond issue in the amount of \$2,851,230 to supplement a BEST grant awarded by the State of Colorado to build a new school building on purchased land. A taxable supplemental coupon which is deemed to be additional interest was subsequently issued in the amount of \$72,000 to fund the land purchase price above the appraisal amount. The effective interest rate is 3.005898%.

Debt service requirements to maturity:

Year	Principal	Interest	Total
6/30/2018	122,303	72,299	194,602
6/30/2019	125,979	68,568	194,547
6/30/2020	129,766	64,724	194,490
6/30/2021	133,667	60,765	194,432
6/30/2022	137,685	56,686	194,371
2022-2027	753,048	217,836	970,884
2027-2032	873,240	95,838	969,078
6/30/2032	190,708	2,866	193,574
Total	2,466,396	639,582	3,105,978

(4) OTHER INFORMATION

- A. Risk Management - The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined Colorado School District Self Insurance Pool (CSDSI), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSI for its property and casualty and workers' compensation insurance coverage. The intergovernmental agreement of formation of CSDSI provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve-month period from September 1 to August 31 but are earned over a school year of approximately a nine-month period. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. Operating Transfers In (Out) - The General Fund transferred \$43,000 to the Food Services Fund and \$12,000 to Capital Projects Fund.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

D. 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.

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 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.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

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

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

Contributions. Eligible employees and 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:

	For the Year Ended December 31	
	<u>2016</u>	<u>2017</u>
Employer Contribution Rate ¹	10.15%	10.15%
Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%	-1.02%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	<u>4.50%</u>	<u>5.00%</u>
Total Employer Contribution Rate to the SCHDTF ¹	18.13%	19.65%

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 \$189,342 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$6,910,178 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 proportion of the net pension liability was based on District 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 proportion was 0.0232088690 percent, which was a decrease of 0.0008003305 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,165,386. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	86,388	61
Changes of assumptions or other inputs	2,242,209	31,161
Net difference between projected and actual earnings on pension plan investments	231,062	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	113,207	12,104
Contributions subsequent to the measurement date	<u>93,753</u>	<u>N/A</u>
Total	2,766,618	43,326

There is \$93,753 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date that is recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30,

2018	40,572
2019	45,345
2020	15,186
2021	-
2022	-
Thereafter	-

Actuarial assumptions. The table below includes the actuarial assumptions and other inputs utilized in the December 31, 2015 actuarial valuation and the revised assumptions utilized in the roll forward of the total pension liability from December 31, 2015 to December 31, 2016:

	<u>12/31/2015 Actuarial Valuation</u>	<u>12/31/2016 Roll Forward</u>
Actuarial cost method	Entry Age	Entry Age
Price inflation	2.80 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.90 percent	3.50 percent
Salary increases, including wage inflation	3.90-10.10 percent	3.50-9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent	7.25 percent
Discount rate	7.50 percent	5.26 percent
Post-retirement benefit increases:		
PERA benefit structure hired prior to 1/1/07 and DPS Benefit Structure (automatic)	2.0 percent	2.0 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)	

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

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

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

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

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

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

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

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

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

Several factors were considered in evaluating the long-term rate of return assumption of the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Notes to the Financial Statements
June 30, 2017
(continued)

produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

Asset Class	<u>Target</u> <u>Allocation</u>	<u>30 Year Expected</u> <u>Geometric Real Rate</u> <u>of Return</u>
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	<u>1.00%</u>	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 shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employee contributions were assumed to be made at the rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Notes to the Financial Statements
 June 30, 2017
 (continued)

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of the 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 projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the GASB Statement No. 67 projecting test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investment of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate 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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.26 percent) or 1-percentage point higher (6.26 percent) than the current rate:

	1% Decrease	Current Discount	1% Increase
Proportionate share of the net pension liability	<u>(4.26%)</u>	<u>Rate (5.26%)</u>	<u>(6.26%)</u>
	8,689,327	6,910,178	5,461,126

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.

E. 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.

HI-PLAINS DISTRICT R-23
Seibert, Colorado
Notes to Financial Statements
June 30, 2017
(continued)

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015, the District contributions to the HCTF were \$10,510, \$10,359 and \$9,919, respectively, equal to their required contributions for each year.

