



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



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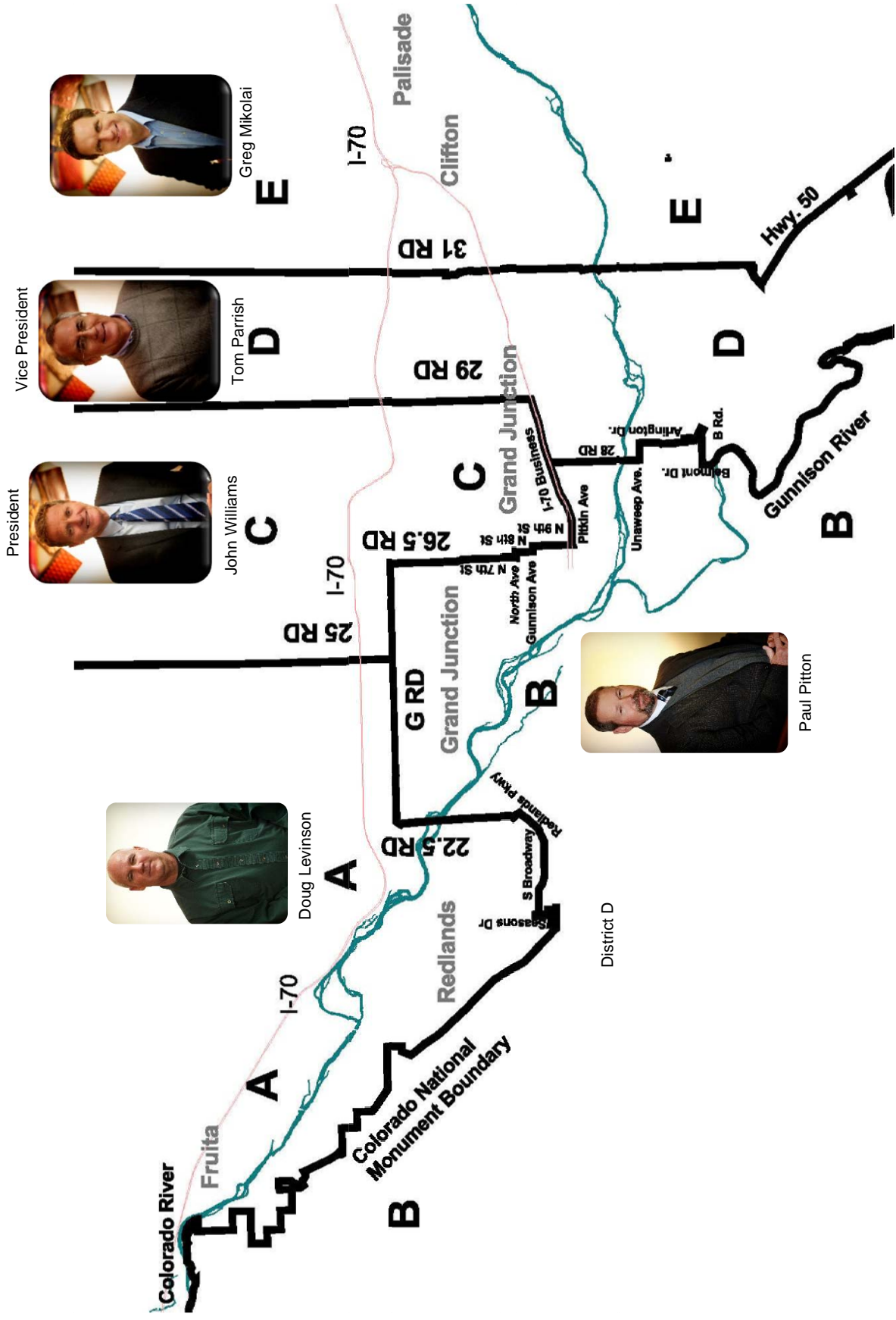
**Mesa County Valley School District No. 51
2115 Grand Ave.
Grand Junction, Colorado 81501**

**For the Fiscal Year Ended
June 30, 2017**

**Dr. Ken Haptonstall, Superintendent
Phil Onofrio, Chief Operations Officer**

**Prepared by:
District 51 Financial Services Department**

District 51 ~ School Board Districts



Mesa County Valley School District No. 51
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2016

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INTRODUCTORY SECTION





November 29, 2017

To the President and Members of the Board of Education and the Citizens of Mesa County Valley School District No. 51:

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Mesa County Valley School District No. 51 (the District) for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Chadwick, Steinkirchner, Davis, & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the specific rules and regulations of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The District was formed in 1951 from a number of small, independent school districts in Mesa County, Colorado. The major purpose of the District is to provide K–12 public education for those who reside within the boundaries of the District, which cover about one-half of the county's land area, which is approximately 2,200 square miles, and about 95% of the County's population. To accomplish this purpose, the District operates twenty-four (24) elementary schools, eight (8) middle schools, one (1) 8/9 school, five (5) high schools, one (1) career center, four (4) alternative schools and one (1) remote K-12 mountain school. The District is the largest employer in Mesa County, employing 2,474 full-time and 724 part-time and substitute employees during fiscal year 2017. The District served approximately 22,105 students during the 2016-17 school year.

The District is an independent district governed by a five-member Board of Education (the Board) whose members are elected by the qualified electors within the District's boundaries. Board members serve four year staggered terms, with two or three members elected every two years. General duties which the Board is empowered to perform include the power to employ all personnel necessary to maintain the operations and carry out the educational programs of the District and pay their compensation; to fix attendance boundaries; to establish annual budgets; to determine the educational programs to be carried on in the schools of the District; and to prescribe the curriculum of any course of instruction or study in such educational programs. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding sources.

The annual budget serves as the foundation for the District's financial planning and control. Budgetary controls ensure compliance with legal requirements, Board of Education policies, and District administration guidelines. All activities of the District are budgeted, as required by state statute. Expenditures may not legally exceed appropriations at the fund level. Detailed line item records provide management the capability to monitor budgets for all funds. Budgetary control is also maintained through the use of an encumbrance/purchase order system for materials and capital purchases. Encumbrances outstanding at year end lapse, but are generally re-appropriated as a part of the following year's budget. A proposed budget must be presented to the Board of Education by May 31. The Board of Education makes final adjustments to the budget, and two budget hearings must be held prior to adoption of the budget and formal close of the District's fiscal year. The law allows a re-adoption to occur before January 31 of the fiscal year for which it was adopted, based on finalized student count. The board may authorize supplemental appropriations during the fiscal year in the event unforeseen revenue becomes available to the District.

The District and its Services

This report includes all of the activities of Mesa County Valley School District No. 51 (the Primary Government) as well as its component units. The District has entered into an agreement with three schools, Independence Academy Charter School, Juniper Ridge Community School and Mesa Valley Community School, as allowed under the Colorado Charter Schools Act. The charter schools are publicly funded schools through the District under the school finance act and under the general supervision of the local Board of Education. The schools meet the requirements under Governmental Accounting Standards to be presented as discrete component units.

The District 51 Foundation (Foundation) was organized in the fall of 2010, and is a nonprofit, tax-exempt corporation established for the purpose of attracting funding from business, industry and individuals to enhance educational programs and activities for students. The Foundation is not presented as part of the reporting entity for financial reporting purposes because the Foundation's financial operations are not considered to be significant in comparison to the District as a whole.

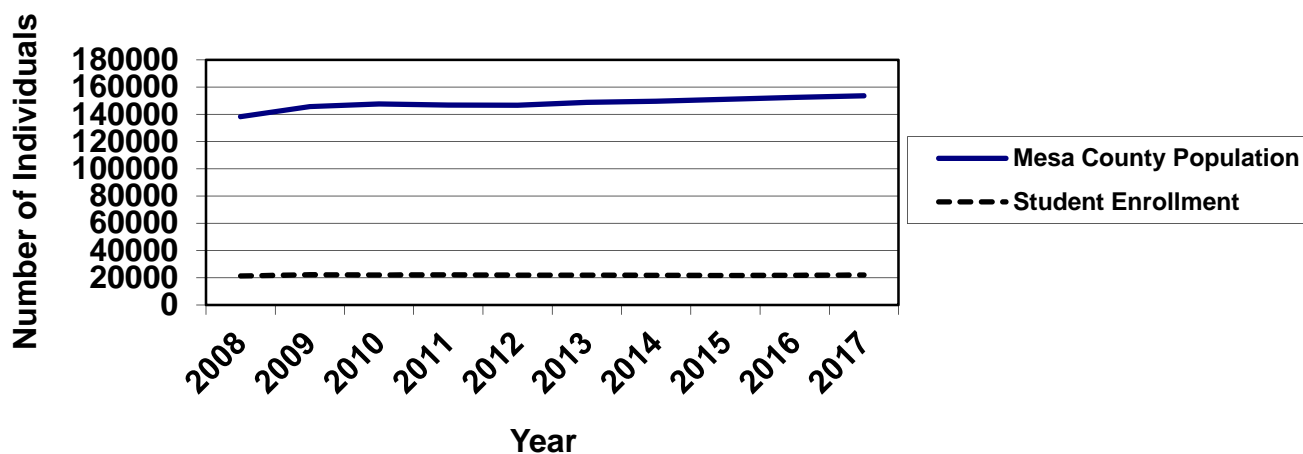
Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. Population growth in Mesa County has been moderate over the last ten years. Mesa County's population has grown from 138,230 in 2007 to 153,528 in 2017, or 11.0% for the period. This growth was a reflection of the relatively strong economy and job market that tapered down in 2008, coupled with heavy marketing of the community as an attractive place to live and retire. In 2009, for the first time in more than ten years, growth indicators were down significantly. Beginning in 2014, Mesa County began seeing improvement in economic indicators such as property sales and values, unemployment rates, job growth and sales tax collections. Economic growth indicators show the County's unemployment rate at 3.6% compared to the state of Colorado's rate of 2.3% at June 30, 2017. The County unemployment rate has primarily declined every year since 2011 when the rate peaked at 10.2%. The lower unemployment rate state-wide is a result of recent economic activity on the state level that has not affected the local economy as extensively. The 2017 average residential home value in the County has increased to \$211,000 compared to \$197,000 in 2016, a 7.1% increase (Source: Zillow.com). The number of building permits issued in the County decreased 6.3% in 2017 and 7% in 2016. 2017 marks the second year of declines following four years of increases. The per capita income continues to lag behind other areas in Colorado, a reflection of the lack of high paying industrial and technical jobs, and a concentration of employment in the service and retail sectors. Economic indicators for the state of Colorado indicate a continued recovery, and overall financial indicators in Mesa County appear to be improving, while at a slower rate than the state as a whole.

