

**KIOWA COUNTY SCHOOL DISTRICT RE-1
EADS, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

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



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FINANCIAL SECTION

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

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

Introduction

Management's discussion and analysis (MD&A) of the financial activities of Kiowa County School District RE-1's (District) finances is to give the reader an overall review as of the year ended June 30, 2017. The purpose of this discussion is to look at the District's finances as a whole. In order for the reader to get a comprehensive understanding of the District's financial performance, you should also review the financial statements, financial statement footnotes, budgetary comparison schedules and the additional supplementary information.

The MD&A is a component of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current and prior year, included in these statements is required to be presented.

Financial Highlights

General Fund expenditures exceeded revenues by \$19,144, resulting in a \$939,643 fund balance available for Fiscal Year 2018. This balance will fund 3 months of operating expenses, which meets the goal of the School Board. We continue to budget adequate contingencies greater than required by law to cover any unanticipated operational needs. As the financials reflect, the District's budget continues to remain reasonably constant with any increases in revenue being used to offset the cost of salary and benefits for additional staff and/or programs.

Using the Basic Financial Statements

This discussion and analysis serves as an introduction to the District's basic financial statements and their corresponding notes. We have organized these statements so that the reader may gain an understanding of the District as a complete operating entity. These statements then proceed to impart an increasingly thorough look at specific financial activities.

The Statement of Net Position and the Statement of Activities are government-wide financial statements. These statements provide long and short-term information concerning the district's overall financial status.

The remaining statements are fund financial statements which focus on individual parts of the district's operations in greater detail. The governmental fund statements reflect how general district services were funded in the short term as well as what funds remain for future spending.

Financial Analysis of the District as a Whole

The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent, and what is available for future expenditures. Did the District generate enough revenue to pay for current obligations? What is available for spending at the end of the year? The strong financial performance of the District as a whole is reflected in its governmental funds as well. At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$1,065,203.

As of June 30, 2017, the District's total net position was (\$1,900,807). The District's governmental net position was lower in 2017 decreasing from (\$919,612) to (\$1,900,807) or 103.85%; in contrast to last year's net position increase of (\$240,717) or 35.46%. The District's unrestricted net position, the part of the net position that can be used to finance day-to-day operations without constraints established by legal requirements changed from a (\$2,582,515) deficit at June 30, 2016 to a (\$3,762,668) deficit at the end of this year, also a decrease of (\$1,180,153) or 31.36%.

The District's total governmental revenues for the year end June 30, 2017 increased by 10.66% or \$252,518; while the total cost of all programs and services increased by \$285,057, or 11.88%. Even though there was an increase in revenues and in expenses, there was still an overall decrease in our net position. This decrease is reflective of the implementation of GASB Statement No. 68; which requires the District to report the net pension liability of the District's proportionate share in the PERA pension plan, which is \$7,410,042 for 2017. This liability must be reported on the District's financial statements but is not a current liability owed by the District. Looking at the year end's bottom line, with these decreases, the District was not able to show an overall increase in its governmental fund balance, instead it went from \$1,129,622 as of June 30, 2016 to \$1,065,203 at June 30, 2017 which is a decrease of \$64,419 or 5.70%.

Government-Wide Financial Statements

The government-wide financial statements report information about the District's finances as a whole using accounting methods comparable to those used by private businesses. The first two statements are government-wide financial statements – the *Statement of Net Position* and the *Statement of Activities*. One of the most asked questions about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" These statements provide both long-term and short-term information pertaining to the District's overall financial status in a way that helps answer this question.

The *Statement of Net Position* presents information on all of the District’s assets less liabilities, which results in net position. It is designed to display the financial position of the District. The causes of any change in assets here, may be the result of various factors, some financial, some not. Non-financial factors may include facility conditions and required educational programs. The *Statement of Activities* provides information that shows how the District’s net position changed as a result of the year’s activities. The statement uses the modified accrual basis of accounting, which is similar to what private sector businesses use. All revenues and expenses are reported regardless of when cash is received or paid. The statement identifies the extent to which each expenditure draws from the general revenues of the District (primarily property taxes) or is financed through charges for services (such as the Food Service Fund) and intergovernmental aid (such as federal programs and equalization).

The *Statement of Net Position* and the *Statement of Activities* for the District are divided and reported as two distinct types of activities:

- 1) Governmental Activities – The majority of the District’s various programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation, food service and extracurricular activities.

A *Condensed Statement of Net Position* for the District is as follows:

Table 1 – Condensed Statement of Net Position

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Current Assets	\$ 1,279,703	\$ 1,330,783
Capital Assets - Net	<u>1,785,861</u>	<u>1,583,516</u>
Total Assets	<u>3,065,564</u>	<u>2,914,299</u>
Deferred Outflows	<u>2,851,781</u>	<u>492,012</u>
Current Liabilities	203,518	166,965
Long-Term Liabilities	<u>7,419,765</u>	<u>3,977,492</u>
Total Liabilities	<u>7,623,283</u>	<u>4,144,457</u>
Deferred Inflows	<u>194,869</u>	<u>181,465</u>
Net Investment in Capital Assets	1,785,861	1,583,515
Restricted Net Position	76,000	79,387
Unrestricted Net Position	<u>(3,762,668)</u>	<u>(2,582,514)</u>
Total Net Position	<u>\$ (1,900,807)</u>	<u>\$ (919,612)</u>

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

A *Condensed Statement of Activities and Changes in Net Position* is reflected below:

Table 2 - Condensed Statement of Activities

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Program Revenues:		
Charges for Services	\$ 164,760	\$ 185,365
Operating Grants	<u>346,667</u>	<u>210,245</u>
Total Program Revenues	<u>511,427</u>	<u>395,610</u>
General Revenues:		
Taxes	551,627	563,312
State Equalization	1,514,491	1,345,015
Investment Income	3,866	3,787
Gain on Disposal	450	(26,973)
Miscellaneous	<u>38,839</u>	<u>57,808</u>
Total General Revenues	<u>2,109,273</u>	<u>1,942,949</u>
Total Revenues	<u>2,620,700</u>	<u>2,338,559</u>
Expenses		
Instruction	2,147,648	1,433,948
Supporting Services	<u>1,454,247</u>	<u>1,145,327</u>
Total Expenses	<u>3,601,895</u>	<u>2,579,275</u>
Change in Net Position	(981,195)	(240,717)
Net Position - Beginning	<u>(919,612)</u>	<u>(678,895)</u>
Net Position - Ending	<u>\$ (1,900,807)</u>	<u>\$ (919,612)</u>

Program revenues, specifically operating grants and contributions, capital grants and charges for services is a large portion of the District's revenue 19.51%.