- F. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services (“BOCES”) which is not reflected in these financial statements. One member of BOCES is from the District. BOCES has final authority for all budgeting and financing of the joint venture. Each member pays a \$2,500 membership fee and contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members.

At June 30, 2016 total assets were \$2,617,821, total deferred outflows were \$1,070,149, total liabilities were \$9,079,354, total deferred inflows were \$709,709, total net position was (\$6,101,093), revenues were \$8,398,687, and expenses were \$8,359,060.

Complete financial statements may be obtained from the BOCES office at 820 Second Street, Limon, CO 80828.

REQUIRED SUPPLEMENTARY INFORMATION

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Budgetary Comparison Schedule - Major Governmental Funds
For the Year Ended June 30, 2017

	General Fund			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	703,579	703,579	749,871	46,292
State Sources	963,607	963,607	989,042	25,435
Federal Sources	<u>37,035</u>	<u>37,035</u>	<u>35,105</u>	<u>(1,930)</u>
Total Revenues	1,704,221	1,704,221	1,774,018	69,797
EXPENDITURES				
Current				
Instruction	990,994	990,994	994,208	(3,214)
Supporting Services				
Pupils	41,898	41,898	42,963	(1,065)
Instructional Staff - Library	27,431	27,431	25,121	2,310
General Administration	280,208	280,208	253,945	26,263
School Administration	74,308	74,308	73,624	684
Business Services	70,022	70,022	69,788	234
Operations & Maintenance	229,159	229,159	202,730	26,429
Pupil Transportation	126,542	126,542	92,547	33,995
Central Support	30,703	30,703	31,423	(720)
Debt Service	0	0	0	0
Capital Outlay	17,828	17,828	101,059	(83,231)
Appropriated reserves	<u>827,767</u>	<u>827,767</u>	<u>0</u>	<u>827,767</u>
Total Expenditures	<u>2,716,860</u>	<u>2,716,860</u>	<u>1,887,409</u>	<u>829,451</u>
Excess of revenues over (under)				
Expenditures	(1,012,639)	(1,012,639)	(113,390)	899,249
Other Financing Uses				
Operating Transfers In (Out)	<u>(79,000)</u>	<u>(79,000)</u>	<u>(55,000)</u>	<u>24,000</u>
Excess of Revenues over (under)				
Expenditures & Other Uses	(1,091,639)	(1,091,639)	(168,390)	923,249
Fund Balance - Beginning	<u>1,091,639</u>	<u>1,091,639</u>	<u>1,091,639</u>	<u>(0)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>923,249</u>	<u>923,249</u>

See auditor's report and notes to the financial statements.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Schedule of District's Proportionate Share of the Net Pension Liability
Last 10 Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.023209%	0.021849%	0.021849%	0.022350%
Proportionate share of the collective net pension liability	6,910,178	3,427,227	2,961,236	2,775,528.30
Covered payroll	1,045,969	916,618	905,851	898,494.95
Proportionate share of the net pension liability as a percentage of its covered employee payroll	660.65%	373.90%	326.90%	308.91%
Plan fiduciary net position as a percentage of the total pension liability	43.10%	59.20%	62.80%	64.06%

The amounts presented for each year were determined as of December 31.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Schedule of Contributions and Related Ratios
Last 10 Fiscal Years

As of June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contributions	189,342	180,119	155,869	145,880	134,989	122,093	110,759	105,472	97,667	86,939
Contributions in relation to the statutorily required contribution	<u>189,342</u>	<u>180,119</u>	<u>155,869</u>	<u>145,880</u>	<u>134,989</u>	<u>122,093</u>	<u>110,759</u>	<u>105,472</u>	<u>97,667</u>	<u>86,939</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	1,030,477	1,015,602	922,674	912,803	895,392	860,859	834,203	851,953	850,365	779,314
Contributions as a percentage of covered-employee payroll	18.37%	17.74%	16.89%	15.98%	15.08%	14.18%	13.28%	12.38%	11.49%	11.16%

See auditor's report and notes to the financial statements.