The growth in the County's population is not always mirrored by the growth in the student count of the District. The graph below illustrates the County population and District enrollment trends since 2008. While growth in County population has averaged approximately 1.11% over the ten years from 2008 to 2017, growth in student enrollment has averaged 3.31% over the same period. Enrollment growth more closely mirrors employment than population growth.

County Population vs. Student Enrollment



Student enrollment in Mesa County has historically reflected employment growth in the County. The pupil count increased in October 2005 by 458.5 FTE (2.4% over prior year), 551 FTE (an additional 2.8%) in October 2006, 35 FTE in October 2007, and 800.8 FTE (an additional 3.9%) in October 2008. The growth in student enrollment was attributable to the influx of working families in response to an increase in oil and gas production and construction employment opportunities. In the eight years following this growth, the October pupil counts have fluctuated with a decrease in one year followed by an increase in the next with a resulting overall decrease for the last eight years of 98 FTE (.044%) The overall decrease is attributed to families moving from the area to find work elsewhere due to the slowdown in oil and gas production coupled with a slower rate of recovery from the nationwide recession than exhibited elsewhere in Colorado.

Long-term financial planning. School Districts in the state of Colorado are funded based on a complex “Total Program Funding Formula”, which is set forth by the School Finance Act of 1994. This formula calculates a per pupil revenue amount that is multiplied by an adjusted pupil count as of October 1 of each fiscal year, and determines approximately 94% of the District’s General Fund revenue. The District has historically been one of the lowest funded of the 178 school districts in the state of Colorado. In November 2000, Amendment 23 was passed by Colorado voters. Amendment 23 required the state to increase its funding of school districts each year by the rate of inflation plus 1% for the next ten years, and thereafter at the rate of inflation. The amendment created a State Education Fund to support this level of funding. Due to economic conditions and state constitutional limitations on revenue growth, there were concerns the fund and other State resources would not be adequate to fund the mandates of the amendment in as early as 2006. A state referendum on the November 2005 ballot passed, which allowed the state to increase its tax revenues without increasing tax rates through 2010 in order to regain fiscal stability. For fiscal years 2011 through 2017, the state could not fund the increases mandated by Amendment 23, and applied a negative statewide “Budget Stabilization Factor” to the funding formula. As a result, per pupil funding decreased \$251.12 from 2010 to 2011 and \$326 from 2011 to 2012. Per pupil funding levels were not significantly decreased for fiscal years 2013 and 2014. Funding increased slightly in 2015 and 2016 and, again, in 2017 by \$108 to \$7,048 per pupil.

In the spring of 2007, the Colorado state legislature passed Senate Bill 199, which froze local school district property tax mill levies. The freeze was intended to maintain a level effort of tax support for school district funding from local taxpayers, whose mill levies had declined over the years due to rising property valuations coupled with the application of the state’s legal limitations on increasing tax revenues. Unfortunately, the assessed valuation of properties in Mesa County decreased 7.94% in 2013 as compared to 2010, and reflects a statewide decrease in assessed valuation. This will result in a proportionate decrease in property taxes as mill levies are not adjusted. Because per pupil funding is comprised of local property taxes and state funding, the reduction places additional burden on the state to fund the per pupil amounts.

In 1992, Colorado voters approved TABOR (as Article X, Section 20 of the Colorado constitution). In general, TABOR restricts the ability of the State and local governments to increase revenues. Even though the state’s economy has significantly improved this restriction and increased demand from other programs funded by the state have limited revenues available to significantly increase funding to school districts. It is likely, after adjusting for inflation, revenues will decrease in future years.

Budget. The District's budget is developed to support the District's strategic plan as well as the priorities that are established annually by the Board of Education. In particular, the budget is focused on allocating limited resources to support student achievement. The budget is the primary tool to communicate the District's financial plan to citizens and staff. An initial budget is adopted by June 30th every year based on per pupil funding and estimated student enrollment. Actual student enrollment is counted on October 1 every year, and the budget is adjusted through re-adoption prior to January 31.

Fiscal Oversight committee. The District's independent auditor communicates certain matters to upper management and the Board of Education in conjunction with the Fiscal Oversight committee. The Fiscal Oversight committee includes five community members with finance and/or school district expertise, and members of management involved in financial reporting, budget, and investments. Management through the Fiscal Oversight committee and the independent auditor report audit findings and other financial considerations to the Board of Education. The Board is responsible for the oversight of the financial reporting process.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Mesa County Valley School District No. 51 for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government was required to publish an easily readable and efficiently organized CAFR. The CAFR satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the District also received the Association of School Business Officials International's (ASBO) Meritorious Budget Award for its annual budget document dated January 17, 2017. In order to qualify for the Meritorious Budget Award, the District's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

We would like to express our appreciation to the dedicated staff of the Financial Services Department. The preparation of this report would not have been possible without their professionalism and expertise, not only during the reporting process, but throughout the year.

In closing, we wish to thank the members of the Board of Education for their interest, leadership, and support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Dr. Ken Haptonstall, Ph.D
Superintendent of Schools



Phil Onofrio
Chief Operations Officer

Dr. Ken Haptonstall, Ph.D. • Superintendent of Schools • 970.254.5193

Administrative Services Center • 2115 Grand Avenue • Grand Junction, Colorado 81501 • Fax: 970.245.2714 • www.d51schools.org



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Mesa County Valley
School District No. 51, Colorado**

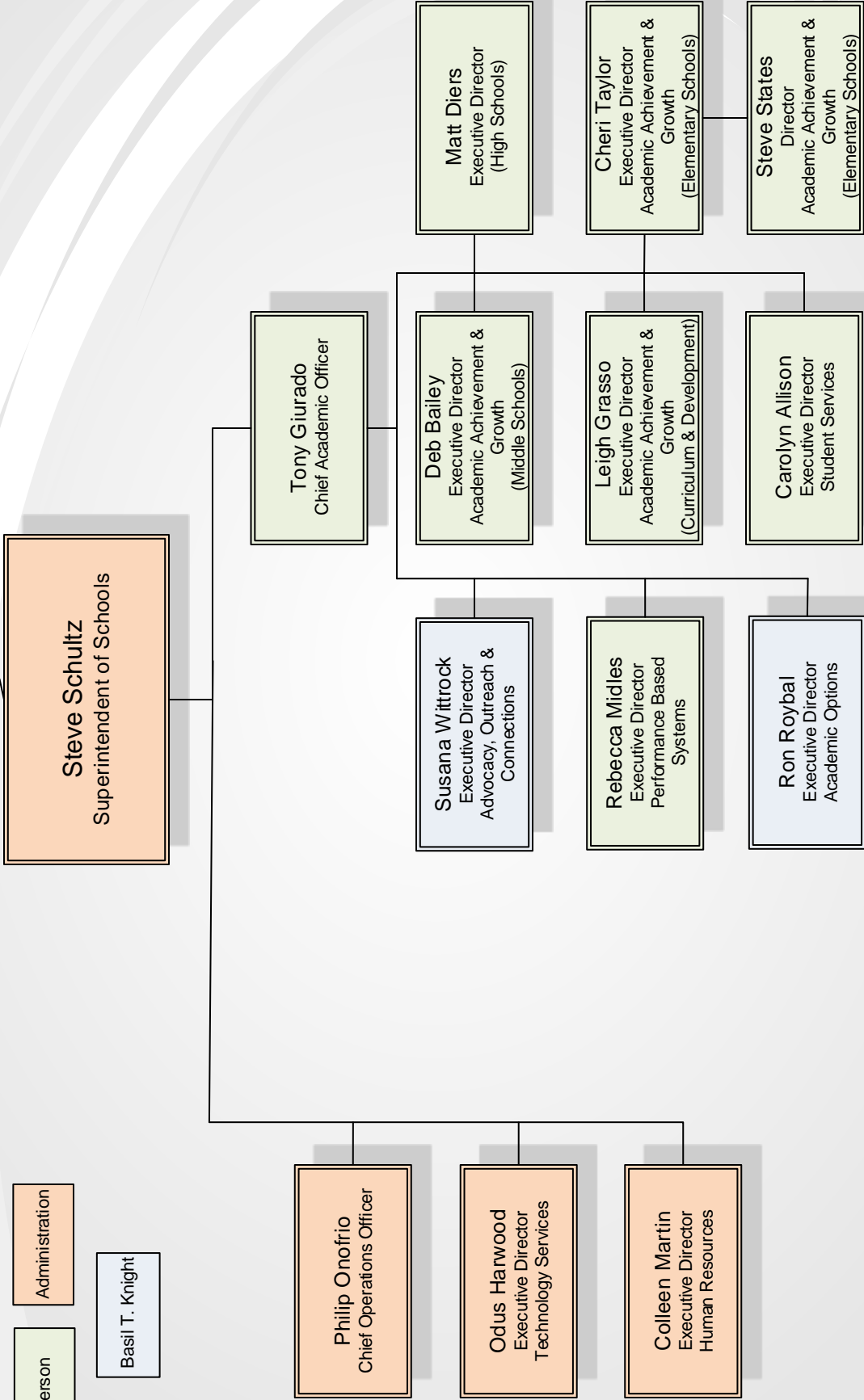
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Mesa County Valley School District 51 Organizational Chart (Executive)

Board of Education



Mesa County Valley School District No. 51
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2017

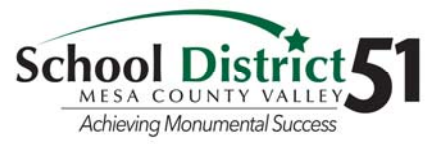
ELECTED OFFICIALS

District ADoug Levinson, Board Member
District B Paul Pitton, Board Member
District C John Williams, Board President
District D Tom Parrish, Board Vice-President
District EGreg Mikolai, Board Member

APPOINTED OFFICIALS

Superintendent..... Steven D. Schultz
Executive Director of Human Resources Colleen Martin
Chief Operations Officer Phil Onofrio
Chief Academic Officer Tony Giurado
Executive Director of Academic Achievement & Growth–
Curriculum & Instructional Support..... Leigh Grasso
Executive Director of Advocacy, Outreach,
& Connections Susanna Wittrock
Executive Director of Academic Options Ron Roybal
Executive Director of Performance Based Systems Rebecca Midles
Executive Director of Student Services..... Marla Oppenheim
Executive Director of Technology Services Odus Harwood

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FINANCIAL SECTION



**INDEPENDENT AUDITOR'S REPORT**

November 29, 2017

The Board of Education
Mesa County Valley School District No. 51

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mesa County Valley School District No. 51 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Independence Academy Charter School, a discretely presented component unit, which represent 78.8 percent, (3.7) percent, and 39.5 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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 District'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 District'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 and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mesa County Valley School District No. 51, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Major Special Revenue Funds 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, schedule of activity-net pension liability, and schedule of activity-employer pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mesa County Valley School District No.51's basic financial statements. The introductory section; combining and individual nonmajor fund financial schedules and budgetary comparisons; capital asset schedules; the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Auditors Integrity Report of the Colorado Department of Education (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 schedules and budgetary comparisons, capital asset schedules, the schedule of expenditures of federal awards, and the 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, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017 on our consideration of Mesa County Valley School District No. 51's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District's internal control over financial reporting and compliance.