- Operating grants and contributions contribute 67.78% of program revenues and 13.23% of total revenues. The major sources of revenues in this category are federal and special program funds restricted for stated programs and energy funding.
- Charges for services include the technology fee, federal reimbursement for meals, student and adult meal purchases and were 32.22% of program revenues and 6.29% of total revenues.

General revenues, primarily equalization and property taxes are used to fund expenses not covered by program revenues and make up 80.49% of total revenues.

Instructional expenses, primarily salaries and benefits for classroom teachers, are the largest expense function of the District, 59.58% which is an increase of 27.01% from last year).

- In addition to teacher salaries and benefits, instruction includes teacher aides, substitute teachers, textbooks, professional development, and classroom instructional materials, supplies and equipment.
- Supporting services includes salaries and benefits for school principals, librarians, school secretaries, bookkeepers, professional development expenses, transportation salaries and benefits, vehicle maintenance and repair, and vehicle fuel.
- Unallocated depreciation is used to report depreciation expenses of the District's assets.
- Food services includes salaries and benefits for cooks, and lunchroom manager, as well as donated and purchased food, food preparation and service supplies, and equipment.

The decrease in net position can be attributed to several factors, including:

- A big aspect of our decrease in net position is the reporting requirement of GASB Statement No. 68.
- As a District we chose to not freeze the salary schedule for our employees as many other districts across the state did, which was a major increase in our expenses and contributed the most towards our decrease in net position.
- The increase in the cost of food supplies for the Food Service Fund.
- The increase in the overall expenses to operate and maintain our Bus Fleet.

The District managed its governmental operations in an effort to maintain the available carryover, in order to establish a three month operating window. The Food Service Fund, is managed in an attempt to breakeven.

Reporting the District's Most Significant Funds

The analysis of the District's major funds begins on page 4. These fund financial reports provide detailed information regarding the District's major funds. The District's major funds are the General Fund and Pupil Activity Fund.

Governmental Funds. Most of the District's financial activities are reported in the governmental funds. These statements focus on how money flows into and out of those funds and reflects the balances left at year-end that is available for spending in future periods. The District uses the accounting method know as modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash to report these funds.

The governmental fund statements offer a detailed short-term examination of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be expended in the near future to finance educational programs. The relationship between government activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements of the Governmental Funds. The General fund provides the majority of the District's instruction and support operations. The Capital Reserve Projects Fund accounts for the District's funds set aside for the purchase/improvement of capital assets and the Pupil Activity Fund generally accounts for student generated revenues and expenditures related to non-classroom activities. The Food Service Fund accounts for all activities associated with the Districts school lunch program.

Fund Financial Statements

The fund financial statements focus on individual parts of the District's operations in greater detail. A fund is a grouping of related accounts that is used to keep track of specific sources of funding and spending for particular purposes. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. The financial statements also include notes that explain some of the information contained in the financial statements and provides more detailed data.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

In addition to the basic financial statements and the accompanying notes, this report also presents certain *Required Supplementary Information* (RSI) other than the MD&A consisting of a budgetary comparison schedule for the General Fund and each major special revenue fund that has a legally adopted annual budget. The schedule includes an accompanying note explaining the differences between actual amounts as reported on the basis of budgeting and the GAAP basis of reporting.

General Fund. Equity in the General Fund decreased from 2016 to 2017 due in-part to movement of employees on the salary schedule, which increased salary expenses. The majority of the decrease comes from the Instruction side where our expenditures for Teacher and Teacher Aide salaries, benefits and supplies for actual classroom instruction of our students showed the largest increase.

The Operations and Maintenance as well as Facilities also reflected large increases in expenses due to increases in salaries, benefits, other supplies and renovation of our Old Gym. As a District we are always in the process of comparing expenditures to revenues in an effort to maintain if not increase operating carryovers in order to maintain a minimum three month operating reserve.

Pupil Activity Fund. Equity in the Pupil Activity Fund decreased by a total of \$17,659 from 2016 to 2017. As the District does not control the activity within this fund, due to its custodial nature, equity balances may increase or decrease on an annual basis.

Capital Assets

As of June 30, 2017 the District had \$1,785,861 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$202,344 or 12.78% increase from the year ending June 30, 2016. A summary of the District's Governmental Capital Assets is as follows:

Table 3 – Governmental Activity Capital Assets

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<u>Governmental Activities</u>				
Buildings	\$ 2,735,449	\$ 235,399	\$ -	\$ 2,970,848
Land Improvements	471,734	56,033	-	527,767
Machinery & Equipment	137,365	6,485	-	143,850
Food Service Equipment	35,350	-	-	35,350
Vehicles	439,791	-	-	439,791
Total Capital Assets	<u>3,819,689</u>	<u>297,917</u>	<u>-</u>	<u>4,117,606</u>
Less Accumulated Depreciation:				
Buildings	(1,479,568)	(55,633)	-	(1,535,201)
Land Improvements	(284,182)	(16,346)	-	(300,528)
Machinery & Equipment	(88,431)	(9,379)	-	(97,810)
Food Service Equipment	(25,773)	(737)	-	(26,510)
Vehicles	(358,218)	(13,478)	-	(371,696)
Total Accumulated Depreciation	<u>(2,236,172)</u>	<u>(95,573)</u>	<u>-</u>	<u>(2,331,745)</u>
Net Capital Assets	<u>\$ 1,583,517</u>	<u>\$ 202,344</u>	<u>\$ -</u>	<u>\$ 1,785,861</u>

The District expended \$297,917 to improve capital assets during the fiscal year; these improvements consisted of new windows and electric to one of our buildings, as well as new underground electric service to another one of our buildings. Reductions in our capital assets totaled \$95,573. These reductions consisted of depreciation. The District does not maintain separate infrastructure assets as all infrastructure has been included with the related capital assets.