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OTHER INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2017

	<u>Food Service</u>	<u>Student Activity</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	11,776	14,428	46,442	72,647
Inventory	<u>4,731</u>	<u>0</u>	<u>0</u>	<u>4,731</u>
Total Assets	<u>16,507</u>	<u>14,428</u>	<u>46,442</u>	<u>77,378</u>
 LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accrued salaries & benefits	6,124	0	0	6,124
Unearned revenue	<u>154</u>	<u>0</u>	<u>0</u>	<u>154</u>
Total Liabilities	6,278	0	0	6,278
 FUND BALANCE				
Committed for capital projects	0	0	46,442	46,442
Nonspendable	4,731	0	0	4,731
Assigned	<u>5,498</u>	<u>14,428</u>	<u>0</u>	<u>19,927</u>
Total Fund Balances	<u>10,229</u>	<u>14,428</u>	<u>46,442</u>	<u>71,100</u>
 Total Liabilities and Fund Balance	 <u>16,507</u>	 <u>14,428</u>	 <u>46,442</u>	 <u>77,378</u>

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

REVENUES	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Food Service</u>	<u>Student Activity</u>	<u>Capital Projects</u>	
Local Sources				
Charges for service	24,308	0	0	24,308
Investment interest	25	0	43	68
Other	0	14,123	0	14,123
State Sources	1,062	0	0	1,062
Federal Sources	<u>39,985</u>	<u>0</u>	<u>0</u>	<u>39,985</u>
Total Revenues	65,380	14,123	43	79,545
EXPENDITURES				
Current				
Food service	118,172	0	0	118,172
Other	0	12,723	0	12,723
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>118,172</u>	<u>12,723</u>	<u>0</u>	<u>130,895</u>
Revenues over (under)				
Expenditures	(52,792)	1,400	43	(51,349)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>43,000</u>	<u>0</u>	<u>12,000</u>	<u>55,000</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(9,792)	1,400	12,043	3,651
Fund Balance - Beginning	<u>20,021</u>	<u>13,029</u>	<u>34,400</u>	<u>67,449</u>
Fund Balance - Ending	<u>10,229</u>	<u>14,428</u>	<u>46,442</u>	<u>71,100</u>

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
General Fund
Comparative Balance Sheet

ASSETS	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
Cash in bank	310,994	355,264	(44,270)
Certificates of deposit	709,113	842,928	(133,815)
Accounts receivable	15,945	0	15,945
Accrued property taxes receivable	<u>39,323</u>	<u>42,117</u>	<u>(2,793)</u>
Total Assets	<u>1,075,374</u>	<u>1,240,308</u>	<u>(164,934)</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accrued salaries and benefits	<u>152,126</u>	<u>148,669</u>	<u>3,456</u>
Total Liabilities	152,126	148,669	3,456
Fund Balance			
Restricted for TABOR	52,074	53,838	(1,764)
Unassigned	<u>871,174</u>	<u>1,037,800</u>	<u>(166,626)</u>
Total Fund Balance	<u>923,249</u>	<u>1,091,639</u>	<u>(168,390)</u>
Total Liabilities and Fund Balance	<u>1,075,374</u>	<u>1,240,308</u>	<u>(164,934)</u>

HI-PLAINS SCHOOL DISTRICT R-23

Seibert, Colorado

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property taxes	592,298	594,744	2,446	578,881
Specific ownership taxes	71,784	67,896	(3,888)	70,737
Delinquent taxes & penalties	0	189	189	349
Investment interest	5,000	4,493	(507)	4,785
Overhead costs from preschool	0	1,980	1,980	1,944
Other	<u>34,497</u>	<u>80,568</u>	<u>46,071</u>	<u>16,103</u>
Total Local Sources	703,579	749,871	46,292	672,800
State Sources				
Equalization	876,653	876,650	(3)	938,402
Transportation	26,000	27,278	1,278	27,431
BOCES flowthrough	12,326	35,555	23,229	32,982
Other	<u>48,628</u>	<u>49,560</u>	<u>932</u>	<u>49,646</u>
Total State Sources	963,607	989,042	25,435	1,048,461
Federal Sources				
Grants	14,500	15,650	1,150	14,533
BOCES flowthrough	<u>22,535</u>	<u>19,455</u>	<u>(3,080)</u>	<u>22,004</u>
Total Federal Sources	<u>37,035</u>	<u>35,105</u>	<u>(1,930)</u>	<u>36,537</u>
Total Revenues	1,704,221	1,774,018	69,797	1,757,798
Expenditures	<u>2,716,860</u>	<u>1,887,409</u>	<u>829,451</u>	<u>1,790,126</u>
Excess of Revenues over (under) Expenditures	(1,012,639)	(113,390)	899,249	(32,328)
Other Financing Uses				
Operating Transfers In (Out)	<u>(79,000)</u>	<u>(55,000)</u>	<u>24,000</u>	<u>(63,300)</u>
Excess of Revenues over (under) Expenditures & Other Uses	(1,091,639)	(168,390)	923,249	(95,628)
Fund Balance - Beginning	<u>1,091,639</u>	<u>1,091,639</u>	<u>(0)</u>	<u>1,187,267</u>
Fund Balance - Ending	<u>0</u>	<u>923,249</u>	<u>923,249</u>	<u>1,091,639</u>