Chadwick, Steinkirchner, Davis & Co., P.C.

Management's Discussion and Analysis

As management of the Mesa County Valley School District No. 51 (the District), we offer readers of the District's financial statements 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 that we have furnished in our letter of transmittal found on pages 1-4 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the District were less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$301,924,202 (negative net position). Of this amount, \$111,140,665 is net investment in capital assets, \$5,829,290 is restricted for emergencies as required by an amendment to the State of Colorado's constitution, \$10,752,139 is restricted for debt service, \$7,306,451 is restricted for capital projects, and \$506,455 is restricted for nutrition services. The District ended fiscal year 2016-17 with an unrestricted negative net position of \$(437,459,202).
- As of June 30, 2017, fund balance for the general fund was \$9,701,790. The General Fund has recorded a liability of \$13,671,224 for salaries and benefits of school personnel who work ten months of the fiscal year and are paid over twelve months. Colorado state law allows the liability to be budgeted and funded in the year in which it is paid. Therefore, these school personnel costs are recorded in 2016-17 to be paid from 2017-18 funds. The goal of the Board and the District is to maintain a General Fund fund balance of five percent of expenditures. As of fiscal-year-end 2017, the fund balance was 5.92 percent of expenditures.
- During the fiscal year, the fund balance in the District's general fund was expected to decrease. The fund balance increased by \$42,998 for fiscal year 2016-17.
- In 2016-17, the District's first charter school, Independence Academy Charter School, continued into its thirteenth year of operations. The charter school served 386.84 full-time-equivalent (FTE) students which increased from 346.8 FTE students the twelfth year. Juniper Ridge Community School continued its fourth year of operations as a District charter school in 2016-17. Juniper Ridge Community School served 281.42 FTE in 2016-17 and served 241.42 FTE students in 2015-16. Mesa Valley Community School, the District's third operational charter school, began operations in 2014-15. The pupil count at Mesa Valley Community School on October 1, 2016 was 341.76, down slightly from October 1, 2015, when it was 355. In accordance with state law, the District passed through funding on a per student basis to the charter schools during fiscal year 2017. The charter schools are component units of the District, and their separate financial information is reported in the Discretely Presented Component Units Statement of Net Position and Statement of Activities on pages 38 and 39.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the *Statement of Net Position and the Statement of Activities*.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the remainder reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. There was a significant revision in reporting requirements beginning in 2014-15, when Governmental Accounting Standards Board statement 68 (GASB 68) was required to be implemented by the District. The District's net position in from 2014-15 to 2016-17 is negative as a result of GASB 68 reporting requirements. To follow Generally Accepted Accounting Principles (GAAP), the District must report balances related to participation in the cost-sharing defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (COPERA).

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave payout).

The *governmental activities* of the District include instructional services, pupil services, instructional staff services, general administration services, school administration services, business services, maintenance and capital asset services, transportation services, central administrative services, and community services.

The government-wide financial statements include not only the District but also three legally separate charter schools, Independence Academy Charter School, Juniper Ridge Community School and Mesa Valley Community School, for which the District is financially accountable. Financial information for these component units is reported separately from the financial information presented for the District itself on pages 38 and 39 combined in the government-wide *Statement of Net Position and Statement of Activities* on pages 20 and 21.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances have a reconciliation to aid this comparison between *governmental funds* and *governmental activities*.

As of fiscal year-end 2017, the District maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Governmental Designated Purpose Grants Special Revenue Fund, the Nutrition Services Special Revenue Fund, the Building Fund Capital Projects Fund, the Capital Projects Capital Projects Fund and the Bond Redemption Debt Service Fund, all of which are considered to be major funds. The Capital Projects Building Fund information is only included in the statement of revenues, expenditures and changes in fund balances. The fund was closed as of fiscal year-end 2017, hence, no balance sheet data is available. Data from the other four governmental funds are combined into a single, aggregated presentation in the aforementioned statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* on pages 64 and 65.

The District adopts an annual appropriated budget for all funds. Budgetary comparison statements or schedules have been provided for all funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22-33 of this report.

Proprietary funds. The District maintains one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for risk management services provided to other departments or employees of the District on a cost reimbursement basis. Because these services benefit governmental activities of the District, they have been included within the *governmental activities* column in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide combined information for the three internal service funds of the District. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 74-76. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 37 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 40-60 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$301,924,202 (negative net position) at the close of the most recent fiscal year.

The District's net investment in capital assets represents a significant portion of the net position (e.g., land and improvements, buildings, and equipment less accumulated depreciation and any debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the indebtedness. Property taxes are levied annually for the restricted purpose of debt service on general obligation bonds. The debt service property tax mill and resulting levy must follow statutory limitations on carryover amounts and collection amounts for any debt service funding.

MESA COUNTY VALLEY SCHOOL DISTRICT NO 51's Net Position				
	<u>Governmental activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 74,633,924	\$ 75,190,424	\$ 74,633,924	\$ 75,190,424
Capital assets	203,586,978	206,793,531	203,586,978	206,793,531
Total assets	278,220,902	281,983,955	278,220,902	281,983,955
Deferred outflows of resources	290,764,964	65,003,501	290,764,964	65,003,501
Long-term liabilities	829,448,871	473,105,942	829,448,871	473,105,942
Other liabilities	23,009,320	36,549,296	23,009,320	36,549,296
Total liabilities	852,458,191	509,655,238	852,458,191	509,655,238
Deferred inflows of	18,451,877	27,350,796	18,451,877	27,350,796
Net position:				
Net investment in capital assets	111,140,665	106,908,230	111,140,665	106,908,230
Restricted	24,394,335	25,700,649	24,394,335	25,700,649
Unrestricted	(437,459,202)	(322,627,457)	(437,459,202)	(322,627,457)
Total net position	\$ (301,924,202)	\$ (190,018,578)	\$ (301,924,202)	\$ (190,018,578)

\$24,394,335 of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is negative.

At the end of the current fiscal year, the District reported a negative balance in unrestricted net position and positive balances in the other portions of net position. Current and other assets comprised almost twenty-seven percent of total assets. The remaining seventy-three percent of the District's total assets are its investment in capital assets net of accumulated depreciation. Deferred outflows of resources increased approximately 347% over 2015-16 due to an increase in the deferred outflows of resources (costs expected to be expensed in the future) related to pensions. A more involved explanation of GASB 68's meaning and significance for the District is included in this Management's Discussion and Analysis under the header Capital Asset and Debt Administration. A larger percent (64.2) of the District's current liabilities than in the prior years (40.2%) represent accrued salaries and fringe benefits. This liability occurs when teachers and certain other District employees work ten months of the year, but are paid over twelve months. The liability will be paid in the month of July 2017 with state funds received in fiscal year 2018. Although the total accrued salaries and benefits increased slightly (less than 1%) from the prior year, the nearly 24 percent increase in the accrued salaries to current liabilities ratio is attributable to an increase in unearned revenues and interest payable, and a decrease retainage payable. The net increase in long-term liabilities of \$365,712,886 is mostly a result in the increase in Net Pension Liability. Unrestricted net position decreased \$114,831,745 or approximately 3.5%, attributable primarily to changes in items related to the net pension liability.

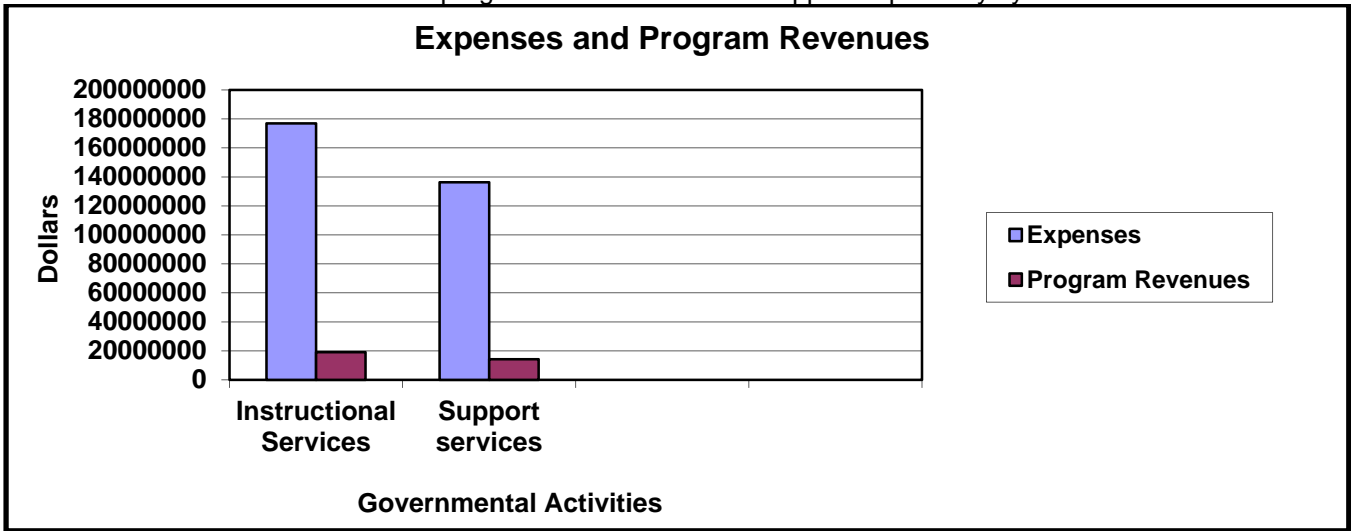
Governmental activities. Governmental activities decreased the District's net position by \$111,905,624. Key elements of these changes are as follows:

