

KARVAL SCHOOL DISTRICT RE-23

Lincoln County, Colorado

Financial Statements
For the Year Ended June 30, 2017



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 Lincoln County, Colorado
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Karval School District RE-23
P O Box 5
Karval, Colorado 80823

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Karval School District RE-23, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension information on pages a-f and 22-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Wingsley, Courtney E. Hoyle, PC

October 23, 2017

KARVAL SCHOOL DISTRICT RE-23
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017

As management of the Karval School District RE-23, we offer readers of the District's Annual Financial Report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information in the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

The net position of the District decrease by \$69,391 to negative \$703,473. Revenues decreased by \$10,989 and expenses increased by \$225,660.

At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$666,050, an increase of \$22,544. The general fund increased by \$27,101, food service decreased by \$4,430, and the student activity special revenue fund decreased by \$127.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those statements used in the private sector. The government-wide statements relate to those activities directly related to the education of the students.

The statement of net position presents information on all of the District's assets and liabilities. The difference between the two is reported as net position. Changes in net position from year to year may be used as an indicator of the overall financial position of the District.

The statement of activities presents the current fiscal year revenues and expenses to show how the net position of the district changed during the year. In the statement of activities, changes in net position is recorded when the event occurs. This could mean that information may be reported for revenues and expenses that will result in cash flow differences in the future fiscal years.

Governmental activities consolidate all of the following Karval School District funds: general fund and food service and student activity funds.

KARVAL SCHOOL DISTRICT RE-23
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017

FUND FINANCIAL STATEMENTS

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives.

GOVERNMENTAL FUNDS

Governmental funds account of the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances (spendable resources available at the end of the fiscal year). The required financial statements are a balance sheet and statement of revenues, expenditures and charges in fund balance. Only assets expected to be used and liabilities that come due during the year or soon thereafter are included. Capital assets are not included as assets. The measurement focus is on current financial resources and modified accrual accounting is used to report revenues and expenses that are received during the year or soon thereafter.

FIDUCIARY FUNDS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The District adopts an annual budget for all funds. A budgetary comparison schedule has been provided for all major funds to demonstrate compliance with the budget requirements.

KARVAL SCHOOL DISTRICT RE-23
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

Table 1
Fiscal Year Ended June 30, 2017
Net Position

	Government Activities	
	6/30/2017	6/30/2016
Current and other assets	726,315	707,959
Capital assets	<u>992,589</u>	<u>1,022,808</u>
Total assets	1,718,905	1,730,767
Deferred Outflows	1,101,950	216,251
Current and other liabilities	85,266	89,453
Long-term liabilities	<u>2,855,891</u>	<u>1,785,288</u>
Total liabilities	2,941,156	1,874,741
Deferred Inflows	583,171	706,358
Net Position		
Invested in capital assets	992,589	1,022,808
Restricted	27,244	26,750
Unrestricted	<u>(1,723,306)</u>	<u>(1,683,640)</u>
Total Net Position	<u>(703,473)</u>	<u>(634,082)</u>

KARVAL SCHOOL DISTRICT RE-23
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, charges in the School's tax base, etc. to assess the overall health of the School.

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

	Government Activities	
REVENUES	<u>6/30/2017</u>	<u>6/30/2016</u>
Program Revenues		
Charges for service	6,883	9,139
Operating grants	134,903	158,087
Capital Grants/Contributions	0	13,123
General Revenues		
Property taxes	163,156	176,244
Auto taxes	14,168	14,003
State Equalization	572,147	541,732
Sale of Assets	(6,517)	0
Other	<u>33,972</u>	<u>17,372</u>
Total Revenues	918,710	929,699
EXPENSES		
Instruction	484,032	371,635
Support services	446,437	347,849
Student activities	1,325	2,577
Food Services	<u>56,308</u>	<u>40,381</u>
Total Expenses	<u>988,101</u>	<u>762,441</u>
Increase (decrease) in net position	<u>(69,391)</u>	<u>167,258</u>

Program revenues were consistent with the previous year's revenues. The school has compensated to reduce revenue over the last few years due primarily to decreased expenses. Enrollment in the on-site school hit projections and enrollment in the on-line school was not a factor because the on-line school has not been in operation since the 2013-14 school year. Controlling District expenses has helped compensate for decreased state-level funding. Furthermore, Karval School District will benefit from a provision in school finance that will fund the district at the minimum of 50 students.

KARVAL SCHOOL DISTRICT RE-23
 Management's Discussion and Analysis
 For Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Karval School District's net resources available for spending at the end of the fiscal year.