See auditor's report and notes to the financial statements.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

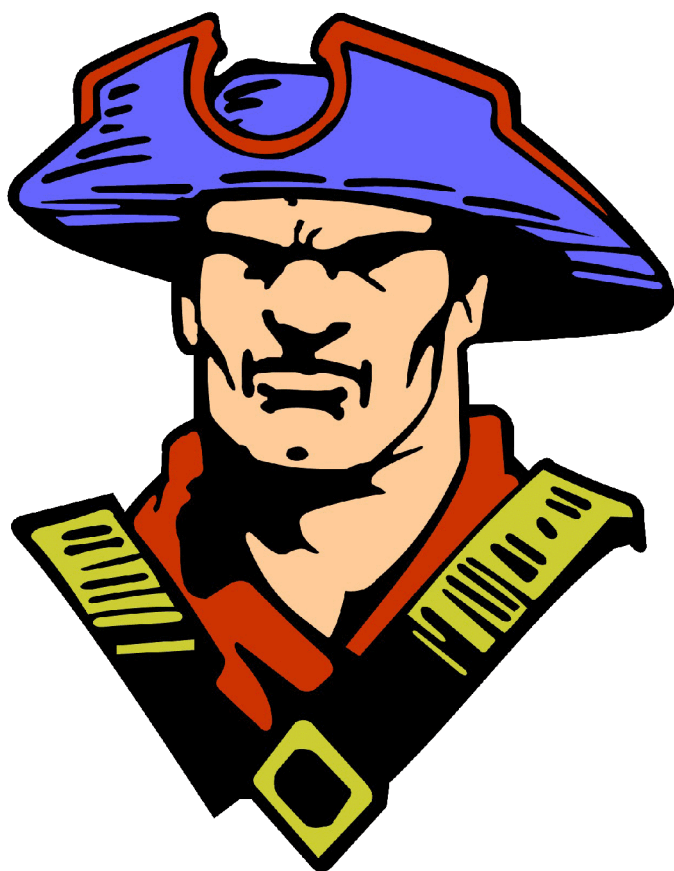
INSTRUCTION	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Current				
Salaries	664,474	697,091	(32,617)	679,415
Employee benefits	249,933	231,073	18,860	224,810
Purchased services	54,797	47,751	7,046	49,983
Supplies and material	21,790	18,293	3,497	28,119
Capital outlay	<u>900</u>	<u>17,145</u>	<u>(16,245)</u>	<u>834</u>
Total Instruction	991,894	1,011,354	(19,460)	983,162
SUPPORTING SERVICES				
Pupil				
Current				
Salaries	14,965	14,965	0	15,452
Benefits	3,120	3,135	(15)	3,604
Purchased services	23,413	23,482	(69)	20,901
Supplies and material	<u>400</u>	<u>1,381</u>	<u>(981)</u>	<u>1,347</u>
Total Pupil	41,898	42,963	(1,065)	41,304
Instructional Staff Services				
Current				
Salaries	14,052	13,063	989	18,599
Employee benefits	6,554	4,138	2,416	6,056
Purchased services	1,800	1,480	320	1,472
Supplies and material	4,925	6,441	(1,516)	11,559
Other	<u>100</u>	<u>0</u>	<u>100</u>	<u>0</u>
Total Instructional Staff	27,431	25,121	2,310	37,685

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016
(continued)