Debt Administration

As of June 30, 2017 the District had a total outstanding long-term debt as follows:

	Balance July 1, 2016	Additions	Payments	Balance June 30, 2017	Current Portion
PERA Net Pension Liability	\$ 3,961,454	\$ 3,448,588	\$ -	\$ 7,410,042	\$ -
Accrued Compensated Absences	<u>16,038</u>	<u>-</u>	<u>6,315</u>	<u>9,723</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 3,977,492</u>	<u>\$ 3,448,588</u>	<u>\$ 6,315</u>	<u>\$ 7,419,765</u>	<u>\$ -</u>

The accrued compensated absences represent the amounts to be funded for earned but unused vacation and sick leave. Additional information related to the District's long-term obligations can be found in Note 6 to the financial statements.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes, if needed, are then made in October when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received, usually in the form of grants. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes and the acquisition or renovation of Capital Assets. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is a combination of Property Tax, State Equalization and Specific Ownership Tax.

The Future of the District

The District plans are to continue building and/or maintaining equity through efficient operations, in order to maintain a fund balance close to \$1,000,000. We believe that this is an adequate amount of fund balance to withstand the current dropping enrollment and to have available in reserve in case of emergency. Although we feel we are in a stable financial position, with declining enrollment we do not want to get caught with an inadequate budget to support the instruction of our students, so we constantly review the budget, expenses and revenues to make sure we remain on track with our objectives.

We have already begun the process of prioritizing funding line items to address any unforeseen shortfalls, as well as looking at different scenarios to reduce expenses district wide yet maintain student achievement. It is our hope to maintain as many programs and opportunities as possible with the current budget outlook. Our future goals are to evaluate all areas of the budget and to prioritize line items that are instrumental to student achievement. Maintaining and updating facilities and fleets are a priority that has a huge impact on the budget; we will address them with caution and necessity. We are also constantly looking at maintaining our technology program as it is an ever changing environment. It is our overall goal to remain diligent in making decisions that will keep the district in a good financial position, while maintaining a level of excellence that we have worked so hard to develop.

Requests for Information

This financial report is designed to provide citizens, taxpayers and anyone interested in the government's finances with a general overview of Kiowa County School District RE-1's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Pamela Cole, Business Manager by calling 719-438-2218; stop by the Business Office located at 210 W 10th Street, Eads, Colorado between the hours of 8:00 a.m. to 4:00 p.m. mountain standard time; or send your request in writing to: Kiowa County School District RE-1, Business Manager, 210 W 10th, Eads CO 81036.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Education
Kiowa County School District RE-1
Eads, Colorado

Independent Auditors' Report

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited the Kiowa County School District RE-1's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1–M9 and pension schedules on 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 32-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining individual fund schedules on pages 36-40 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports pages 41-44 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Holscher, Mayberry + Company, LLC". The signature is written in a cursive, flowing style.

Englewood, CO
November 15, 2017

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BASIC FINANCIAL STATEMENTS

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

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

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
ASSETS	
Current Assets	
Cash and Investments	\$ 1,186,908
Cash with Fiscal Agent	1,832
Taxes Receivable	42,320
Grants Receivable	25,650
Other Accounts Receivable	3,297
Inventory	2,912
Prepaid Expenses	<u>16,784</u>
Total Current Assets	1,279,703
Noncurrent Assets	
Capital Assets, being depreciated	<u>1,785,861</u>
TOTAL ASSETS	<u>3,065,564</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Contributions Subsequent to Measurement Date	106,963
Difference Between Projected and Actual Returns on Pension Plan Investments - net	247,777
Difference Between Projected and Actual Pension Plan Experience - net	92,637
Change in Pension Plan Assumptions - net	<u>2,404,404</u>
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>2,851,781</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,917,345</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 32,841
Retainage Payable	3,944
Accrued Salaries & Benefits	166,492
Payroll Taxes & Deductions Payable	<u>241</u>
Total Current Liabilities	203,518
Noncurrent Liabilities	
Due In More Than One Year	<u>7,419,765</u>
TOTAL LIABILITIES	<u>7,623,283</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Difference Between Projected and Actual Pension Plan Experience - net	65
Change in District's Proportionate Share of Net Pension Liability - net	150,406
Change in Pension Plan Assumptions - net	33,416
Other Deferred Inflows	<u>10,982</u>
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>194,869</u>
NET POSITION	
Net Investment in Capital Assets	1,785,861
Restricted Net Position	76,000
Unrestricted Net Position	<u>(3,762,668)</u>
TOTAL NET POSITION	<u>(1,900,807)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 5,917,345</u>

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

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

	Special Revenue			Totals	
	General Fund	Pupil Activity Fund	Other Governmental Funds	2017	2016
ASSETS					
Cash and Investments	\$ 1,061,474	\$ 89,258	\$ 36,176	\$ 1,186,908	\$ 1,256,026
Cash with Fiscal Agent	1,832	-	-	1,832	527
Taxes Receivable	42,320	-	-	42,320	46,317
Grants Receivable	25,650	-	-	25,650	1,396
Other Accounts Receivable	2,919	-	378	3,297	6,155
Inventory	-	-	2,912	2,912	2,377
Prepaid Expenses	16,784	-	-	16,784	17,984
TOTAL ASSETS	<u>\$ 1,150,979</u>	<u>\$ 89,258</u>	<u>\$ 39,466</u>	<u>\$ 1,279,703</u>	<u>\$ 1,330,782</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$ 30,989	\$ 1,852	\$ -	\$ 32,841	\$ -
Retainage Payable	3,944	-	-	3,944	-
Accrued Salaries & Benefits	166,492	-	-	166,492	166,724
Payroll Taxes & Deductions Payable	241	-	-	241	241
Total Liabilities	<u>201,666</u>	<u>1,852</u>	<u>-</u>	<u>203,518</u>	<u>166,965</u>
Deferred Inflows of Financial Resources					
Deferred Grant Revenue	9,670	-	-	9,670	33,274
Deferred Revenue	-	-	1,312	1,312	921
Total Deferred Inflows	<u>9,670</u>	<u>-</u>	<u>1,312</u>	<u>10,982</u>	<u>34,195</u>
Fund Balance					
Nonspendable Fund Balance	17,984	-	2,912	20,896	20,361
Restricted Fund Balance					
Restricted for TABOR Emergencies	76,000	-	-	76,000	69,000
Restricted for Colorado Preschool Program	-	-	-	-	10,387
Committed Fund Balance					
Committed for Food Service	-	-	17,513	17,513	-
Assigned Fund Balance					
Assigned for Fund Purposes	-	87,406	17,729	105,135	161,426
Unassigned Fund Balance	845,659	-	-	845,659	868,448
Total Fund Balance	<u>939,643</u>	<u>87,406</u>	<u>38,154</u>	<u>1,065,203</u>	<u>1,129,622</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,150,979</u>	<u>\$ 89,258</u>	<u>\$ 39,466</u>	<u>\$ 1,279,703</u>	<u>\$ 1,330,782</u>