The general fund is the major governmental funds of the Karval Public School. The combined general fund under GASB 34 reporting requirements includes the general fund and the preschool fund. As of June 30, 2017, the fund shows an ending fund balance of \$617,918, up \$27,101 from the fund balance of \$590,816 for the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Land	8,000	8,000
Buildings	1,095,836	1,095,836
Improvements	627,571	627,571
Equipment	66,046	50,349
Transportation	<u>216,890</u>	<u>216,890</u>
Total capital assets	2,014,342	1,998,645
Accumulated depreciation	<u>(1,021,753)</u>	<u>(975,837)</u>
Total capital assets	<u>992,589</u>	<u>1,022,808</u>

No capital assets were purchased in the current year.

Debt - The District owes Colorado Boards of Education Self-Funded Trust (BEST), their former health insurance provider, \$75,000 to be paid in 3 equal annual payments of \$25,000. The District still owes \$25,000 for the 2017-2018 year.

KARVAL SCHOOL DISTRICT RE-23
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017

THE FUTURE OF THE DISTRICT

Current (2017/18) on-site enrollment is at 43. The district is being funded at 50 students in thanks to a school finance provision made in 2013. As long as this funding formula remains in place, the district will likely be able to operate in the black for the 2017-18 school year, and hopefully years to follow. There has been growth in the primary grades with increased enrollment in K, 1 and 2. The District and the Board of Education continue to work diligently with all that will listen at the state level to work to continue to buy down the negative factor and restore state funding levels. This would be a positive financial step not only for Karval School District, but also for all Colorado districts. District administration, staff, and the board are working to provide seamless communications with parents and the community, and to offer high quality 21st century instruction in a safe, rural community. The primary short-term goal for the district is to maintain and grow the enrollment of the district, and focus on instruction and curriculum of the school.

REQUESTS FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Karval School District RE-23 a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about this report or need additional financial information, contact the Karval School District RE-23, P. O. Box 5, Karval, CO, 80823.

BASIC FINANCIAL STATEMENTS

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Statement of Net Position
 June 30, 2017

Governmental
Activities

ASSETS	
Cash and cash equivalents	703,002
Accounts receivable	14,947
Inventory	2,978
Accrued property taxes receivable	5,388
Capital assets, net of accumulated depreciation	<u>992,589</u>
Total Assets	1,718,905
DEFERRED OUTFLOWS	
	1,101,950
LIABILITIES	
Current Liabilities	
Accounts payable	5,212
Accrued salaries payable	55,054
Current portion of long-term	<u>25,000</u>
Total Current Liabilities	85,266
Long Term Liabilities	
Note Payable	0
Net Pension Liability	<u>2,855,891</u>
Total Long Term Liabilities	<u>2,855,891</u>
Total Liabilities	2,941,156
DEFERRED INFLOWS	
	583,171
NET POSITION	
Invested in capital assets	992,589
Restricted for TABOR	27,244
Unrestricted	<u>(1,723,306)</u>
Total Net Position	<u>(703,473)</u>

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Statement of Activities
For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental Activities				
Instructional	484,032		83,738	0
Support Services				
Pupils	18,750			
Instructional services	3,899			
General administration	135,961			
School administration	92,855			
Business services	12,771			
Operations & maintenance	79,271			
Pupil transportation	97,002		31,147	
Central services	5,928			
Student activities	1,325	1,199		
Food Services	<u>56,308</u>	<u>5,684</u>	<u>20,018</u>	<u>0</u>
Total Governmental Activities	<u>988,101</u>	<u>6,883</u>	<u>134,903</u>	<u>0</u>

General revenues:

Taxes

Property taxes, levied for general purposes

Specific ownership taxes

State Equalization

Miscellaneous

Sale of Assets

Investment earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

(400,294)

(18,750)

(3,899)

(135,961)

(92,855)

(12,771)

(79,271)

(65,855)

(5,928)

(127)

(30,606)

(846,316)

163,156

14,168

572,147

32,936

(6,517)

1,035

776,925

(69,391)

(634,081)

(703,473)

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	Nonmajor <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	659,817	43,185	703,002
Accounts/grants receivable	10,122	4,826	14,947
Inventory	0	2,978	2,978
Accrued property taxes receivable	<u>5,388</u>	<u>0</u>	<u>5,388</u>
Total Assets	<u>675,327</u>	<u>50,989</u>	<u>726,315</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	5,212	0	5,212
Accrued salaries payable	<u>52,197</u>	<u>2,856</u>	<u>55,054</u>
Total Liabilities	57,409	2,856	60,266
 Fund Balances			
Restricted for TABOR	27,244	0	27,244
Nonspendable	0	2,978	2,978
Assigned	0	45,154	45,154
Unassigned	<u>590,674</u>	<u>0</u>	<u>590,674</u>
Total Fund Balances	<u>617,918</u>	<u>48,132</u>	<u>666,050</u>
 Total Liabilities and Fund Balances	 <u>675,327</u>	 <u>50,989</u>	 <u>726,315</u>