SUPPORTING SERVICES (continued)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
General Administration				
Current				
Salaries	111,424	120,896	(9,472)	125,555
Employee benefits	29,022	31,124	(2,102)	32,254
Purchased services	94,012	79,296	14,716	52,166
Supplies and material	38,500	16,144	22,356	21,335
Other	7,250	6,485	765	6,296
Capital outlay	<u>9,128</u>	<u>11,548</u>	<u>(2,420)</u>	<u>4,455</u>
Total General Administration	289,336	265,493	23,843	242,060
 School Administration				
Current				
Salaries	55,000	55,000	0	55,500
Employee benefits	17,508	17,386	122	16,607
Purchased services	1,800	838	962	1,552
Other	<u>0</u>	<u>400</u>	<u>(400)</u>	<u>0</u>
Total School Administration	74,308	73,624	684	73,659
 Business				
Current				
Salaries	37,750	38,365	(615)	37,750
Employee benefits	13,911	14,038	(127)	13,665
Purchased services	18,361	17,105	1,256	19,142
Other	<u>0</u>	<u>280</u>	<u>(280)</u>	<u>330</u>
Total Business	70,022	69,788	234	70,887
 Operations and Maintenance				
Current				
Salaries	53,957	50,741	3,216	47,685
Employee benefits	20,227	15,515	4,712	13,947
Purchased services	86,475	77,467	9,008	88,939
Supplies and material	68,500	59,007	9,493	58,101
Capital outlay	<u>0</u>	<u>9,673</u>	<u>(9,673)</u>	<u>8,579</u>
Total Operations & Maintenance	229,159	212,403	16,756	217,250

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
SUPPORTING SERVICES (continued)				
Pupil Transportation				
Current				
Salaries	54,084	47,490	6,594	47,088
Employee benefits	15,718	11,694	4,024	9,815
Purchased services	10,990	8,742	2,248	9,414
Supplies and material	45,750	24,620	21,130	23,106
Capital outlay	<u>7,800</u>	<u>62,693</u>	<u>(54,893)</u>	<u>0</u>
Total Transportation	134,342	155,240	(20,898)	89,423
Central Support Services				
Current				
Purchased services	<u>30,703</u>	<u>31,423</u>	<u>(720)</u>	<u>34,695</u>
TOTAL SUPPORTING SERVICES	897,199	876,055	21,144	806,964
Appropriated Reserves	<u>827,767</u>	<u>0</u>	<u>827,767</u>	<u>0</u>
TOTAL EXPENDITURES	<u>2,716,860</u>	<u>1,887,409</u>	<u>829,451</u>	<u>1,790,126</u>



SPECIAL REVENUE FUNDS

Food Services Fund - to account for revenues and expenditures associated with providing hot meals to students, teachers, and visitors.

Student Activity Fund - to account for expenditures for sports activities. Financing is provided by charges for admission and transfers from the General Fund.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Food Services Special Revenue Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash in bank	11,776	25,527	(13,751)
Accounts/grants receivable	0	0	0
Inventory	<u>4,731</u>	<u>4,432</u>	<u>300</u>
Total Current Assets	<u>16,507</u>	<u>29,959</u>	<u>(13,451)</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued salaries and benefits	6,124	9,302	(3,178)
Unearned revenue	<u>154</u>	<u>636</u>	<u>(482)</u>
Total Liabilities	6,278	9,938	(3,660)
FUND BALANCE			
Nonspendable	4,731	4,432	300
Assigned	<u>5,498</u>	<u>15,589</u>	<u>(10,091)</u>
Total Fund Balance	<u>10,229</u>	<u>20,021</u>	<u>(9,792)</u>
Total Liabilities and Fund Balance	<u>16,507</u>	<u>29,959</u>	<u>(13,451)</u>

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Food Services Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Charges for Service				
Student meals	15,500	18,869	3,369	15,595
Adult meals	4,000	5,439	1,439	4,931
Interest income	50	25	(25)	22
State Grants	0	1,062	1,062	1,605
Federal Aid				
Breakfast and lunch	39,000	35,129	(3,871)	42,000
Donated commodities	<u>4,000</u>	<u>4,856</u>	<u>856</u>	<u>3,908</u>
Total Revenues	62,550	65,380	2,830	68,060
EXPENDITURES				
Salaries	49,750	51,316	(1,566)	46,940
Benefits	15,533	15,666	(133)	13,229
Food and milk	52,535	41,417	11,118	48,029
Commodities	4,000	4,856	(856)	3,908
Purchased services	6,600	2,132	4,468	1,926
Non-Food	5,450	2,785	2,665	2,267
Equipment	3,000	0	3,000	0
Appropriated reserves	<u>7,703</u>	<u>0</u>	<u>7,703</u>	<u>0</u>
Total Expenditures	<u>144,571</u>	<u>118,172</u>	<u>26,399</u>	<u>116,299</u>
Excess of Revenues over (under) Expenditures	(82,021)	(52,792)	29,229	(48,238)
Other Sources				
Operating Transfers In	<u>62,000</u>	<u>43,000</u>	<u>(19,000)</u>	<u>51,000</u>
Excess of Revenues and Other Sources over (under) Expenditures	(20,021)	(9,792)	10,229	2,762
Fund Balance - Beginning	<u>20,021</u>	<u>20,021</u>	<u>0</u>	<u>17,259</u>
Fund Balance - Ending	<u>0</u>	<u>10,229</u>	<u>10,229</u>	<u>20,021</u>