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

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

Fund Balance - Governmental Funds		\$ 1,065,203
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, being depreciated	4,117,606	
Accumulated depreciation	<u>(2,331,745)</u>	1,785,861
Certain long-term pension related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date	106,963	
Difference between projected and actual pension plan experience (outflow)	155,579	
Amortization of experience difference (outflow)	(62,942)	
Difference between projected and actual investment returns on the pension plan	441,163	
Amortization of investment return difference	(193,386)	
Changes of assumptions	3,377,847	
Amortization of changes in assumptions	(973,443)	
Net pension liability	(7,410,042)	
Difference between projected and actual pension plan experience (inflow)	(345)	
Amortization of experience difference (inflow)	280	
Change in District's proportionate share of net pension liability	(294,889)	
Amortization of change in proportion	144,483	
Pension plan change in assumptions	(74,167)	
Amortization of change in assumptions	<u>40,751</u>	(4,742,148)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Accrued compensated absences/Early retirement obligations		<u>(9,723)</u>
Total Net Position - Governmental Activities		<u>\$ (1,900,807)</u>

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

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

	Special Revenue			Totals	
	General Fund	Pupil Activity Fund	Other Governmental Funds	2017	2016
REVENUES					
Local Sources	\$ 596,861	\$ 107,562	\$ 44,992	\$ 749,415	\$ 770,249
Intermediate Sources	116	-	-	116	238
State Sources	1,764,916	-	1,070	1,765,986	1,509,623
Federal Sources	60,297	-	44,886	105,183	88,072
TOTAL REVENUES	<u>2,422,190</u>	<u>107,562</u>	<u>90,948</u>	<u>2,620,700</u>	<u>2,368,182</u>
EXPENDITURES					
Instruction	1,219,254	145,221	4,958	1,369,433	1,294,926
Pupil Support	44,424	-	-	44,424	47,484
Staff Support	56,550	-	-	56,550	70,427
General Administration	149,212	-	-	149,212	146,166
School Administration	157,708	-	-	157,708	167,391
Business Services	73,740	-	-	73,740	72,677
Operations and Maintenance	277,461	-	2,150	279,611	265,544
Transportation	124,733	-	-	124,733	125,267
Other Central Support	4,670	-	-	4,670	19,325
Risk Management	21,765	-	-	21,765	27,904
Other Supporting Services	1,827	-	-	1,827	832
Food Service	-	-	105,341	105,341	104,941
Facilities	239,990	-	56,115	296,105	57,178
TOTAL EXPENDITURES	<u>2,371,334</u>	<u>145,221</u>	<u>168,564</u>	<u>2,685,119</u>	<u>2,400,062</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	50,856	(37,659)	(77,616)	(64,419)	(31,880)
OTHER FINANCING SOURCES (USES)					
Transfer In (Out) - net	(70,000)	20,000	50,000	-	-
CHANGE IN FUND BALANCE	(19,144)	(17,659)	(27,616)	(64,419)	(31,880)
BEGINNING FUND BALANCE	<u>958,787</u>	<u>105,065</u>	<u>65,770</u>	<u>1,129,622</u>	<u>1,161,502</u>
ENDING FUND BALANCE	<u>\$ 939,643</u>	<u>\$ 87,406</u>	<u>\$ 38,154</u>	<u>\$ 1,065,203</u>	<u>\$ 1,129,622</u>

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

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

Change in Fund Balance - Governmental Funds \$ (64,419)

Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	297,917	
Depreciation Expense	(95,572)	202,345

Pension expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

Change in contributions subsequent to measurement date	4,097	
Current year projected to actual investment return difference	(5,109)	
Current year amortization of overall investment return differences	(83,949)	
Current year projected to actual pension plan experience difference (outflow)	83,453	
Current year amortization of overall pension plan experience differences (outflow)	(43,127)	
Current year change in assumptions	3,377,847	
Current year amortization of change in assumptions	(973,443)	
Change in net pension liability	(3,448,588)	
Current year projected to actual pension plan experience difference	14	
Current year amortization of overall pension plan experience differences	86	
Current year change in proportionate share of cost-sharing plan liability	(141,873)	
Current year amortization of overall proportionate share differences	82,590	
Current year change in assumptions	3,021	
Current year amortization of change in assumptions	19,545	(1,125,436)

Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level

Change in accrued compensated absences		6,315
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Changes in Net Position- Governmental Activities \$ (981,195)

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

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

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

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

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

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental fund:

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

Pupil Activity Fund – This fund specifically accounts for the District’s student club and organization activity.

The District reports the following non-major governmental funds:

Special Revenue Funds (Food Service Fund) - These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes. The Food Service Fund accounts for the District’s food service program.

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Cash and Investments - Cash is kept in interest bearing accounts which are comprised of checking accounts and money market accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Investments are recorded at fair value.

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

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

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

Capital Assets - Capital assets used in governmental activities operations are shown on the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

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

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

Buildings and Site Improvements	10-40 years
Vehicles	5-15 years
Other Equipment	15 years

Vacation, Sick Leave, and Other Compensated Absences - District employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Vacation can be carried over upon the superintendent's approval.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category, both related to outstanding pension obligations and further described in Note 8.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows for property taxes as described above, prepaid student balances and pension related deferrals as further described in Note 8.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

All remaining governmental balances or deficits in the other governmental funds are presented as unassigned.

For the classification of fund and net position balances, the District considers an expenditure to be made from the most restrictive classification first, when more than one classification is available.

Net Position/Fund Balance Flow Assumptions

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

Revenues and Expenditures/Expenses

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

Property Tax Revenues - Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Uncollected property taxes levied in 2016 for collection in 2017 are identified as property taxes receivable at June 30.