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Balance Sheet
 Governmental Funds
 June 30, 2017

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total Governmental Fund Balances	666,050
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds	1,101,950
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	992,589
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(2,880,891)
Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds	<u>(583,171)</u>
Net Position of Governmental Activities	<u>(703,473)</u>

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources			
Property Taxes	162,800	0	162,800
Specific Ownership Taxes	14,168	0	14,168
Delinquent Taxes & Penalties	356	0	356
Other	91,470	6,884	98,354
Intergovernmental			
State Sources			
Equalization	572,147	0	572,147
Other	77,365	768	78,133
Federal Sources	<u>36,020</u>	<u>19,250</u>	<u>55,269</u>
Total Revenues	954,324	26,903	981,227
EXPENDITURES			
Current			
Instruction	401,816	0	401,816
Supporting Services			
Pupils	18,076	1,325	19,401
Instructional staff services	3,899	0	3,899
General administration	147,037	0	147,037
School administration	80,519	0	80,519
Business services	12,771	0	12,771
Operations & maintenance	76,869	0	76,869
Pupil transportation	77,120	0	77,120
Central services	21,577	0	21,577
Food Service	0	52,134	52,134
Capital Outlay	<u>65,539</u>	<u>0</u>	<u>65,539</u>
Total Expenditures	<u>905,223</u>	<u>53,460</u>	<u>958,683</u>
Revenues over (under) Expenditures	49,101	(26,557)	22,544
Other Financing Uses			
Operating Transfers In (Out)	<u>(22,000)</u>	<u>22,000</u>	<u>0</u>

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

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017
 (continued)

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues and Other Sources over (under) Expenditures	27,101	(4,557)	22,544
Fund Balance - Beginning	<u>590,816</u>	<u>52,689</u>	<u>643,506</u>
Fund Balance - Ending	<u>617,918</u>	<u>48,132</u>	<u>666,050</u>

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

Net change in fund balances - total governmental funds	22,544
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	15,697	
Depreciation expense	<u>(45,916)</u>	(30,219)

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

Pension (expenses) income		(86,716)
---------------------------	--	----------

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

Note payments		<u>25,000</u>
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Change in net position of governmental activities	<u>(69,391)</u>
---	-----------------

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Statement of Fiduciary Net Position
Student Activity Agency Fund
June 30, 2017

	Student Activity <u>Fund</u>
ASSETS	
Cash in Bank	25,591
LIABILITIES	
Due to Student Activities	<u>25,591</u>
NET POSITION	<u>0</u>

Notes to the Financial Statements

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Notes to the Financial Statements
For The Year Ended June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

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

This report includes all funds of Karval School District RE-23.

B. Basis of Presentation

The District implemented the provisions of GASB 68, "Accounting and Financial Reporting for Pensions Plans - an amendment to No. 27", during the year ended June 30, 2017. GASB 68 replaced the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental employers", and GASB 50, Pension Disclosures-an amendment to GASB Statements No. 25 and 27", as they relate to pension plans that are administered trusts or equivalent arrangements that meet certain criteria. GASB 68 enhances the standards for footnote disclosures and required supplementary information (RSI) for pension plans, including net pension liability (NPL), ratio of fiduciary net position (FNP) to total pension liability (TPL), actuarial methods, and assumptions.

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school district. As a general rule, the effect of interfund activity has been eliminated from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

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

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Notes to Financial Statements
June 30, 2017
(continued)

The District reports the following major governmental funds:

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

NonMajor Funds:

Food Services Special Revenue Fund accounts for the revenues and expenditures to provide students, teachers, and visitors with hot meals.

Student Activity Special Revenue Fund accounts for revenues and expenditures of athletic teams.

C. Measurement Focus and Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

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

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10 or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection.

The last date for final adoption of the budget and appropriation resolution is June 30.

January 31 is last date to change adopted budget.

By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general fund.

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

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E. Encumbrances

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

F. Assets, Liabilities and Fund Balances/Net Position

1. Deposits

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

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

2. Receivables and Payables

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

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

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

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

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	15-50
Equipment	5-20
Vehicles	7-10

The District does not have any infrastructure assets.

5. Compensated Absences

Four days bereavement will granted per contract year. Two days of professional leave is granted per contract year. Discretionary leave is a minimum of 6 days contract year.