MESA COUNTY VALLEY SCHOOL DISTRICT NO 51's Change in Net Position				
	Governmental activities		Total	
	2017	2016	2017	2016
Revenues				
Charges for services	\$ 6,315,499	\$ 2,161,530	\$ 6,315,499	\$ 2,161,530
Operating grants and contributions	27,043,480	33,386,472	27,043,480	33,386,472
Capital grants and contributions	-	68,217	-	68,217
General revenues				
Property taxes levied for general purposes	50,360,125	49,769,891	50,360,125	49,769,891
Property taxes levied for debt service	11,075,880	10,944,960	11,075,880	10,944,960
State equalization not restricted to specific programs	95,725,754	93,806,039	95,725,754	93,806,039
Specific ownership taxes	8,227,547	7,972,710	8,227,547	7,972,710
Investment earnings	401,128	143,917	401,128	143,917
Gain on sale of capital assets	186,675	676,248	186,675	676,248
Miscellaneous unrestricted revenue	2,084,836	1,168,710	2,084,836	1,168,710
Total revenues	201,420,924	200,098,694	201,420,924	200,098,694
Expenses				
Instructional services	176,966,621	116,995,950	176,966,621	116,995,950
Pupil services	27,127,646	11,104,927	27,127,646	11,104,927
Instructional staff services	9,629,866	10,357,135	9,629,866	10,357,135
General administration services	3,843,550	2,187,709	3,843,550	2,187,709
School administration services	22,264,358	13,828,255	22,264,358	13,828,255
Business services	10,019,665	2,289,277	10,019,665	2,289,277
Operations and maintenance	15,733,043	14,408,219	15,733,043	14,408,219
Transportation services	6,075,325	6,016,818	6,075,325	6,016,818
Central services	28,385,565	18,466,052	28,385,565	18,466,052
Community services	9,067,812	7,165,995	9,067,812	7,165,995
Interest on long-term debt	4,189,427	3,459,246	4,189,427	3,459,246
Depreciation - unallocated	23,670	6,241	23,670	6,241
Total expenses	313,326,548	206,285,824	313,326,548	206,285,824
Increase (decrease) in net position	(111,905,624)	(6,187,130)	(111,905,624)	(6,187,130)
Net position - beginning	(190,018,578)	(183,831,448)	(190,018,578)	(183,831,448)
Net position - ending	\$ (301,924,202)	\$ (190,018,578)	\$ (301,924,202)	\$ (190,018,578)

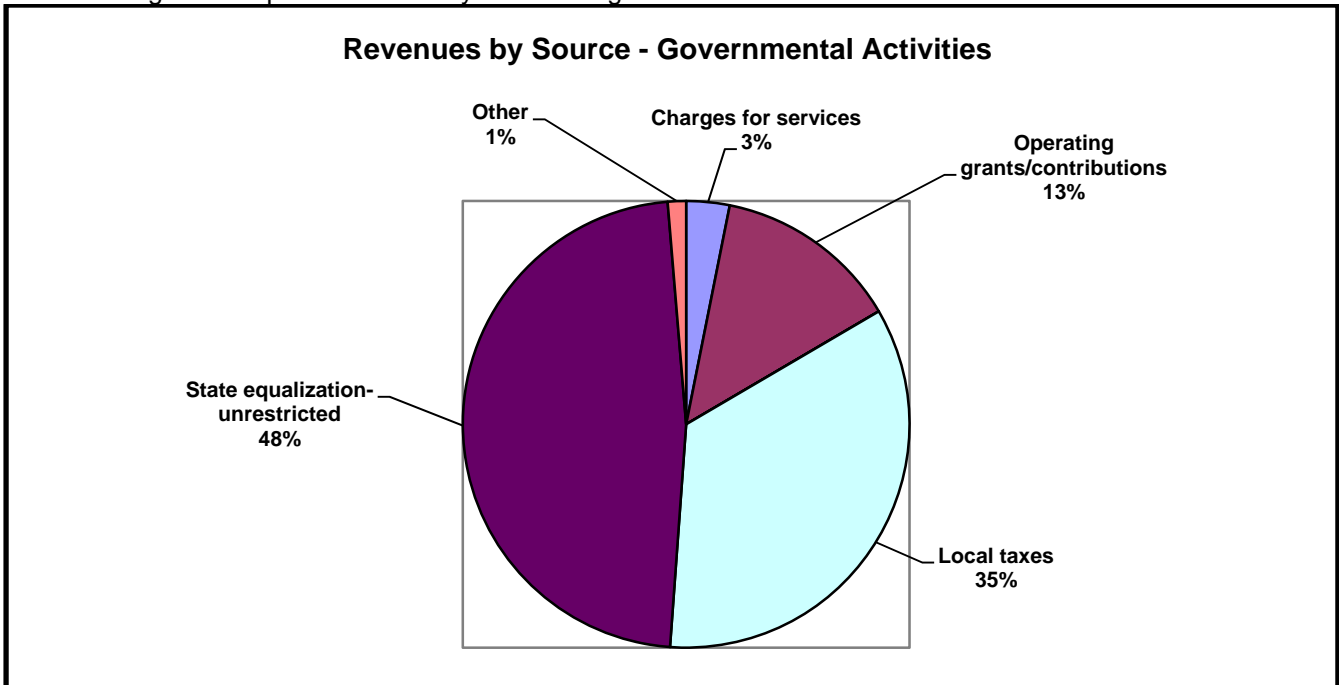
Key elements of the overall decrease in net position are as follows:

- General property tax revenues based on collections increased by \$590,234 (1.18%) during the year. Whereas, unrestricted state equalization increased by \$1,919,715 (2.05%) during the year. These factors point to consistent revenues from property tax valuations combined with back fill funding from the state when compared to the prior year.
- In November 2000, Colorado voters passed Amendment 23 to the state constitution. The amendment requires that school funding be increased by the rate of inflation plus an additional 1% for ten years (through 2011) and thereafter at the rate of inflation. For 2017, the State was not able to fund the required increase.
- Along with the two primary sources of general revenues increasing slightly over the prior year, expenses for governmental activities increased \$107,040,725, or 5.2%, which is mostly due to pension expense required to be reported per GASB Statement No. 68. The decrease in net position as a percent of revenues was 5.55% during fiscal year 2017.
- With over \$115 million of pension expense reported for the current fiscal year, pension expense is an obvious factor in the resulting negative change in net position in the past two fiscal years.

The following chart depicts the expenses and program revenues of the governmental activities by category of the District. Governmental activities and programs of the District are supported primarily by state funds and local taxes.



The following chart depicts revenues by source for governmental activities:



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$35,350,712, a decrease of \$1,373,284 (3.88%) in comparison with the prior year. The decrease is a reflection of decreases in fund balance for all governmental funds except the general fund. The majority of the decrease (86%) is primarily due to spending from Capital Projects Building Fund and Capital Projects Capital Projects Fund to complete construction of the R5/Summit School Complex in 2016. *Unassigned fund balance* of the General Fund is \$8,041,245. *Assigned fund balance* must be spent for designated purposes including \$7,306,451 to pay for future capital projects, \$545,657 for purposes within the special revenue (nonmajor governmental) funds and \$400,211 for subsequent year's expenditures. *Restricted fund balance* reflects resources that are subject to externally enforceable legal restrictions, and includes: 1) \$5,829,290 required by Colorado law to fund defined emergencies, 2) \$1,326,724 to operate the preschool program, 3) \$10,752,139 to pay debt service and 4) \$506,455 to operate the nutrition services program. *Nonspendable fund balance* represents current assets that will never be converted to cash, and is comprised of \$642,540 in inventory.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total General Fund balance was \$9,701,790, of which \$8,041,245 (82.9%) was unassigned.

The fund balance of the District's General Fund increased \$42,998 during the current fiscal year. Per the budget for the general fund a large decrease in fund balance was expected. Key factors in the actual increase are as follows:

- Actual revenues were 0.52% greater than budgeted revenues. Actual expenditures were 1.04% less than budgeted expenditures excluding appropriated contingencies. These small percentages are a big impact on an almost \$170 million budget.
- The Board of Education adopted budget parameters to ensure additional fiscal responsibility of the District. The readopted 2017 budget anticipated General Fund negative net change in fund balance of a little over \$2.5 million, excluding appropriated contingencies.
- Employee benefits were increased with an additional mandated employer contribution to the Public Employee's Retirement Association of Colorado (PERA) of .8 percent of PERA wages. Salaries and benefits comprise approximately 80% of the general fund budget.

The Bond Redemption Debt Service Fund has a total fund balance of \$10,752,139, all of which is restricted for the payment of debt service. The mill levy is adjusted annually to maintain adequate resources to meet scheduled debt payments without accumulating an excessive fund balance. The mill levy was set at 6.483 mills for 2017, a decrease of 2.64% from 2016, which resulted in current year property tax revenues of \$10,937,120.

The District has restricted \$5,829,290 of fund balance in its Capital Projects Capital Projects Fund for emergencies. The restriction is required by an amendment to the Colorado Constitution, known as the TABOR Amendment. The amendment requires local government units to set aside three percent of fiscal year eligible expenditures for certain emergencies. The funds may not be used to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

Proprietary funds. The District's proprietary funds financial statements act as a summary of the internal service fund financial statements contained elsewhere in this report.

General Fund Budgetary Highlights

An increased appropriation of \$2,711,649 from the original budget to the final amended budget is attributed to adjustments for the following increases and decreases in anticipated revenue and expenditures:

- The District appropriates for all anticipated revenues and ending fund balance. The original budget, developed in June 2016 prior to fiscal-year-end accruals and final issuance of the 2016 CAFR, was based on a 20.5 % anticipated decrease to 2016 ending fund balance. The actual ending fund balance for 2016 decreased, but only by 3.3%. The slight decrease in fund balance was reflected in the 2017 re-adopted budget.
- The District's actual current expenditures were \$1,712,792 less than the 2017 final budgeted expenditures. The positive net change in fund balance resulted from conservative spending on the part of the District. A \$2 million positive revenue variance from budget is also included in this variance. In addition, timing differences in actual and budget fiscal year spending on performance based learning initiatives for 2016-17 contributed to this variance.

Capital Asset and Debt Administration

Capital assets. The District's capital assets for its governmental activities as of June 30, 2017 amount to \$203,586,978 (net of accumulated depreciation). These capital assets include land and improvements such as parking lots and sidewalks, buildings and building improvements, and equipment. The total decrease in the District's capital assets for the current year was 1.5%, and is primarily attributable to the sale of property and the termination of some computer based capital leases.

Additional information on the District's capital assets can be found in the Note 4 – Capital Assets.

Long-term debt. At the end of the current fiscal year, the District had total outstanding long-term debt of \$829,448,871 and a net pension liability of \$726,578,219. Of the long-term debt amount, \$73,210,000 represents general obligation bonds that are backed by the full faith and credit of the District, \$7,050,910 represents unamortized premiums on general obligation bonds and 2015 Certificates of Participation, \$7,140,000 represents Certificates of Participation collateralized by capital assets and \$10,293,769 represents capital lease obligations collateralized by computers, photocopiers and phone systems under lease. The remainder consists of compensated absences and claims payable.