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Student Activity Special Revenue Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash in bank	<u>14,428.38</u>	<u>13,028.83</u>	<u>1,399.55</u>
ASSIGNED FUND BALANCE	<u>14,428.38</u>	<u>13,028.83</u>	<u>1,399.55</u>

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Student Activity Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUE	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Gates admission	13,400	14,123	723	15,119
EXPENDITURES				
Non Instructional				
Benefits	0	79	(79)	0
Purchased services	15,500	10,586	4,914	11,382
Supplies	2,000	2,058	(58)	2,253
Other	900	0	900	0
Appropriated Reserve	<u>13,029</u>	<u>0</u>	<u>13,029</u>	<u>0</u>
 Total Expenditures	 <u>31,429</u>	 <u>12,723</u>	 <u>18,706</u>	 <u>13,636</u>
 Excess of Revenue over (under) Expenditures	 (18,029)	 1,400	 19,429	 1,483
 Other Financing Sources				
Operating transfers	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>	<u>0</u>
 Excess of Revenue and Other Sources over (under) Expenditures	 (13,029)	 1,400	 14,429	 1,483
 Fund Balance - Beginning	 <u>13,029</u>	 <u>13,029</u>	 (0)	 <u>11,546</u>
 Fund Balance - Ending	 <u>0</u>	 <u>14,428</u>	 <u>14,428</u>	 <u>13,029</u>

DEBT SERVICE FUND

Bond Redemption Fund – to account for payment of principle and interest on bonds. Financing is provided by a specific annual property tax levy.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Bond Redemption Debt Service Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash	265,091	239,082	26,009
Accrued property taxes receivable	<u>12,976</u>	<u>14,322</u>	<u>(1,346)</u>
Total Assets	<u>278,067</u>	<u>253,404</u>	<u>24,664</u>
 FUND BALANCE			
Restricted for bond redemption	<u>278,067</u>	<u>253,404</u>	<u>24,664</u>

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual Prior Year</u>
REVENUES				
Property taxes	195,000	196,251	1,251	196,885
Specific ownership taxes	0	22,723	22,723	25,457
Delinquent taxes and interest	0	68	68	72
Interest	<u>0</u>	<u>277</u>	<u>277</u>	<u>250</u>
Total Revenues	195,000	219,320	24,320	222,664
 EXPENDITURES				
Bond interest	76,000	75,922	78	79,439
Bond principal	119,000	118,734	266	115,269
Appropriated reserves	<u>253,404</u>	<u>0</u>	<u>253,404</u>	<u>0</u>
Total Expenditures	<u>448,404</u>	<u>194,656</u>	<u>253,748</u>	<u>194,708</u>
Revenues over (under) Expenditures	(253,404)	24,664	278,068	27,956
Fund Balance - Beginning	<u>253,404</u>	<u>253,404</u>	(0)	<u>225,447</u>
Fund Balance - Ending	<u>0</u>	<u>278,067</u>	<u>278,067</u>	<u>253,404</u>

See auditor's report and notes to the financial statements.