Employees who work 9 months may accumulate 30 days, employees who work 10 months may accumulate 35 days, and employees who work 12 months may accumulated 40 days. No pay for unused days.

6. Long-term Obligations

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

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

7. Estimates

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

8. Fund Balances and Net Position

In the government-wide financial statements, net position are classified in the following categories;

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

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

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

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

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

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

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

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

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

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

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

At June 30, 2017 the amounts restricted was \$27,244 for TABOR Reserve.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

In November 1997, the voters of the District approved a ballot issue which allows the District to collect, retain, and expend all revenues collected or received for the 1997 fiscal year and each subsequent year.

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.
- C. Expenditures in the Food Service Fund of \$52,134 exceeds the budget amount of \$47,773. This may be a violation of state budget laws.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Cash Deposits and Investments - in 1 financial institution. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit". They are carried at cost.

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

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

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	337,724	322,218
With Fiscal Agent	-	1,427.94
Deposits Collateralized in single institution pools	<u>404,142</u>	<u>404,948</u>
Total Cash	741,866	728,594
Amount in Agency Fund		<u>(25,591)</u>
Net Cash		703,002

As presented above, deposits with a bank balance of \$404,142 and a carrying balance of \$404,948 as of June 30, 2017, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

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

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

- C. Changes in General Fixed Assets

<u>Governmental Activities</u>	<u>Balance 6/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
Non-depreciable assets				
Land	8,000	-	-	8,000
Depreciable assets				
Buildings	1,095,836	-	-	1,095,836
Improvements	627,569	-	-	627,569
Equipment	50,348	15,697	-	66,045
Vehicles	216,890	-	-	216,890
Total	<u>1,990,643</u>	<u>15,697</u>	<u>-</u>	<u>2,006,340</u>
Less accumulated depreciation				
Buildings	502,679	17,914	-	520,593
Improvements	261,752	12,296	-	274,048
Equipment	43,641	1,646	-	45,287
Vehicles	167,766	14,060	-	181,826
Total	<u>975,838</u>	<u>45,916</u>	<u>-</u>	<u>1,021,754</u>
Total Net Capital Assets	<u>1,022,805</u>	<u>(30,219)</u>	<u>-</u>	<u>992,586</u>

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Depreciation expense for the governmental activities was allocated \$30,923 to Instruction, \$14,060 to Transportation, and \$933 to Food Service.

D. Changes in Long Term Debt

On or about November 10, 2010, the District entered into a participation agreement with Colorado Boards of Education Self-Funded Trust (BEST) for health insurance.

In May 2012, the District dropped BEST as their health insurance provider. BEST sued and was awarded a settlement of \$164,045 to be paid \$64,045 upon execution of the agreement, and four annual payments of \$25,000 due on the anniversary date (March 26). The amount due at June 30, 2017 is \$25,000.

No payment was made in the 2015-2016 year. There was a \$25,000 payment made in the 2016-2017 year. This payment was for the 2015-2016 year though. There is still \$25,000 due for the 2016-2017 year.

(4) OTHER INFORMATION

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

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

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31 but are earned over a school year of approximately a nine month period. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. The General Fund transferred \$22,000 to the Food Services Fund to meet its operational requirements.
- D. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

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General Information about the Pension Plan

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

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

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

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

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

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

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

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.

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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:

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$84,920 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$2,855,891 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District proportion was 0.0095919382 percent, which was a decrease of 0.0019175059 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$86,716. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	35,703	25
Changes of assumptions or other inputs	926,677	12,879
Net difference between projected and actual earnings on pension plan investments	95,495	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	570,267
Contributions subsequent to the measurement date	<u>44,075</u>	<u>N/A</u>
Total	1,101,950	583,171

There is \$44,075 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date that is recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	
2018	(342,486)
2019	(191,398)
2020	(36,383)
2021	-
2022	-
Thereafter	-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employee contributions were assumed to be made at the rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of the AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Notes to the Financial Statements
For The Year Ended June 30, 2017
(continued)

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

	1% Decrease	Current Discount	1% Increase
Proportionate share of the net	<u>(4.26%)</u>	<u>Rate (5.26%)</u>	<u>(6.26%)</u>
pension liability	3,591,191	2,855,891	2,257,016

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

E. Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Karval School 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 Karval School District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Karval School District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015, the Karval School District contributions to the HCTF were \$4,711, \$4,733 and \$5,522, respectively, equal to their required contributions for each year.

F. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the board is from the District. The Board has final authority for all budgeting and financing of the joint venture.