State statutes limit the amount of general obligation debt a governmental entity may issue to 20 percent of its total assessed valuation. The current debt limitation for the District is \$337,409,212, which is in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 5 – Long-Term Debt of this report.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), establishes accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for pensions that are provided to the employees of state and local governmental employers through pension plans. More information on the District's pension related items can be found in Note 8.

Economic Factors and Next Year's Budgets

Colorado economy continues to improve at a faster rate than the national economy. State tax revenues are increasing faster than allowed under TABOR which will require refunds to taxpayers.

- Based on preliminary figures, TABOR revenue exceeded the cap by \$150.0 million in FY 2014-15 and by \$116.7 million in FY 2015-16; TABOR revenue is projected to exceed \$398.0 million in FY 2016-17, and \$474.5 million in FY 2017-18.
- The assessed valuation of properties in Mesa County was stable for 2017 for collection in next fiscal year. This results in a proportionate decrease in general fund property taxes as mill levies are not adjusted. Because per pupil funding is comprised of local property taxes and state funding, the reduction places additional burden on the state to fund the per pupil amounts. While the economy is improving, it is expected that the state will increase per pupil funding but not enough to offset inflation due to restrictions of the TABOR amendment on state revenue.

In November 2000 voters in Colorado approved Amendment 23 to the Colorado constitution providing that K-12 funding would increase at pupil growth plus inflation plus one percent for 10 years (through 2011) and thereafter, growth plus inflation. This provision was intended to stabilize and remove funding from the political process. In 2013 and 2014, due to continued state budget shortfalls, the state applied a negative "state budget stabilization factor" to the required funding. Funding for schools increased in 2014-15 by the rate of inflation. Due to required increases in program costs at the state level, funding of K-12 education for 2017 and beyond is not expected to increase at the rate of inflation as envisioned in Amendment 23 for the foreseeable future. Funding will increase but not at a level to maintain current programming.

Component Units

Only summary information regarding component units appears in the District's financial statements. The District has three component units, which are charter schools. Their financial information is presented in a separate column in the Government-wide Statement of Net Position and in the Statement of Activities.

Complete financial statements for each charter school are available at each school's administrative office.

Independence Academy
Charter School
675 29 Road
Grand Junction, CO 81504
Phone: 970-254-6850

Juniper Ridge
Community School
640 24 ½ Road
Grand Junction, CO 81505
Phone: 970-986-8219

Mesa Valley
Community School
2387 Patterson Road
Grand Junction, CO 81505
Phone: 970-254-7202

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, 2115 Grand Avenue, Grand Junction, Colorado 81501.

BASIC FINANCIAL STATEMENTS

Mesa County Valley School District No. 51
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		Discretely Presented Component Units
	Governmental Activities	Total	
ASSETS			
Cash and investments	\$ 64,982,768	\$ 64,982,768	\$ 5,023,078
Receivables:			
Accounts	1,826,960	1,826,960	104,635
Intergovernmental	3,064,004	3,064,004	32,399
Property taxes	4,117,652	4,117,652	-
Inventories	642,540	642,540	1,042
Other assets	-	-	24,887
Capital assets (net of accumulated depreciation):			
Land and improvements	16,556,210	16,556,210	650,620
Buildings and improvements	179,990,343	179,990,343	5,401,491
Equipment	7,040,425	7,040,425	569,901
Total assets	278,220,902	278,220,902	11,808,053
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	283,299,164	283,299,164	9,583,588
Deferred charge on refunding	7,465,800	7,465,800	-
Total deferred outflows of resources	290,764,964	290,764,964	9,583,588
LIABILITIES			
Accounts payable	880,030	880,030	20,986
Other accrued expenses	-	-	199,055
Accrued salaries and benefits	14,788,377	14,788,377	267,411
Accrued interest payable	539,557	539,557	77,845
Unearned revenue	6,801,356	6,801,356	73,246
Noncurrent liabilities:			
Due within one year	14,772,767	14,772,767	489,735
Due in more than one year	88,097,885	88,097,885	5,537,883
Net pension liability	726,578,219	726,578,219	19,727,227
Total liabilities	852,458,191	852,458,191	26,393,388
DEFERRED INFLOWS OF RESOURCES			
Related to pension liability	18,451,877	18,451,877	94,560
Total deferred outflows of resources	18,451,877	18,451,877	94,560
NET POSITION			
Net investment in capital assets	111,140,665	111,140,665	1,229,082
Restricted for:			
Emergencies	5,829,290	5,829,290	242,859
Nutrition services	506,455	506,455	-
Debt service	10,752,139	10,752,139	605,328
Capital projects	7,306,451	7,306,451	-
Unrestricted	(437,459,202)	(437,459,202)	(7,173,576)
Total net position	\$ (301,924,202)	\$ (301,924,202)	\$ (5,096,307)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government:						
Governmental activities:						
Instructional services	\$ 176,966,621	\$ 1,044,573	\$ 18,050,066	\$ -	\$ (157,871,982)	\$ (7,784,253)
Support services:						
Pupil services	27,127,646	-	1,562,791	-	(25,564,855)	(1,232,452)
Instructional staff services	9,629,866	-	777,849	-	(8,852,017)	-
General administration services	3,843,550	-	111,121	-	(3,732,429)	-
School administration services	22,264,358	-	222,243	-	(22,042,115)	(1,070,829)
Business services	10,019,665	-	239,133	-	(9,780,532)	(142,052)
Operations and maintenance	15,733,043	-	-	-	(15,733,043)	(339,118)
Transportation services	6,075,325	-	1,330,852	-	(4,744,473)	-
Central services	28,385,565	3,991,413	-	-	(24,394,152)	-
Community services	9,067,812	1,279,513	4,749,425	-	(3,038,874)	-
Interest on long-term debt	4,189,427	-	-	-	(4,189,427)	(251,405)
Depreciation - unallocated	23,670	-	-	-	(23,670)	-
Total support services	136,359,927	5,270,926	8,993,414	-	(122,095,587)	(3,035,856)
Total governmental activities	313,326,548	6,315,499	27,043,480	-	(279,967,569)	(10,820,109)
Total primary government	\$ 313,326,548	\$ 6,315,499	\$ 27,043,480	\$ -	\$ (279,967,569)	\$ (10,820,109)
Component units						
	\$ 11,501,794	\$ 231,171	\$ 170,080	\$ 280,434		
General revenues:						
Property taxes levied for general purposes					50,360,125	-
Property taxes levied for debt service					11,075,880	-
State equalization not restricted to specific programs					95,725,754	7,119,557
Specific ownership taxes					8,227,547	-
Investment earnings					401,128	7,315
Gain on disposal of capital assets					186,675	-
Miscellaneous unrestricted revenue					2,084,836	83,597
Total general revenues					168,061,945	7,210,469
Change in net position					(111,905,624)	(3,609,640)
Net position - beginning					(190,018,578)	(1,486,667)
Net position - ending					(301,924,202)	(5,096,307)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General	Governmental Designated Purpose Grants Special Revenue	Nutrition Services Special Revenue
ASSETS			
Cash and investments	\$ 22,038,659	\$ 4,703,630	\$ 231,519
Due from other funds	88,789	-	-
Receivables:			
Accounts	665,413	-	458,341
Intergovernmental	-	3,007,321	56,683
Property tax	3,365,315	-	-
Inventories	272,000	-	370,540
Total assets	\$ 26,430,176	\$ 7,710,951	\$ 1,117,083
LIABILITIES			
Accounts payable	\$ 466,989	\$ 28,533	\$ 6,656
Due to other funds	-	-	-
Accrued salaries and benefits	13,671,224	896,716	205,033
Unearned revenue	-	6,785,702	10,629
Total liabilities	14,138,213	7,710,951	222,318
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,590,173	-	-
FUND BALANCES			
Nonspendable:			
Inventories	272,000	-	370,540
Restricted for:			
TABOR emergency reserve	-	-	-
Preschool	1,326,724	-	-
Debt service	-	-	-
Nutrition services	-	-	506,455
Assigned to:			
Capital projects	-	-	-
Special revenue funds	-	-	-
Subsequent year's expenditures	61,821	-	17,770
Unassigned	8,041,245	-	-
Total fund balances	9,701,790	-	894,765
Total liabilities, deferred inflows of resources and fund balances	\$ 26,430,176	\$ 7,710,951	\$ 1,117,083

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects Capital Projects</u>	<u>Bond Redemption Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 13,141,137	\$ 10,581,903	\$ 471,765	\$ 51,168,613
-	-	-	88,789
535,500	-	167,706	1,826,960
-	-	-	3,064,004
-	752,337	-	4,117,652
-	-	-	642,540
<u>\$ 13,676,637</u>	<u>\$ 11,334,240</u>	<u>\$ 639,471</u>	<u>\$ 60,908,558</u>
\$ 220,276	\$ -	\$ -	\$ 722,454
-	-	88,789	88,789
-	-	-	14,772,973
-	-	5,025	6,801,356
<u>220,276</u>	<u>-</u>	<u>93,814</u>	<u>22,385,572</u>
<u>-</u>	<u>582,101</u>	<u>-</u>	<u>3,172,274</u>
-	-	-	642,540
5,829,290	-	-	5,829,290
-	-	-	1,326,724
-	10,752,139	-	10,752,139
-	-	-	506,455
7,306,451	-	-	7,306,451
-	-	545,657	545,657
320,620	-	-	400,211
-	-	-	8,041,245
<u>13,456,361</u>	<u>10,752,139</u>	<u>545,657</u>	<u>35,350,712</u>
<u>\$ 13,676,637</u>	<u>\$ 11,334,240</u>	<u>\$ 639,471</u>	<u>\$ 60,908,558</u>

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Mesa County Valley School District No. 51
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2017

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

Total fund balance - governmental funds	\$	35,350,712
Receivables that are not available soon enough to pay for the current year's expenditures are deferred inflows in the funds and reported as an increase in net position.		3,172,274
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of these assets is \$303,356,371 and the accumulated depreciation is \$99,769,393.		203,586,978

The issuance of long-term debt (e.g., bonds, capital 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is as follows:

<u>Long-term debt:</u>	<u>Amount</u>	<u>Accumulated Amortization</u>	<u>Net effect</u>	
February 2004 bond premium	(2,315,587)	2,315,587	-	
September 2011 bond premium	(11,811,544)	5,224,337	(6,587,207)	
September 2011 bond refunding loss	12,432,228	(5,429,264)	7,002,964	
July 2012 bond premium	(388,658)	159,242	(229,416)	
July 2012 bond refunding loss	766,250	(303,414)	462,836	
2015 Certificates of Participation premium	(257,930)	23,643	(234,287)	414,890

Internal service funds are used by management to account for the costs of employee medical and dental insurance, workman compensation insurance, and other industrial coverage. The assets (\$13,814,155) and liabilities (\$3,239,431) of the internal service funds are included in governmental activities in the statement of net position. 10,574,724

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (see note 5).