Comparative Data

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

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2: CASH AND INVESTMENTS

The following is a reconciliation of cash on the statement of net position to the summary of cash and investments shown below:

Bank deposits	\$ 1,186,658
Cash on hand	<u>250</u>
Total cash and investments	<u>\$ 1,186,908</u>
Governmental activities	<u>\$ 1,186,908</u>

Custodial Credit Risk - Deposits

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

The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2017, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

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

	Bank Balance	Carrying Balance
FDIC insured	\$ 250,000	\$ 250,000
PDPA collateralized (Not in District's name)	<u>963,369</u>	<u>936,658</u>
Total	<u>\$ 1,213,369</u>	<u>\$ 1,186,658</u>

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

Investments

Credit Risk

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

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

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

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk – Investments

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

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2017 consisted of purchased food and supplies and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt. Inventory at June 30, 2017, was valued at \$2,912.

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4: CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>Governmental Activities</u>				
Buildings	\$ 2,735,449	\$ 235,399	\$ -	\$ 2,970,848
Land Improvements	471,734	56,033	-	527,767
Machinery & Equipment	137,365	6,485	-	143,850
Food Service Equipment	35,350	-	-	35,350
Vehicles	439,791	-	-	439,791
Total Capital Assets	<u>3,819,689</u>	<u>297,917</u>	<u>-</u>	<u>4,117,606</u>
Less Accumulated Depreciation:				
Buildings	(1,479,568)	(55,633)	-	(1,535,201)
Land Improvements	(284,182)	(16,346)	-	(300,528)
Machinery & Equipment	(88,431)	(9,379)	-	(97,810)
Food Service Equipment	(25,773)	(737)	-	(26,510)
Vehicles	(358,218)	(13,478)	-	(371,696)
Total Accumulated Depreciation	<u>(2,236,172)</u>	<u>(95,573)</u>	<u>-</u>	<u>(2,331,745)</u>
Net Capital Assets	<u>\$ 1,583,517</u>	<u>\$ 202,344</u>	<u>\$ -</u>	<u>\$ 1,785,861</u>

Depreciation expense for governmental activities was allocated to activities as follows:

Instruction	\$ 48,743
Supporting Services	<u>46,830</u>
Total Depreciation	<u>\$ 95,573</u>

The District is required under GASB Statement No. 34, to compute depreciation on all of its capital assets and to record that depreciation on its government-wide financial statements. For the year ended June 30, 2017, depreciation has been charged to governmental activities on the government-wide financial statements. Depreciation is not charged to governmental funds and is accordingly shown as a reconciliation item between the governmental fund and governmental activities presentations. The District does not record infrastructure. All infrastructure type assets have been included as part of the value of the related asset.

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, were \$166,492.

NOTE 6: LONG-TERM OBLIGATIONS

Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General and Food Service Funds.

Changes in long-term obligations for the year ended June 30, 2017 are as follows:

	Balance			Balance	Current
	July 1,	Additions	Payments	June 30,	Portion
	2016			2017	
PERA Net Pension Liability	\$ 3,961,454	\$ 3,448,588	\$ -	\$ 7,410,042	\$ -
Accrued Compensated Absences	16,038	\$ -	\$ 6,315	\$ 9,723	-
Total Long-Term Obligations	\$ 3,977,492	\$ 3,448,588	\$ 6,315	\$ 7,419,765	\$ -

Beginning with the June 30, 2001 fiscal year, the District began offering an early retirement incentive to its teachers and other long-term employees. All teachers and other employees that have been employed by the District for at least 20 years are eligible to receive either \$35,000 upon retirement in the case of teachers or ½ the annual salary of other employees, paid equally in annual installments over the three fiscal years subsequent to retirement. During the year, no teacher opted into this program, and there are no current participants.

In addition, the District has recorded an obligation for accrued compensated absences related to leave carryovers at June 30, 2017.

NOTE 7: JOINTLY GOVERNED ORGANIZATION

BOCES

The District in conjunction with other surrounding districts created the Southeastern Colorado Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. During the fiscal year ended June 30, 2017, the District paid total BOCES assessments of \$34,166. Financial statements for the BOCES can be obtained from the BOCES administrative office at: 703 South Third, Lamar, CO 81052.

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: 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.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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:

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

January 1st through December 31st	2014¹	2015¹	2016¹
Employer contribution rate	10.15%	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%
Total employer contribution rate to the SCHDTF	16.43%	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$199,754 for the plan year ended December 31, 2016 and \$308,280 for the fiscal year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$7,410,042 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was .02489%, which was a decrease of (.002191)% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017 the District recognized pension expense of \$1,414,540. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 92,637	\$ (66)
Changes of assumptions or other inputs	\$ 2,404,404	\$ (33,415)
Net difference between projected and actual earnings on pension plan	\$ 247,776	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (150,406)
Contributions subsequent to the measurement date	\$ 106,963	\$ -
Total	\$ 2,851,780	\$ (183,887)

\$106,963 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amortization Amount
2018	\$ (1,008,601)
2019	(1,031,029)
2020	(518,830)
2021	(2,470)
Total	\$ (2,560,930)

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

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 16, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

NOTE 9: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2017 program members contributed \$13,493.

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015 each of the two preceding, the District contributions to the HCTF were \$11,462, \$11,377 and \$11,399, respectively, equal to their required contributions for each year.

NOTE 11: INTERFUND BALANCES

The District made the following routine transfers for the year ended June 30, 2017:

	<u>Amount</u>
General Fund transfer to Food Service Fund	\$ 25,000
General Fund transfer to Capital Reserve Fund	25,000
General Fund transfer to Pupil Activity Fund	20,000
Food Service Fund transfer from General Fund	(25,000)
Capital Reserve Fund transfer from General Fund	(25,000)
Pupil Activity Fund transfer from General Fund	(20,000)
Net Interfund Transfers	<u>\$ -</u>

NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

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

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 12: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS (Continued)

Tabor Amendment - In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Revenue received in excess of the limitations may be required to be refunded unless the District's electorate vote to retain the revenue.

In November of 1996, the voters of the District approved a ballot measure which allows the District to retain, appropriate, and utilize the full revenues received from every source whatever, without limitation, in 1996 and all subsequent years. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has reserved the General Fund's fund balance in the amount of \$76,000 pursuant to the Amendment's 3% Emergency Reserve requirement.

NOTE 13: RISK MANAGEMENT

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997.

The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually.