Each member pays a \$2500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	197,263	197,263	268,794	71,530
State Sources	615,416	615,416	649,511	34,095
Federal Sources	<u>30,798</u>	<u>30,798</u>	<u>36,020</u>	<u>5,222</u>
Total Revenues	843,477	843,477	954,324	110,847
EXPENDITURES				
Current				
Instruction	421,269	421,269	401,816	19,453
Supporting Services				
Pupils	15,876	15,876	18,076	(2,200)
Instructional Staff - Library	400	400	3,899	(3,499)
General Administration	138,110	138,110	147,037	(8,927)
School Administration	77,416	77,416	80,519	(3,103)
Business Services	13,500	13,500	12,771	729
Operations & Maintenance	88,709	88,709	76,869	11,840
Pupil Transportation	62,150	62,150	77,120	(14,970)
Central Support	37,130	37,130	21,577	15,553
Facilities Acquisition	1,500	1,500	48	1,452
Capital Outlay	18,300	18,300	65,491	(47,191)
Appropriated Reserves	<u>548,443</u>	<u>548,443</u>	<u>0</u>	<u>548,443</u>
Total Expenditures	<u>1,422,803</u>	<u>1,422,803</u>	<u>905,223</u>	<u>517,580</u>
Excess of revenues over (under)				
Expenditures	(579,326)	(579,326)	49,101	628,427
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(22,000)</u>	<u>(7,000)</u>
Excess of Revenues over (under)				
Expenditures & Other Uses	(594,326)	(594,326)	27,101	621,427
Fund Balance - Beginning	<u>594,326</u>	<u>594,326</u>	<u>590,816</u>	<u>(3,509)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>617,918</u>	<u>617,918</u>

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

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Schedule of District's Proportionate Share of the Net Pension Liability
 Last 10 Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.009592%	0.016450%	0.016450%	0.020009%
Proportionate share of the collective net pension liability	2,855,891	1,760,288	2,223,427	2,552,149
Covered payroll	428,868	464,511	541,389	804,725
Proportionate share of the net pension liability as a percentage of its covered employee payroll	665.91%	378.95%	410.69%	317.15%
Plan fiduciary net position as a percentage of the total pension liability	43.10%	59.20%	62.80%	64.06%

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

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Schedule of Contributions and Related Ratios
Last 10 Fiscal Years

As of June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contributions	84,920	82,036	91,121	128,457	123,305	137,839	129,053	123,442	109,341	93,323
Contributions in relation to the statutorily required contribution	<u>84,920</u>	<u>82,036</u>	<u>91,121</u>	<u>128,457</u>	<u>123,305</u>	<u>137,839</u>	<u>129,053</u>	<u>123,442</u>	<u>109,341</u>	<u>93,323</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	461,873	463,980	541,389	804,725	818,899	971,623	971,322	996,425	951,011	881,595
Contributions as a percentage of covered-employee payroll	18.39%	17.68%	16.83%	15.96%	15.06%	14.19%	13.29%	12.39%	11.50%	10.59%

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OTHER INFORMATION

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

ASSETS	<u>Food Service</u>	<u>Student Activity</u>	<u>Total</u>
Cash in bank	2,104	41,081	43,185
Accounts/Grants receivable	4,826	0	4,826
Inventory	<u>2,978</u>	<u>0</u>	<u>2,978</u>
Total Assets	<u>9,908</u>	<u>41,081</u>	<u>50,989</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accrued Salaries & Benefits	2,856	0	2,856
FUND BALANCE			
Nonspendable	2,978	0	2,978
Assigned	<u>4,074</u>	<u>41,081</u>	<u>45,154</u>
Total Fund Balance	<u>7,052</u>	<u>41,081</u>	<u>48,132</u>
 Total Liabilities and Fund Balance	 <u>9,908</u>	 <u>41,081</u>	 <u>50,989</u>

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 June 30, 2017

REVENUE	<u>Food Service</u>	<u>Student Activity</u>	<u>Total</u>
Local Sources	5,686	1,199	6,884
State Sources	768	0	768
Federal Sources	<u>19,250</u>	<u>0</u>	<u>19,250</u>
Total Revenue	25,704	1,199	26,903
EXPENDITURES			
Current			
Student Activities	0	1,325	1,325
Food Service	<u>52,134</u>	<u>0</u>	<u>52,134</u>
Total Expenditures	<u>52,134</u>	<u>1,325</u>	<u>53,460</u>
Excess of Revenues over (under) Expenditures	(26,430)	(127)	(26,557)
Other Financing Sources			
Operating Transfers In	<u>22,000</u>	<u>0</u>	<u>22,000</u>
Excess of Revenues and Other Sources over (under) Expenditures	(4,430)	(127)	(4,557)
Fund Balance - Beginning	<u>11,482</u>	<u>41,207</u>	<u>52,689</u>
Fund Balance - Ending	<u>7,052</u>	<u>41,081</u>	<u>48,132</u>

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. It is the most significant fund in relation to the district's overall operation.