CAPITAL PROJECTS FUND

Capital Reserve Fund - to account for acquisition of land and construction of structures thereon, or acquisition of land with existing structures thereon and equipment and furnishing therein; construction of additions to existing structures; procurement of equipment for new buildings and additions to existing buildings and installation thereof; alterations and improvements to existing structures where the estimated cost of such projects for labor and materials is in excess of five thousand dollars. Lease agreements with option to purchase for a period of one year or less, including lease agreements consisting of a series of one-year terms renewable at the option of the District. Financing is provided by transfers from the General Fund.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Capital Reserve Capital Projects Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash in bank	<u>46,442</u>	<u>34,400</u>	<u>12,042</u>
FUND BALANCE			
Committed	<u>46,442</u>	<u>34,400</u>	<u>12,042</u>

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Capital Reserve Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable Unfavorable)	<u>Actual Prior Year</u>
REVENUES				
Local Sources				
Interest income	0	43	43	15
EXPENDITURES				
Capital Outlay				
Vehicles	0	0	0	0
Appropriated Reserve	<u>46,400</u>	<u>0</u>	<u>46,400</u>	<u>0</u>
Total Expenditures	<u>46,400</u>	<u>0</u>	<u>46,400</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	(46,400)	43	46,443	15
Other Financing Sources				
Operating Transfers In	<u>12,000</u>	<u>12,000</u>	<u>0</u>	<u>12,300</u>
Excess of Revenues and Other Sources over (under) Expenditures	(34,400)	12,043	46,443	12,315
Fund Balance - Beginning	<u>34,400</u>	<u>34,400</u>	(0)	<u>22,085</u>
Fund Balance - Ending	<u>0</u>	<u>46,442</u>	<u>46,442</u>	<u>34,400</u>

AGENCY FUND

Student Activity Fund - to act as custodian for the classes and activities of the District.

HI-PLAINS SCHOOL DISTRICT R-23
Seibert, Colorado
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities - Budget and Actual
For the Year Ended June 30, 2017

	Balance			Balance <u>June 30</u>
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	
Class of 2011	516	0	0	516
Class of 2012	604	0	0	604
Class of 2013	289	0	0	289
Class of 2014	51	0	0	51
Class of 2015	0	0	0	0
Class of 2016	236	0	90	146
Class of 2017	6,460	28,465	34,625	300
Class of 2018	1,161	3,039	2,823	1,377
Class of 2019	800	2,159	1,349	1,610
Class of 2020	257	30	0	287
Class of 2021	324	271	464	130
Class of 2022	30	199	0	229
Class of 2023	30	0	0	30
Class of 2024	25	0	0	25
Class of 2025	20	0	0	20
Class of 2026	10	0	0	10
Class of 2027	10	0	0	10
Class of 2028	5	0	0	5
District	1,901	2,682	2,579	2,004
Athletics	1,748	0	107	1,641
Boys Athletics	22	0	0	22
Boys Basketball	1,925	1,330	345	2,909
Football	257	2,320	2,577	0
Girls Basketball	4,912	4,886	287	9,512
Volleyball	(125)	0	0	(125)
Volleyball Camp	1,435	7,046	4,664	3,816
Publications	5,384	4,790	4,560	5,614
FBLA	200	6,042	6,242	0
FFA	5,700	6,939	6,170	6,470
FHA	10	0	0	10
Music	781	333	50	1,064
Shop	62	377	1,170	(731)
Accountability Committee	18	200	0	218
Cheerleaders	126	0	126	0
National Honor Society	8	125	0	133

HI-PLAINS SCHOOL DISTRICT R-23
 Seibert, Colorado
 Student Activity Agency Fund
 Statement of Changes in Assets and Liabilities - Budget and Actual
 For the Year Ended June 30, 2017
 (continued)

	Balance			Balance
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
History	521	0	0	521
Counseling	201	0	0	201
Student Council	172	2,306	1,910	567
LEGO	263	0	0	263
AR Reading	246	84	17	312
Track	<u>0</u>	<u>425</u>	<u>71</u>	<u>354</u>
Total	36,590	74,047	70,227	40,411
 Budget	 <u>36,590</u>	 <u>100,000</u>	 <u>136,590</u>	 <u>0</u>
 Variance - Favorable (Unfavorable)	 <u>0</u>	 <u>(25,953)</u>	 <u>66,363</u>	 <u>40,411</u>

AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 1460 - HI-PLAINS R-23
 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	1,091,639		1,679,417		1,847,807		923,249
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		39,601		39,601		0
Sub-Total	1,091,639		1,719,018		1,887,409		923,249
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	20,021		108,380		118,172		10,229
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	13,029		14,123		12,723		14,428
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	253,404		219,320		194,656		278,067
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	34,400		12,043		0		46,442
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	1,412,492		2,072,883		2,212,959		1,272,416
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	36,590		74,047		70,227		40,411
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	36,590		74,047		70,227		40,411
FINAL							