Long-term liabilities	\$	(102,870,652)	
Bond premium payable		7,050,910	
Internal service funds claims payable		3,043,463	
Internal service funds compensated absences		<u>22,988</u>	(92,753,291)

The amount by which deferred outflows of resources are greater than deferred inflows of resources related to pensions, both are not recorded in the funds (\$283,299,164 - \$18,451,877). 264,847,287

Net pension liability is not due and payable in the current period and, therefore, is not reported in the funds. (726,578,219)

Interest accrued on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (539,557)

Total net position - governmental activities (page 20) \$ (301,924,202)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	<u>General</u>	<u>Governmental Designated Purpose Grants Special Revenue</u>	<u>Nutrition Services Special Revenue</u>
REVENUES			
Local sources	\$ 59,168,814	\$ 358,226	\$ 1,280,405
State sources	104,459,948	1,863,083	107,214
Federal sources	<u>178,030</u>	<u>11,117,516</u>	<u>4,642,211</u>
Total revenues	<u>163,806,792</u>	<u>13,338,825</u>	<u>6,029,830</u>
EXPENDITURES			
Current:			
Instructional services	98,598,416	5,695,979	-
Instructional support	31,681,898	6,658,196	-
Business support	27,656,728	212,926	-
Community services	251,809	716,566	-
Physical activities	-	-	-
Nutrition services	-	-	6,069,977
Capital outlay:	21,841	55,158	-
Debt Service:			
Lease financing principal	1,179,191	-	-
Lease financing interest	547,548	-	-
GO Bond principal	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>159,937,431</u>	<u>13,338,825</u>	<u>6,069,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,869,361</u>	<u>-</u>	<u>(40,147)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in from other funds	-	-	-
Transfers out to other funds	(3,826,363)	-	-
Proceeds from sale of real property	-	-	-
Proceeds from sale of capital assets	-	-	-
Issuance of capital lease debt	-	-	-
Total other financing sources (uses)	<u>(3,826,363)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	42,998	-	(40,147)
Fund balances - beginning	<u>9,658,792</u>	<u>-</u>	<u>934,912</u>
Fund balances - ending	<u>\$ 9,701,790</u>	<u>\$ -</u>	<u>\$ 894,765</u>

The notes to the financial statements are an integral part of this statement.

	Capital Projects Building Fund	Capital Projects Capital Projects	Bond Redemption Debt Service	Other Governmental Funds	Total Governmental Funds
\$	577	\$ 1,176,194	\$ 10,818,216	\$ 728,708	\$ 73,531,140
	-	-	-	-	106,430,245
	-	-	-	-	15,937,757
	<u>577</u>	<u>1,176,194</u>	<u>10,818,216</u>	<u>728,708</u>	<u>195,899,142</u>
	-	-	-	83,106	104,377,501
	-	-	-	10,130	38,350,224
	-	-	-	3,912	27,873,566
	-	-	-	737	969,112
	-	-	-	729,238	729,238
	-	-	-	-	6,069,977
	229,306	6,054,277	-	1,000	6,361,582
	-	923,925	-	-	2,103,116
	-	325,189	-	-	872,737
	-	-	7,625,000	-	7,625,000
	-	-	3,312,613	-	3,312,613
	<u>229,306</u>	<u>7,303,391</u>	<u>10,937,613</u>	<u>828,123</u>	<u>198,644,666</u>
	<u>(228,729)</u>	<u>(6,127,197)</u>	<u>(119,397)</u>	<u>(99,415)</u>	<u>(2,745,524)</u>
	-	2,306,173	-	20,190	2,326,363
	-	-	-	-	(3,826,363)
	-	1,355,137	-	-	1,355,137
	-	6,105	-	-	6,105
	-	1,510,998	-	-	1,510,998
	-	5,178,413	-	20,190	1,372,240
	<u>(228,729)</u>	<u>(948,784)</u>	<u>(119,397)</u>	<u>(79,225)</u>	<u>(1,373,284)</u>
	<u>228,729</u>	<u>14,405,145</u>	<u>10,871,536</u>	<u>624,882</u>	<u>36,723,996</u>
\$	<u>-</u>	\$ <u>13,456,361</u>	\$ <u>10,752,139</u>	\$ <u>545,657</u>	\$ <u>35,350,712</u>

Mesa County Valley School District No. 51
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds \$ (1,373,284)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capitalized assets from capital outlays in the current period.

Capital outlays capitalized		\$ 3,730,041	
Depreciation expense - governmental activities	(6,701,132)		
Depreciation expense - unallocated	<u>(23,670)</u>	<u>(6,724,802)</u>	(2,994,761)

Governmental funds do not report capital assets and, therefore, do not report the net book value of capital assets and any gain or loss on their disposal. (211,792)

The governmental funds report debt issuance proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt is as follows:

Debt principal payments	\$ 9,728,116		
Amortization of debt premiums	1,057,770		
Amortization of deferred loss on refunding	(1,005,931)		
Capital lease proceeds	(1,510,998)		
Accrued interest payable - beginning	483,641		
Accrued interest payable - ending	<u>(539,557)</u>		8,213,041

In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas, in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount compensated absences decreased in the current year. 107,912

Internal service funds are used by management to account for the costs of employee medical and dental insurance, workman compensation insurance, and other industrial coverage. The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities less \$3,062 of changes in compensated absences liability.

Revenues	\$ 19,119,688		
Expenses	<u>19,592,157</u>		(472,469)

Property tax receivables that will not be collected soon enough for reporting as available revenue in the funds and are reported as revenue in the statement of activities. This is the change in current deferred inflow from prior year. 1,229,229

Note receivable that was recognized in the statement of activities in the prior year, now available to be recognized in the funds. (1,000,000)

In the governmental funds, expenditures related to pension obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas, in the statement of activities, they are measured on the full accrual basis. This is the amount of the increase in deferred outflows of resources (\$283,299,164 - \$56,531,770), the increase in net pension liability (\$375,508,406 - \$726,578,219) and the decrease in deferred inflows of resources during the year (\$27,350,796 - \$18,451,877) and amortization related to prior year amounts. (115,403,500)

Change in net position of governmental activities (page 21) \$ (111,905,624)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Property taxes	\$ 48,566,313	\$ 49,178,889	\$ 49,372,020	\$ 193,131
Delinquent taxes	140,000	140,000	16,522	(123,478)
Specific ownership tax	7,680,849	7,829,626	8,227,547	397,921
Interest and penalties on taxes	160,000	160,000	19	(159,981)
Tuition	25,000	25,000	27,000	2,000
Investment income	33,105	33,905	162,419	128,514
District services to charter school	-	-	6,980	6,980
Miscellaneous	663,435	738,435	1,356,307	617,872
	<u>57,268,702</u>	<u>58,105,855</u>	<u>59,168,814</u>	<u>1,062,959</u>
State sources:				
State equalization entitlement	96,609,743	96,238,963	96,098,768	(140,195)
Special education	4,625,755	4,805,788	4,819,986	14,198
Transportation	1,351,393	1,351,393	1,330,852	(20,541)
Vocational education	1,752,039	1,752,039	1,800,648	48,609
Small attendance center	61,545	79,427	265,675	186,248
English language proficiency	176,498	176,498	144,019	(32,479)
	<u>104,576,973</u>	<u>104,404,108</u>	<u>104,459,948</u>	<u>55,840</u>
Federal sources:				
Mineral leases	345,458	345,458	88,719	(256,739)
Other	88,227	88,227	89,311	1,084
	<u>433,685</u>	<u>433,685</u>	<u>178,030</u>	<u>(255,655)</u>
 Total revenues	 <u>162,279,360</u>	 <u>162,943,648</u>	 <u>163,806,792</u>	 <u>863,144</u>

(Continued)