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
General Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash In Bank	658,389	645,028	13,361
Cash With Treasurer	1,428	0	1,428
Accounts/Grants Receivable	10,122	1,117	9,005
Accrued Property Tax Receivable	<u>5,388</u>	<u>6,049</u>	<u>(661)</u>
Total Assets	<u>675,327</u>	<u>652,194</u>	<u>23,133</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	5,212	788	4,424
Accrued Salaries and Benefits Payable	<u>52,197</u>	<u>60,590</u>	<u>(8,392)</u>
Total Liabilities	57,409	61,378	(3,969)
Fund Balance			
Restricted			
TABOR	27,244	26,750	494
Unassigned	<u>590,674</u>	<u>564,066</u>	<u>26,608</u>
Total Fund Balance	<u>617,918</u>	<u>590,816</u>	<u>27,101</u>
 Total Liabilities and Fund Balance	 <u>675,327</u>	 <u>652,194</u>	 <u>23,133</u>

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
General Fund

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

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Prior Year</u>
Local Sources				
Property Taxes	162,939	162,800	(140)	176,038
Specific Ownership Taxes	14,003	14,168	165	14,003
Delinquent Taxes & Penalties	335	356	21	207
Investment Interest	980	1,034	54	970
Overhead Costs From Preschool	0	0	0	0
Other	<u>19,006</u>	<u>90,436</u>	<u>71,430</u>	<u>28,194</u>
Total Local Sources	197,263	268,794	71,530	219,411
State Sources				
Equalization	550,000	572,147	22,147	541,732
Transportation	31,000	31,147	147	33,196
BOCES Flowthrough	12,416	22,871	10,455	25,725
Other	<u>22,000</u>	<u>23,347</u>	<u>1,347</u>	<u>63,411</u>
Total State Sources	615,416	649,511	34,095	664,065
Federal Sources				
Grants	16,702	21,132	4,430	14,894
BOCES Flowthrough	<u>14,096</u>	<u>14,888</u>	<u>792</u>	<u>2,100</u>
Total Federal Sources	<u>30,798</u>	<u>36,020</u>	<u>5,222</u>	<u>16,994</u>
Total Revenues	843,477	954,324	110,847	900,470
Expenditures				
Excess of Revenues over (under) Expenditures	<u>1,422,803</u>	<u>905,223</u>	<u>517,580</u>	<u>874,603</u>
Excess of Revenues over (under) Expenditures	(579,326)	49,101	628,427	25,867
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(15,000)</u>	<u>(22,000)</u>	<u>(7,000)</u>	<u>(18,500)</u>
Excess of Revenues over (under) Expenditures & Other Uses				
Excess of Revenues over (under) Expenditures & Other Uses	(594,326)	27,101	621,427	7,367
Fund Balance - Beginning	<u>594,326</u>	<u>590,816</u>	<u>(3,509)</u>	<u>583,449</u>
Fund Balance - Ending	<u>0</u>	<u>617,918</u>	<u>617,918</u>	<u>590,816</u>

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016

INSTRUCTION	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Prior Year</u>
Current				
Salaries	279,423	278,910	513	289,545
Employee Benefits	91,794	92,226	(432)	96,593
Purchased Services	18,419	16,765	1,654	43,239
Supplies and Material	31,338	12,727	18,611	30,906
Other	295	1,189	(894)	154
Capital Outlay	<u>9,550</u>	<u>559</u>	<u>8,991</u>	<u>4,413</u>
Total Instruction	430,819	402,375	28,444	464,850
SUPPORTING SERVICES				
Pupil				
Current				
Salaries	3,700	3,627	73	3,227
Purchased Services	12,056	14,449	(2,393)	12,056
Supplies and Material	<u>120</u>	<u>0</u>	<u>120</u>	<u>0</u>
Total Pupil	15,876	18,076	(2,200)	15,283
Instructional Staff Services				
Current				
Supplies and Material	<u>400</u>	<u>3,899</u>	<u>(3,499)</u>	<u>3,854</u>
Total Instructional Staff	400	3,899	(3,499)	3,854

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016
 (continued)