These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2017.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation

The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

KIOWA COUNTY SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 14: DEFICIT NET POSITION

The Governmental Activities has an overall deficit net position of \$1,874,672 and an unrestricted net position deficit of \$3,736,553, primarily due to the PERA net pension liability of \$7,410,042, as further described in Note 8. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

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REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules - Unaudited)

KIOWA COUNTY SCHOOL DISTRICT RE-1

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
District's proportion of the net pension asset (liability)	0.024888%	0.025902%	0.026493%	0.027079%
District's proportionate share of the net pension asset (liability)	\$ (7,410,042)	\$ (3,961,454)	\$ (3,590,677)	\$ (3,453,863)
District's covered-employee payroll	\$ 1,104,819	\$ 1,128,782	\$ 1,109,862	\$ 1,091,623
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	670.70%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%	64.07%

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

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

See the accompanying Independent Auditors' Report.

KIOWA COUNTY SCHOOL DISTRICT RE-1

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 202,513	\$ 195,618	\$ 182,350	\$ 169,529
Actual contributions	<u>(202,513)</u>	<u>(195,618)</u>	<u>(182,350)</u>	<u>(169,529)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,104,819	\$ 1,128,782	\$ 1,109,862	\$ 1,091,623
Contributions as a percentage of covered-employee payroll	18.33%	17.33%	16.43%	15.53%

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

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

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION
(Budgetary Comparison Schedules)

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

	2017			
	Original & Final		Variance with Final	2016
	Budget	Actual	Budget	Actual
REVENUES				
Local Sources				
Property Taxes	\$ 469,336	\$ 478,185	\$ 8,849	\$ 485,355
Specific Ownership Taxes	77,656	71,163	(6,493)	75,042
Delinquent Taxes	2,000	2,279	279	2,915
Tuition From Individuals	3,000	3,450	450	3,050
Tuition Within the BOCES	-	5,850	5,850	1,800
Transportation Fees	2,400	2,450	50	-
Investment Earnings	3,000	3,518	518	3,547
Instructional Materials Fees	-	-	-	2,450
Local BOCES Passthrough	-	805	805	-
Other Local	12,000	29,161	17,161	17,786
Total Local Sources	569,392	596,861	27,469	591,945
Intermediate Sources				
Mineral Leases	230	116	(114)	238
State Sources				
State Equalization	1,362,156	1,514,491	152,335	1,345,016
Transportation	26,000	30,186	4,186	31,076
State Grants from CDE				
State Gifted and Talented	5,000	-	(5,000)	-
State Library Grant	3,000	3,500	500	3,500
Small Rural Schools	-	-	-	41,887
Additional At-Risk	700	-	(700)	784
State Vocational Education	20,715	7,257	(13,458)	16,515
Other Agency State Grants	-	184,594	184,594	34,127
State Grants Provided through BOCES	15,585	24,887	9,302	35,564
Total State Sources	1,433,156	1,764,915	331,759	1,508,469
Federal Sources				
Federal Grants from CDE				
NCLB Title I, Part A - Improving Basic Programs	20,000	24,146	4,146	24,780
NCLB Title II, Part A - Teacher & Principal Training	-	11,722	11,722	11,912
RTTT Early Childhood	-	125	125	-
Title IA - Distinguished Schs Award Prgm	-	10,000	10,000	-
NCLB Title VI, Part B - REAP/Rural Education	10,000	14,304	4,304	11,010
Federal Provided through BOCES	-	-	-	1,396
Total Federal Sources	30,000	60,297	30,297	49,098
TOTAL REVENUES	2,032,778	2,422,189	389,411	2,149,750

See the accompanying Independent Auditors' Report

(Continued)

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

	2017		Variance with Final Budget	2016 Actual
	Original & Final Budget	Actual		
(Continued)				
EXPENDITURES				
Instruction				
Salaries	815,158	826,284	(11,126)	792,202
Benefits	311,366	285,308	26,058	276,955
PS - Professional	16,276	6,213	10,063	4,645
PS - Property	3,690	-	3,690	298
PS - Other	14,652	27,387	(12,735)	20,067
Supplies	30,986	41,526	(10,540)	34,113
Property	10,375	32,012	(21,637)	15,592
Other Expenses	14,577	524	14,053	3,119
Total Instruction	<u>1,217,080</u>	<u>1,219,254</u>	<u>(2,174)</u>	<u>1,146,991</u>
Supporting Services				
Pupil Support				
PS - Professional	9,000	9,549	(549)	8,160
PS - Other	38,648	34,711	3,937	38,573
Supplies	1,035	164	871	127
Property	270	-	270	624
Total Pupil Support	<u>48,953</u>	<u>44,424</u>	<u>4,529</u>	<u>47,484</u>
Staff Support				
Salaries	36,572	33,017	3,555	31,180
Benefits	15,668	9,391	6,277	8,546
PS - Professional	450	170	280	1,586
PS - Property	675	-	675	-
PS - Other	8,225	3,780	4,445	2,700
Supplies	4,650	10,192	(5,542)	10,056
Property	-	-	-	137
Other Expenses	8,600	-	8,600	16,222
Total Staff Support	<u>74,840</u>	<u>56,550</u>	<u>18,290</u>	<u>70,427</u>
General Administration				
Salaries	70,650	72,041	(1,391)	71,975
Benefits	24,554	22,342	2,212	22,153
PS - Professional	11,350	7,862	3,488	9,214
PS - Other	12,670	10,505	2,165	9,852
Supplies	4,850	2,340	2,510	4,496
Property	9,450	5,870	3,580	5,831
Other Expenses	9,800	28,252	(18,452)	22,645
Total General Administration	<u>143,324</u>	<u>149,212</u>	<u>(5,888)</u>	<u>146,166</u>
School Administration				
Salaries	122,599	110,034	12,565	115,187
Benefits	49,000	43,555	5,445	44,915
PS - Professional	450	225	225	368
PS - Property	405	-	405	-
PS - Other	1,485	446	1,039	308
Supplies	4,500	3,380	1,120	5,946
Property	1,755	-	1,755	334
Other Expenses	2,250	68	2,182	333
Total School Administration	<u>182,444</u>	<u>157,708</u>	<u>24,736</u>	<u>167,391</u>

See the accompanying Independent Auditors' Report

(Continued)