Mesa County Valley School District No. 51
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Instructional services:				
Elementary education	27,987,735	28,661,332	26,977,126	1,684,206
Middle school education	15,237,646	15,246,969	14,519,741	727,228
High school education	16,656,972	16,721,650	16,216,526	505,124
Vocational education/WCCC	2,102,815	1,977,232	2,408,953	(431,721)
High school programs	2,365,329	2,417,825	2,084,861	332,964
Integrated educational programs	1,617,599	1,842,687	1,684,095	158,592
Preschool/extended day programs	3,842,745	3,343,857	2,563,388	780,469
Extended enrichment education	1,085,160	1,085,190	1,059,272	25,918
Library	325,644	326,144	313,456	12,688
General instruction	6,171,393	5,855,438	6,315,036	(459,598)
Music activities	3,730,129	3,741,431	3,623,722	117,709
Physical activities	3,496,022	3,498,246	3,400,487	97,759
Special education	16,142,333	16,216,883	15,768,837	448,046
Cocurricular activities	1,600,044	1,632,046	1,662,916	(30,870)
Total instructional services	<u>102,361,566</u>	<u>102,566,930</u>	<u>98,598,416</u>	<u>3,968,514</u>
Instructional support:				
Instructional:				
Social work/attendance	1,011,148	1,011,953	1,041,694	(29,741)
Counseling	4,531,856	4,534,936	4,327,344	207,592
Nursing/mental health	2,223,490	2,360,992	2,417,712	(56,720)
Psychologists	1,839,523	1,839,523	1,789,687	49,836
Audiologists/therapists	129,665	129,665	183,114	(53,449)
Assessment/staff development	3,130,553	2,966,970	3,151,823	(184,853)
Media services	1,526,757	1,533,986	1,708,894	(174,908)
Instructional technology	375,107	375,107	373,577	1,530
Program administration	1,806,714	2,052,204	1,933,124	119,080
	<u>16,574,813</u>	<u>16,805,336</u>	<u>16,926,969</u>	<u>(121,633)</u>
General administration:				
Board of Education	66,323	66,323	101,730	(35,407)
Legal services	290,000	290,000	284,229	5,771
Treasurer's fee	135,000	135,000	171,519	(36,519)
Audit services	32,000	32,000	33,100	(1,100)
Office of the superintendent	520,778	442,061	491,091	(49,030)
Community relations services	944,526	1,142,584	1,279,006	(136,422)
Other executive administration services	-	58,717	50,384	8,333
School administration	12,028,858	12,175,031	12,343,870	(168,839)
	<u>14,017,485</u>	<u>14,341,716</u>	<u>14,754,929</u>	<u>(413,213)</u>
Total instructional support	<u>30,592,298</u>	<u>31,147,052</u>	<u>31,681,898</u>	<u>(534,846)</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Business support:				
Business:				
Business fiscal services	1,037,075	1,188,082	1,234,034	(45,952)
Indirect cost reimbursements	(750,000)	(700,000)	(512,236)	(187,764)
Purchasing	306,814	322,102	75,645	246,457
Warehouse	438,170	444,179	457,319	(13,140)
Print shop	163,894	163,894	161,166	2,728
Maintenance	481,170	907,797	884,322	23,475
Custodial	9,848,394	9,830,669	8,524,734	1,305,935
Grounds maintenance	1,098,833	1,119,497	1,175,491	(55,994)
Craftsmen	3,201,466	2,310,065	2,449,650	(139,585)
Transportation	5,075,831	5,832,372	6,274,589	(442,217)
	<u>20,901,647</u>	<u>21,418,657</u>	<u>20,724,714</u>	<u>693,943</u>
Central:				
Communication	550,300	631,000	822,648	(191,648)
Human resources	1,571,870	1,879,447	2,233,480	(354,033)
Information technology	3,435,492	3,560,492	3,596,064	(35,572)
Other support services	592,831	253,767	279,822	(26,055)
	<u>6,150,493</u>	<u>6,324,706</u>	<u>6,932,014</u>	<u>(607,308)</u>
Total business support	<u>27,052,140</u>	<u>27,743,363</u>	<u>27,656,728</u>	<u>86,635</u>
Community Services:	34,000	190,378	251,809	(61,431)
Capital outlay:	-	-	21,841	(21,841)
Total current expenditures	<u>160,040,004</u>	<u>161,647,723</u>	<u>158,210,692</u>	<u>3,437,031</u>
Contingency	<u>5,751,924</u>	<u>7,125,854</u>	<u>-</u>	<u>7,125,854</u>
Debt Service:				
Principal	-	-	1,179,191	(1,179,191)
Interest and fiscal charges	<u>2,500</u>	<u>2,500</u>	<u>547,548</u>	<u>(545,048)</u>
Total debt service expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,726,739</u>	<u>(1,724,239)</u>
Total expenditures	<u>165,794,428</u>	<u>168,776,077</u>	<u>159,937,431</u>	<u>8,838,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,515,068)</u>	<u>(5,832,429)</u>	<u>3,869,361</u>	<u>9,701,790</u>
OTHER FINANCING USES				
Transfers out	<u>4,096,363</u>	<u>3,826,363</u>	<u>3,826,363</u>	<u>-</u>
Total other financing uses	<u>4,096,363</u>	<u>3,826,363</u>	<u>3,826,363</u>	<u>-</u>
Net change in fund balances	(7,611,431)	(9,658,792)	42,998	9,701,790
Fund balances - beginning	<u>7,611,431</u>	<u>9,658,792</u>	<u>9,658,792</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,701,790</u>	<u>\$ 9,701,790</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
GOVERNMENTAL DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,068,088	\$ 836,259	\$ 358,226	\$ (478,033)
State sources	1,870,955	3,781,019	1,863,083	(1,917,936)
Federal sources	14,932,090	16,334,456	11,117,516	(5,216,940)
Total revenues	<u>17,871,133</u>	<u>20,951,734</u>	<u>13,338,825</u>	<u>(7,612,909)</u>
EXPENDITURES				
Current:				
Instructional services:				
Salaries	4,304,503	4,804,503	3,664,257	1,140,246
Fringe benefits	1,020,375	1,418,984	1,252,105	166,879
Contracted services	874,148	874,148	493,729	380,419
Supplies	586,907	586,907	285,888	301,019
	<u>6,785,933</u>	<u>7,684,542</u>	<u>5,695,979</u>	<u>1,988,563</u>
Instructional support:				
Salaries	6,800,000	8,250,100	3,989,556	4,260,544
Fringe benefits	1,500,000	1,776,183	1,236,000	540,183
Contracted services	1,600,000	1,851,200	1,322,070	529,130
Supplies	150,000	155,604	110,570	45,034
	<u>10,050,000</u>	<u>12,033,087</u>	<u>6,658,196</u>	<u>5,374,891</u>
Business support:				
Salaries	150,000	155,912	159,148	(3,236)
Fringe benefits	46,000	51,548	43,575	7,973
Contracted services	9,000	9,500	9,797	(297)
Supplies	500	500	406	94
	<u>205,500</u>	<u>217,460</u>	<u>212,926</u>	<u>4,534</u>
Community services:				
Salaries	215,000	216,326	206,075	10,251
Fringe benefits	65,000	87,637	77,556	10,081
Contracted services	399,700	539,440	301,717	237,723
Supplies	150,000	173,242	131,218	42,024
	<u>829,700</u>	<u>1,016,645</u>	<u>716,566</u>	<u>300,079</u>
Total current	<u>17,871,133</u>	<u>20,951,734</u>	<u>13,283,667</u>	<u>7,668,067</u>
Capital outlay	-	-	55,158	(55,158)
Total expenditures	<u>17,871,133</u>	<u>20,951,734</u>	<u>13,338,825</u>	<u>7,612,909</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
NUTRITION SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 1,343,053	\$ 1,343,053	\$ 1,279,676	\$ (63,377)
State sources	108,513	108,513	107,214	(1,299)
Federal sources	4,718,216	4,718,216	4,642,211	(76,005)
Miscellaneous revenue	3,150	3,150	729	(2,421)
Total revenues	6,172,932	6,172,932	6,029,830	(143,102)
EXPENDITURES				
Current:				
Food service direction:				
Salaries	357,900	357,900	356,925	975
Fringe benefits	106,787	106,787	98,632	8,155
Contracted services and supplies	519,715	522,031	318,426	203,605
	984,402	986,718	773,983	212,735
Food service preparation/serving				
Salaries	1,757,628	1,757,628	1,703,585	54,043
Fringe benefits	730,470	730,470	686,727	43,743
Contracted services and supplies	2,546,372	2,546,372	2,617,368	(70,996)
	5,034,470	5,034,470	5,007,680	26,790
Food delivery				
Salaries	178,282	178,282	175,084	3,198
Fringe benefits	50,276	50,276	47,593	2,683
Contracted services and supplies	27,000	27,000	23,731	3,269
	255,558	255,558	246,408	9,150
Catering				
Salaries	1,500	1,500	1,758	(258)
Fringe benefits	323	323	281	42
Contracted services and supplies	3,000	3,000	1,866	1,134
	4,823	4,823	3,905	918
Support services:				
Administration	45,000	45,000	38,001	6,999
	45,000	45,000	38,001	6,999
Contingency	305,554	781,275	-	781,275
Total current expenditures	6,629,807	7,107,844	6,069,977	1,037,867
Excess (deficiency) of revenues over (under) expenditures	(456,875)	(934,912)	(40,147)	894,765
Fund balances - beginning	456,875	934,912	934,912	-
Fund balances - ending	\$ -	\$ -	\$ 894,765	\$ 894,765

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	<u>Governmental Activities-- Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and investments	\$ 13,814,155
Total current assets	<u>13,814,155</u>
Total assets	<u>13,814,155</u>
LIABILITIES	
Current liabilities:	
Accounts payable	157,576
Accrued wages and benefits	15,404
Claims payable	2,100,769
Compensated absences payable	20,488
Total current liabilities	<u>2,294,237</u>
Noncurrent liabilities:	
Claims payable	942,694
Future compensated absences payable	2,500
Total noncurrent liabilities	<u>945,194</u>
Total liabilities	<u>3,239,431</u>
NET POSITION	
Unrestricted	10,574,724
Total net position	<u>\$ 10,574,724</u>

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the fiscal year ended June 30, 2017

	Governmental Activities-- Internal Service Funds
Operating revenues:	
Charges for sales and services:	
Charges for premiums and claims	\$ 1,140,117
Premiums and copays for employees	16,378,484
Total operating revenues	<u>17,518,601</u>
Operating expenses:	
Worker compensation	2,373,228
Insurance premiums	417,885
Losses or claims	14,208,116
Other operating expenses	2,595,990
Total operating expenses	<u>19,595,219</u>
Operating income (loss)	<u>(2,076,618)</u>
Non-operating revenues (expenses):	
Investment income	101,087
Total nonoperating revenues	<u>101,087</u>
Income before other financing sources	<u>(1,975,531)</u>
Other financing sources (uses)	
Transfers in (out)	1,500,000
Change in net position	<u>(475,531)</u>
Total net position - beginning	<u>11,050,255</u>
Total net position - ending	\$ <u><u>10,574,724</u></u>

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2017

	<u>Governmental Activities-- Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 17,518,601
Payments to employees	(59,223)
Payments to vendors	(18,254,053)
Net cash provided (used) by operating activities	<u>(794,675)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>1,500,000</u>
Net cash provided by investing activities	<u>1,500,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received	<u>101,087</u>
Net cash provided by investing activities	<u>101,087</u>
Net increase (decrease) in cash and cash equivalents	806,412
Cash and cash equivalents, July 1	13,007,743
Cash and cash equivalents, June 30	<u>\$ 13,814,155</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (2,076,618)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	70,234
Increase (decrease) in accrued salaries and benefits	15,404
Increase (decrease) in claims payable	1,193,243
Increase (decrease) in compensated absences	3,062
Total adjustments	<u>1,281,943</u>
Net cash provided (used) by operating activities	<u>\$ (794,675)</u>

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
STATEMENT OF FIDUCIARY NET POSITON
STUDENT BODY ACTIVITY AGENCY FUND
June 30, 2017