SUPPORTING SERVICES (continued)			Variance Favorable	Prior
General Administration	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Year</u>
Current				
Salaries	54,697	61,960	(7,263)	81,169
Employee Benefits	18,848	16,141	2,707	22,400
Purchased Services	53,215	55,225	(2,010)	33,761
Supplies and Material	10,750	11,876	(1,126)	9,837
Other	600	1,835	(1,235)	581
Capital Outlay	<u>2,750</u>	<u>2,416</u>	<u>334</u>	<u>0</u>
Total General Administration	140,860	149,453	(8,593)	147,747
 School Administration				
Current				
Salaries	64,028	66,419	(2,391)	40,034
Employee Benefits	13,195	13,901	(706)	8,182
Purchased Services	<u>193</u>	<u>199</u>	<u>(6)</u>	<u>124</u>
Total School Administration	77,416	80,519	(3,103)	48,340
 Business Services				
Purchased Services	13,500	12,771	729	12,884
 Operations and Maintenance				
Current				
Salaries	12,000	12,933	(933)	12,210
Employee Benefits	2,475	2,716	(241)	2,319
Purchased Services	27,234	30,713	(3,479)	26,169
Supplies and Material	<u>47,000</u>	<u>30,508</u>	<u>16,492</u>	<u>51,160</u>
Total Operations & Maintenance	88,709	76,869	11,840	91,857

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 General Fund
 Statement of Expenditures - Budget and Actual
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for the Year Ended June 30, 2016
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Prior Year
SUPPORTING SERVICES (continued)				
Pupil Transportation				
Current				
Salaries	25,965	31,344	(5,379)	40,147
Employee Benefits	5,352	6,515	(1,163)	8,388
Purchased Services	13,933	18,008	(4,075)	16,723
Supplies and Material	16,900	21,253	(4,353)	16,160
Capital Outlay	<u>6,000</u>	<u>62,517</u>	<u>(56,517)</u>	<u>64</u>
Total Transportation	68,150	139,637	(71,487)	81,482
Central Support Services				
Current				
Purchased Services	5,880	5,880	0	5,356
Other	31,250	0	31,250	0
Capital Outlays	<u>0</u>	<u>15,697</u>	<u>(15,697)</u>	<u>0</u>
Total Central Support Services	<u>37,130</u>	<u>21,577</u>	<u>15,553</u>	<u>5,356</u>
TOTAL SUPPORTING SERVICES	442,041	502,800	(60,759)	406,803
Facilities Acquisition	1,500	48	1,452	2,949
Appropriated Reserves	<u>548,443</u>	<u>0</u>	<u>548,443</u>	<u>0</u>
TOTAL EXPENDITURES	<u>1,422,803</u>	<u>905,223</u>	<u>517,580</u>	<u>874,603</u>



SPECIAL REVENUE FUNDS

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

Student Activity Fund - to account for the disbursements for various classes and activities of the district. Financing is provided by fund raising activities and in some cases, an operating transfer from the General Fund.

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Food Services Special Revenue Fund
 Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash In Bank	2,104	9,756	(7,651)
Accounts/Grants Receivable	4,826	1,208	3,617
Inventory	<u>2,978</u>	<u>3,594</u>	<u>(616)</u>
Total Assets	<u>9,908</u>	<u>14,557</u>	<u>(4,649)</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued Salaries & Benefits Payable	2,856	3,075	(219)
FUND BALANCE			
Nonspendable	2,978	3,594	(616)
Assigned	<u>4,074</u>	<u>7,888</u>	<u>(3,815)</u>
Total Fund Balance	<u>7,052</u>	<u>11,482</u>	<u>(4,430)</u>
Total Liabilites and Fund Balance	<u>9,908</u>	<u>14,557</u>	<u>(4,649)</u>

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

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Prior <u>Year</u>
Charges for Service				
Student Meals	2,400	3,031	631	3,659
Adult Meals	2,320	2,336	16	2,724
Other	0	317	317	0
Interest Income	3	2	(1)	2
State Grant	550	768	218	736
Federal Aid				
Breakfast & Lunch	14,000	17,581	3,581	18,406
Donated Commodities	<u>0</u>	<u>1,669</u>	<u>1,669</u>	<u>945</u>
Total Revenues	19,273	25,704	6,431	26,473
EXPENDITURES				
Salaries	16,500	17,446	(946)	15,964
Benefits	3,400	3,649	(249)	3,217
Food & Milk	24,478	24,829	(351)	24,811
Commodities	0	1,669	(1,669)	945
Purchased Services	55	2,785	(2,730)	88
Non-Food	1,630	1,756	(126)	1,455
Other	0	0	0	0
Noncapital Equipment	0	0	0	369
Contingency Reserve	<u>1,710</u>	<u>0</u>	<u>1,710</u>	<u>0</u>
Total Expenditures	<u>47,773</u>	<u>52,134</u>	<u>(4,361)</u>	<u>46,850</u>
Excess of Revenues over (under) Expenditures	(28,500)	(26,430)	2,070	(20,377)
Other Financing Sources				
Operating Transfer In	<u>22,000</u>	<u>22,000</u>	<u>0</u>	<u>18,500</u>
Excess of Revenues and Other Sources over (under) Expenditures	(6,500)	(4,430)	2,070	(1,877)
Fund Balance - Beginning	<u>6,500</u>	<u>11,482</u>	<u>4,982</u>	<u>13,359</u>
Fund Balance - Ending	<u>0</u>	<u>7,052</u>	<u>7,052</u>	<u>11,482</u>