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

	2017		Variance with Final Budget	2016
	Original & Final Budget	Actual		Actual
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	44,724	45,730	(1,006)	44,926
Benefits	14,000	15,682	(1,682)	15,414
PS - Professional	10,000	9,780	220	9,030
PS - Property	180	-	180	-
PS - Other	337	210	127	130
Supplies	2,520	1,758	762	2,999
Property	1,350	551	799	-
Other Expenses	90	29	61	178
Total Business Services	<u>73,201</u>	<u>73,740</u>	<u>(539)</u>	<u>72,677</u>
Operations and Maintenance				
Salaries	62,776	73,600	(10,824)	67,597
Benefits	22,756	24,196	(1,440)	22,562
PS - Professional	7,900	19,775	(11,875)	11,629
PS - Property	2,580	18,443	(15,863)	37,496
PS - Other	16,864	26,752	(9,888)	26,589
Supplies	114,800	109,589	5,211	94,096
Property	4,800	4,624	176	5,575
Other Expenses	2,070	482	1,588	-
Total Operations and Maintenance	<u>234,546</u>	<u>277,461</u>	<u>(42,915)</u>	<u>265,544</u>
Transportation				
Salaries	58,194	62,346	(4,152)	58,992
Benefits	25,626	22,529	3,097	24,364
PS - Property	9,000	4,080	4,920	4,164
PS - Other	6,900	6,393	507	6,268
Supplies	43,625	26,479	17,146	27,936
Property	450	-	450	560
Other Expenses	3,100	2,906	194	2,983
Total Transportation	<u>146,895</u>	<u>124,733</u>	<u>22,162</u>	<u>125,267</u>
Other Central Support				
Salaries	1,566	2,000	(434)	11,486
Benefits	323	809	(486)	5,274
PS - Professional	10,000	276	9,724	1,211
Supplies	-	1,585	(1,585)	1,354
Total Other Central Support	<u>11,889</u>	<u>4,670</u>	<u>7,219</u>	<u>19,325</u>
Risk Management				
PS - Other	<u>25,242</u>	<u>21,765</u>	<u>3,477</u>	<u>27,904</u>
Other Supporting Services				
Property	<u>4,500</u>	<u>1,827</u>	<u>2,673</u>	<u>832</u>
Facilities/Capital Outlay				
PS - Professional	-	3,300	(3,300)	-
PS - Property	-	13,675	(13,675)	-
Buildings	-	223,015	(223,015)	34,128
Total Facilities/Capital Outlay	<u>-</u>	<u>239,990</u>	<u>(239,990)</u>	<u>34,128</u>
Contingency	<u>845,106</u>	<u>-</u>	<u>845,106</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,008,020</u>	<u>2,371,334</u>	<u>636,686</u>	<u>2,124,136</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(975,242)	50,855	1,026,097	25,614
OTHER FINANCING SOURCES (USES)				
Transfers	(65,000)	(70,000)	(5,000)	(90,000)
CHANGE IN FUND BALANCE	(1,040,242)	(19,145)	1,021,097	(64,386)
BEGINNING FUND BALANCE	<u>1,040,242</u>	<u>958,787</u>	<u>(81,455)</u>	<u>1,023,173</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 939,642</u>	<u>\$ 939,642</u>	<u>\$ 958,787</u>

See accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

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

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- The District has until January 31st of each year to revise the budget.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund balance at fiscal year-end because they have lapsed and are pending reinstatement.

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

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 150	\$ 171	\$ 21	\$ 176
Pupil Activity Revenues	125,000	107,391	(17,609)	136,377
TOTAL REVENUES	<u>125,150</u>	<u>107,562</u>	<u>(17,588)</u>	<u>136,553</u>
EXPENDITURES				
Instruction				
PS - Professional	17,000	10,751	6,249	11,744
Supplies	236,616	134,470	102,146	132,713
TOTAL EXPENDITURES	<u>253,616</u>	<u>145,221</u>	<u>108,395</u>	<u>144,457</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(128,466)	(37,659)	90,807	(7,904)
OTHER FINANCING SOURCES (USES)				
Transfers	20,000	20,000	-	20,000
CHANGE IN FUND BALANCE	(108,466)	(17,659)	90,807	12,096
BEGINNING FUND BALANCE	108,466	105,065	(3,401)	92,969
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 87,406</u>	<u>\$ 87,406</u>	<u>\$ 105,065</u>

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

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

	Special Revenue	Capital Projects	Totals	
	Food Service Fund	Capital Reserve Project Fund	2017	2016
ASSETS				
Cash and Investments	\$ 18,447	\$ 17,729	\$ 36,176	\$ 63,505
Other Accounts Receivable	378	-	378	809
Inventory	2,912	-	2,912	2,377
TOTAL ASSETS	<u>\$ 21,737</u>	<u>\$ 17,729</u>	<u>\$ 39,466</u>	<u>\$ 66,691</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Deferred Inflows of Financial Resources				
Deferred Revenue	\$ 1,312	\$ -	\$ 1,312	\$ 921
Fund Balance				
Nonspendable Fund Balance	2,912	-	2,912	2,377
Committed for Food Service	17,513	-	17,513	-
Assigned Fund Balance				
Assigned for Fund Purposes	-	17,729	17,729	63,393
Total Fund Balance	<u>20,425</u>	<u>17,729</u>	<u>38,154</u>	<u>65,770</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,737</u>	<u>\$ 17,729</u>	<u>\$ 39,466</u>	<u>\$ 66,691</u>

See accompanying Independent Auditors' Report.

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

	Special Revenue	Capital Projects	Totals	
	Food Service Fund	Capital Reserve Project Fund	2017	2016
REVENUES				
Local Sources	\$ 44,867	\$ 125	\$ 44,992	\$ 41,751
State Sources	1,070	-	1,070	1,154
Federal Sources	44,886	-	44,886	38,974
TOTAL REVENUES	<u>90,823</u>	<u>125</u>	<u>90,948</u>	<u>81,879</u>
EXPENDITURES				
Instruction	-	4,958	4,958	3,478
Operations and Maintenance	-	2,150	2,150	-
Food Service	105,341	-	105,341	104,941
Facilities	-	56,115	56,115	23,050
TOTAL EXPENDITURES	<u>105,341</u>	<u>63,223</u>	<u>168,564</u>	<u>131,469</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(14,518)	(63,098)	(77,616)	(49,590)
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	25,000	25,000	50,000	70,000
CHANGE IN FUND BALANCE	10,482	(38,098)	(27,616)	20,410
BEGINNING FUND BALANCE	9,943	55,827	65,770	45,360
ENDING FUND BALANCE	<u>\$ 20,425</u>	<u>\$ 17,729</u>	<u>\$ 38,154</u>	<u>\$ 65,770</u>

See accompanying Independent Auditors' Report.