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

KARVAL SCHOOL DISTRICT RE-23
Lincoln County, Colorado
Student Activity Special Revenue Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash	<u>41,081</u>	<u>41,207</u>	<u>(127)</u>
ASSIGNED FUND BALANCE	<u>41,081</u>	<u>41,207</u>	<u>(127)</u>

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

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

	<u>Budget</u>	<u>Actual</u>	Variance <u>Favorable</u> <u>(Unfavorable)</u>	<u>Prior</u> <u>Year</u>
REVENUES				
Yearbook Sales	2,966	0	(2,966)	1,089
Yearbook Fundraisers	0	825	825	1,110
Other	<u>50</u>	<u>374</u>	<u>324</u>	<u>558</u>
Total Revenues	3,016	1,199	(1,818)	2,757
EXPENDITURES				
Purchased Services	2,620	1,217	1,403	2,346
Supplies	0	108	(108)	231
Contingency Reserve	<u>43,760</u>	<u>0</u>	<u>43,760</u>	<u>0</u>
Total Expenditures	<u>46,380</u>	<u>1,325</u>	<u>45,055</u>	<u>2,577</u>
Excess of Revenues over (under) Expenditures	(43,364)	(127)	43,237	180
Other Financing Sources (Uses)				
Operating Transfers In	<u>5,600</u>	<u>0</u>	<u>(5,600)</u>	<u>0</u>
Excess of Revenues over (under) Expenditures & Other Sources	(37,764)	(127)	37,637	180
Fund Balance - Beginning	<u>37,764</u>	<u>41,207</u>	<u>3,443</u>	<u>41,028</u>
Fund Balance - Ending	<u>0</u>	<u>41,081</u>	<u>41,081</u>	<u>41,207</u>

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



AGENCY FUND

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

KARVAL SCHOOL DISTRICT RE-23
 Lincoln County, Colorado
 Student Activity Agency Fund
 Statement of Changes in Assets & Liabilities-Budget and Actual
 For the Year Ended June 30, 2017

	Balance <u>July 1</u>	<u>Revenue</u>	<u>Disbursements</u>	Balance <u>June 30</u>
Drama Club	505	0	0	505
Dance Team	181	0	0	181
FFA	5,784	10,926	11,319	5,390
Music	641	745	0	1,385
Booster Club	1,191	250	367	1,074
Book Fair-Library	0	2,477	2,477	0
Trojan Club	1,014	0	0	1,014
Exchange	2,297	0	0	2,297
G&T J Savage	84	0	0	84
Metal Works	188	0	0	188
Elementary Playground	5,925	0	0	5,925
Preschool	605	50	0	655
K/1 Grades	684	153	162	675
JH	217	194	0	411
Class of 2015	206	0	0	206
Class of 2016	50	0	0	50
Class of 2017	97	211	240	69
Class of 2018	912	920	414	1,418
Freshman Class of 2019	914	1,282	460	1,735
Class of 2020	0	299	240	59
3/4/5 Grades	576	103	30	649
Miscellaneous	1,158	26	0	1,184
Student Council	681	326	243	764
Knowledge Bowl	<u>(328)</u>	<u>0</u>	<u>0</u>	<u>(328)</u>
Total	23,583	17,961	15,953	25,591
 Budget	 <u>0</u>	 <u>18,410</u>	 <u>18,410</u>	 <u>0</u>
 Variance - Favorable (Unfavorable)	 <u>23,583</u>	 <u>(449)</u>	 <u>2,457</u>	 <u>25,591</u>

AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 1810 - KARVAL RE-23
 Fiscal Year: 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	590,816		917,330		890,229		617,918
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		14,994		14,994		0
Sub-Total	590,816		932,324		905,223		617,918
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	11,482		47,704		52,134		7,052
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	41,207		1,198		1,325		41,081
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	643,506		961,227		958,683		666,050
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	23,583		17,961		15,953		25,591
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	23,583		17,961		15,953		25,591
			FINAL				