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SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

The District has two special revenue funds as follows:

Food Service Fund

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

Pupil Activity Fund

The Pupil Activity Fund specifically accounts for the District's student club and organization activity.

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

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Investment Earnings	\$ 10	\$ 51	\$ 41	\$ 15
Food Service Revenue	47,409	44,815	(2,594)	41,688
Total Local Sources	47,419	44,866	(2,553)	41,703
State Sources				
State Grants from CDE				
State Match - Child Nutrition	700	718	18	694
Smart Start Nutrition	250	107	(143)	178
State K-2 Reduced Lunch	250	245	(5)	282
Total State Sources	1,200	1,070	(130)	1,154
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	6,000	7,747	1,747	5,714
National School Lunch Program	28,300	30,678	2,378	28,104
Federal Grants from Other State Agencies				
Commodities	4,200	6,461	2,261	5,156
Total Federal Sources	38,500	44,886	6,386	38,974
TOTAL REVENUES	87,119	90,822	3,703	81,831
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	36,437	38,806	(2,369)	38,742
Benefits	17,827	18,379	(552)	17,882
PS - Property	171	-	171	-
PS - Other	-	482	(482)	427
Supplies	3,430	2,645	785	2,096
Food	42,336	38,567	3,769	40,638
Commodities	4,545	6,461	(1,916)	5,156
Property	14,611	-	14,611	-
TOTAL EXPENDITURES	119,357	105,340	14,017	104,941
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(32,238)	(14,518)	17,720	(23,110)
OTHER FINANCING SOURCES (USES)				
Transfers	25,000	25,000	-	25,000
CHANGE IN FUND BALANCE	(7,238)	10,482	17,720	1,890
BEGINNING FUND BALANCE	7,238	9,943	2,705	8,053
ENDING FUND BALANCE	\$ -	\$ 20,425	\$ 20,425	\$ 9,943

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

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

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

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Investment Earnings	\$ 50	\$ 125	\$ 75	\$ 48
EXPENDITURES				
Instruction				
Property	10,162	4,958	5,204	3,478
Supporting Services				
Operations and Maintenance				
PS - Professional	-	2,150	(2,150)	-
Total Operations and Maintenance	-	2,150	(2,150)	-
Facilities/Capital Outlay				
Land and Improvements	26,668	56,115	(29,447)	23,050
Buildings	39,034	-	39,034	-
TOTAL EXPENDITURES	<u>75,864</u>	<u>63,223</u>	<u>12,641</u>	<u>26,528</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(75,814)	(63,098)	12,716	(26,480)
OTHER FINANCING SOURCES (USES)				
Transfers	20,000	25,000	5,000	45,000
CHANGE IN FUND BALANCE	(55,814)	(38,098)	17,716	18,520
BEGINNING FUND BALANCE	55,814	55,827	13	37,307
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 17,729</u>	<u>\$ 17,729</u>	<u>\$ 55,827</u>

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1430 - EADS RE-1
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	948,400		2,293,302		2,302,059		939,643
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	10,387		58,887		69,274		0
Sub- Total	958,787		2,352,189		2,371,333		939,643
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	9,943		115,823		105,341		20,425
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	105,065		127,562		145,220		87,406
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	55,827		25,126		63,223		17,729
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	1,129,623		2,620,699		2,685,118		1,065,205
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	0		0		0		0
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 1430 - EADS RE-1

Fiscal Year 2016-17

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	1,052,033	0	9,441	89,258	0	18,447	0	17,729	0	0	0	0	0	0	1,186,909
Cash with Fiscal Agent (8105)	1,832	0	0	0	0	0	0	0	0	0	0	0	0	0	1,832
Taxes Receivable (8121,8122)	42,320	0	0	0	0	0	0	0	0	0	0	0	0	0	42,320
Grants Accounts Receivable (8142)	25,650	0	0	0	0	0	0	0	0	0	0	0	0	0	25,650
Other Receivables (8151-8154,8161)	2,919	0	0	0	0	379	0	0	0	0	0	0	0	0	3,297
Inventories (8171,8172,8173)	0	0	0	0	0	2,912	0	0	0	0	0	0	0	0	2,912
Prepaid Expenses 8181,8182)	16,784	0	0	0	0	0	0	0	0	0	0	0	0	0	16,784
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	1,141,539	0	9,441	89,258	0	21,737	0	17,729	0	0	0	0	0	0	1,279,704

See accompanying Independent Auditor's Report.

Proprietary

Governmental

Fiduciary

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Other Payables (7421-7423)	30,989	0	0	1,852	0	0	0	0	0	0	0	0	0	0	32,841
Contracts Payable (7431-7433)	3,944	0	0	0	0	0	0	0	0	0	0	0	0	0	3,944
Accrued Expenses (7461)	157,221	0	9,271	0	0	0	0	0	0	0	0	0	0	0	166,492
Payroll Ded. and Withholdings (7471-7473)	72	0	170	0	0	0	0	0	0	0	0	0	0	0	241
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	9,669	0	0	0	0	1,312	0	0	0	0	0	0	0	0	10,982
Total Liabilities	201,895	0	9,441	1,852	0	1,312	0	0	0	0	0	0	0	0	214,500

See accompanying Independent Auditor's Report.

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	17,984	0	0	0	0	2,912	0	0	0	0	0	0	0	0	20,896
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	76,000	0	0	0	0	0	0	0	0	0	0	0	0	0	76,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	17,514	0	0	0	0	0	0	0	0	17,514
Assigned Fund Balance 6760	0	0	0	87,406	0	0	0	17,729	0	0	0	0	0	0	105,136
Unassigned Fund Balance 6770	845,659	0	0	0	0	0	0	0	0	0	0	0	0	0	845,659
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	939,643	0	0	87,406	0	20,425	0	17,729	0	0	0	0	0	0	1,065,205

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,141,539	0	9,441	89,258	0	21,737	0	17,729	0	0	0	0	0	0	1,279,704

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