ASSETS

Cash and investments \$ 2,276,637

LIABILITIES

Accounts payable \$ 3,866

Due to student groups 2,272,771

Total liabilities \$ 2,276,637

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
June 30, 2017

	Independence Academy Charter School	Juniper Ridge Community School	Mesa Valley Community School	Total Discretely Presented Component Units
ASSETS				
Cash and investments	\$ 2,601,014	\$ 697,552	\$ 1,119,184	\$ 4,417,750
Restricted cash and investments	605,328	-	-	605,328
Due from Agency Fund	3,502	-	-	3,502
Due from District	28,897	-	-	28,897
Accounts receivable (less allowance)	16,021	63,001	25,613	104,635
Inventory	-	1,042	-	1,042
Prepaid expenses	-	10,052	9,835	19,887
Other assets	-	5,000	-	5,000
Capital assets (net of accumulated depreciation)	<u>6,047,081</u>	<u>539,212</u>	<u>35,719</u>	<u>6,622,012</u>
Total assets	<u>9,301,843</u>	<u>1,315,859</u>	<u>1,190,351</u>	<u>11,808,053</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	<u>3,033,775</u>	<u>3,708,398</u>	<u>2,841,415</u>	<u>9,583,588</u>
LIABILITIES				
Accounts payable	9,295	1,753	9,938	20,986
Accrued expenses	38,712	160,343	-	199,055
Interest payable	75,659	2,186	-	77,845
Accrued salaries and benefits	114,817	41,082	111,512	267,411
Unearned revenue	-	73,246	-	73,246
Current portion of long-term liabilities	<u>115,000</u>	<u>374,735</u>	<u>-</u>	<u>489,735</u>
Total current liabilities	<u>353,483</u>	<u>653,345</u>	<u>121,450</u>	<u>1,128,278</u>
Long term liabilities due more than one year:				
Compensated absences payable	-	-	65,079	65,079
Notes payable	5,472,804	-	-	5,472,804
Net pension liability	<u>6,668,309</u>	<u>7,287,244</u>	<u>5,771,674</u>	<u>19,727,227</u>
Total liabilities	<u>12,494,596</u>	<u>7,940,589</u>	<u>5,958,203</u>	<u>26,393,388</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	<u>30,130</u>	<u>32,926</u>	<u>31,504</u>	<u>94,560</u>
NET POSITION				
Net investment in capital assets	1,064,605	164,477	-	1,229,082
Restricted for:				
Emergencies	100,000	66,107	76,752	242,859
Debt service	605,328	-	-	605,328
Unrestricted	<u>(1,959,041)</u>	<u>(3,179,842)</u>	<u>(2,034,693)</u>	<u>(7,173,576)</u>
Total net position	<u>\$ (189,108)</u>	<u>\$ (2,949,258)</u>	<u>\$ (1,957,941)</u>	<u>\$ (5,096,307)</u>

The notes to the financial statements are an integral part of this statement.

Mesa County Valley School District No. 51
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Independence Academy Charter School	Juniper Ridge Community School	Mesa Valley Community School	Total
Independence Academy Charter School:								
Governmental activities:								
Instructional services	\$ 2,673,688	\$ 152,582	\$ 45,264	\$ -	\$ (2,475,842)	\$ -	\$ -	\$ (2,475,842)
Interest expense on long-term debt	228,905	-	-	-	(228,905)	-	-	(228,905)
Support services:								
School administration services	916,366	-	-	107,398	(808,968)	-	-	(808,968)
Total support services	916,366	-	-	107,398	(808,968)	-	-	(808,968)
Total - Independence Academy Charter School	3,818,959	152,582	45,264	107,398	(3,513,715)	-	-	(3,513,715)
Juniper Ridge Community School:								
Governmental activities:								
Instructional services	\$ 2,827,949	\$ 76,361	\$ 69,942	\$ 78,133	\$ -	\$ (2,603,513)	\$ -	\$ (2,603,513)
Interest expense on long-term debt	22,500	-	-	-	-	(22,500)	-	(22,500)
Support services:								
Student support	479,670	-	-	-	-	(479,670)	-	(479,670)
School administration services	183,941	-	-	-	-	(183,941)	-	(183,941)
Business services	51,496	-	-	-	-	(51,496)	-	(51,496)
Operations and maintenance	161,631	-	-	-	-	(161,631)	-	(161,631)
Total support services	876,738	-	-	-	-	(876,738)	-	(876,738)
Total - Juniper Ridge Community School	3,727,187	76,361	69,942	78,133	-	(3,502,751)	-	(3,502,751)
Mesa Valley Community School:								
Governmental activities:								
Instructional services	\$ 2,856,903	\$ 2,228	\$ 54,874	\$ 94,903	\$ -	\$ (2,704,898)	\$ -	\$ (2,704,898)
Support services:								
Student support	752,782	-	-	-	-	(752,782)	-	(752,782)
School administration services	77,920	-	-	-	-	(77,920)	-	(77,920)
Business services	90,556	-	-	-	-	(90,556)	-	(90,556)
Operations and maintenance	177,487	-	-	-	-	(177,487)	-	(177,487)
Total support services	1,098,745	-	-	-	-	(1,098,745)	-	(1,098,745)
Total - Mesa Valley Community School	3,955,648	2,228	54,874	94,903	-	(3,803,643)	-	(3,803,643)
Total component units	11,501,794	231,171	170,080	280,434	(3,513,715)	(3,502,751)	(3,803,643)	(10,820,109)
General revenues:								
State equalization not restricted to specific programs					2,726,692	1,983,926	2,408,939	7,119,557
Investment earnings					2,134	378	4,803	7,315
Miscellaneous unrestricted revenue					83,597	-	-	83,597
Total general revenues					2,812,423	1,984,304	2,413,742	7,210,469
Change in net position					(701,292)	(1,518,447)	(1,389,901)	(3,609,640)
Net position - beginning					512,184	(1,430,811)	(568,040)	(1,486,667)
Net position - ending					\$ (189,108)	\$ (2,949,258)	\$ (1,957,941)	\$ (5,096,307)

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mesa County Valley School District No. 51 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

The following is a summary of the District's significant accounting policies:

A. Reporting Entity

The District is governed by a five member Board of Education and is organized and operates in accordance with Colorado statutes. Board of Education members are elected by the citizens of Mesa County, not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District independently issues debt for short and long-term financing. The District meets the criteria of a primary government: its' Board is the publicly elected governing body; it is a legally separate entity; and, it is fiscally independent. The District is not included in any other governmental reporting entity.

Discretely Presented Component Units. The Legislature of the State of Colorado enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter schools have separate governing boards; however, the District's Board of Education must approve all charter school applications and budgets. There are three charter schools in the District: Independence Academy Charter School (IACS), Juniper Ridge Community School (JRCS), and Mesa Valley Community School (MVCS). The charter schools are discretely presented component units because the District is accountable for their financial reporting.

Complete financial statements for each charter school are available at each school's administrative office.

Independence Academy Charter School 675 29 Road Grand Junction, CO 81504 Phone: 970-254-6850	Juniper Ridge Community School 640 24 ½ Road Grand Junction, CO 81505 Phone: 970-986-8219	Mesa Valley Community School 2387 Patterson Road Grand Junction, CO 81505 Phone: 970-254-7202
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B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Likewise, the *primary government* is reported separately from its legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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*.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial 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.

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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

The agency fund does not have a measurement focus, as it is merely a custodial fund.

Property taxes, interest and expended grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Governmental Designated Purpose Grants Special Revenue Fund* accounts for revenue and expenditures of funds as proscribed by various federal, state and local grantors as awarded to the District.

The *Nutrition Services Special Revenue Fund* accounts for revenue and expenditures of nutrition services related funds as proscribed by various federal, state and local grantors as awarded to the District.

The *Building Capital Projects Fund* accounts for revenues and expenditures for acquisition of capital sites, buildings and equipment.

The *Capital Projects Capital Projects Fund* accounts for revenues allocated to fund ongoing capital needs, such as site acquisition, building additions and renovations, and equipment purchases.

The *Bond Redemption Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the government reports the following fund types:

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Internal Service Funds account for insurance provided to other departments or employees of the District on a cost reimbursement basis.

The *Student Body Activity Agency Fund* accounts for assets held by the District for student and teacher clubs and organizations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Generally, this means that direct expenses for employee benefits are not eliminated from the various functional categories, whereas indirect expenses have been eliminated. Interfund activity is not eliminated in the fund financial statements.

The only proprietary funds at the District are the Internal Service funds. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are for industrial insurance, workmen's compensation and employee dental and health insurance provided to other funds. Operating expenses for the internal service funds include salaries, employee benefits, purchased services, supplies and insurance premiums and claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

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 government and the District to invest in obligations of the U.S. Treasury, obligations unconditionally guaranteed by U.S. agencies, certain international agency securities, certain types of bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, and guaranteed investment contracts.

Investments for the District are reported at fair value.

2. Interfund Receivables and Payables

Receivables and payables classified as "due from other funds" or "due to other funds" on the balance sheet arise from negative equity in pooled cash and investments. As of June 30, 2017, the Career Center Grant Non-Major Fund has a due to other funds balance of \$88,789.

3. Inventories

Inventories of expendable supplies and materials are valued at cost using the weighted average basis. Inventory items are charged to expenditures when they are consumed. United States Department of Agriculture commodity inventories are valued using Federal guidelines.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., parking lots, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	75
Modular buildings and improvements	25
Building improvements	20
Land improvements and infrastructure	15
Grounds and shop equipment	12
Instructional equipment and phone systems	10
Vehicles and software	7
Office equipment and computers	5
Leased computers and servers	4

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District only has two items that qualify for reporting in this category. The first is the deferred charge on long-term debt refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflow of resources related to the cost-sharing, multiple employer defined benefit pension plan that it is affiliated with the Public Employees' Retirement Association. See Note 8 for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District reports unavailable property taxes in this category. The property tax deferral is recognized as revenues in the period when received or within the subsequent fiscal year. The District also reports a deferred inflow of resources related to the cost-sharing, multiple employer defined benefit pension plan that it is affiliated with the Public Employees' Retirement Association. See Note 8 for additional information.

6. *Future Compensated Absences*

Future compensated absences consist of accumulated vacation and sick leave. The District's policy is to permit twelve-month employees to accumulate a limited amount of earned but unused vacation, which will be taken after June 30, 2017 or paid upon separation from District service. All employees will be compensated for unused accumulated leave based on various formulas, depending upon the employee's position.

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements. There were no such matured compensated absences as of June 30, 2017.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

7. Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net position. Long-term debt premiums and discounts and loss on defeasance are deferred and amortized over the life of the related debt using the straight-line method, which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses 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.

8. Net Position Flow Assumption

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

9. Fund Balance Policies and Flow Assumptions

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications and by clarifying the definitions of existing governmental fund types.

Fund balances in the fund financial statements are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. In accordance with the statement, fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned and 5) unassigned. Nonspendable fund balance represents assets that will never be converted to cash. Restricted fund balances reflect resources that are subject to externally enforceable legal restrictions. Committed fund balance is the portion that is limited in use by the Board of Education. The Board of Education is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Education. Assigned fund balances represent resources intended for a certain use by the District that do not meet the criteria to be classified as restricted or committed. Only the Board of Education assigns amounts for specific purposes. Unassigned fund balance for the general fund represents the net resource balances in excess of the prior classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has directed otherwise in its commitment or assignment actions.

10. Property Taxes

The District's property taxes certified by the Board of Education by December 15 and levied on assessed valuation by the Mesa County Commissioners by December 22 are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. The taxes are payable under two methods: 1) in full on or before April 30, 2) one-half on or before February 28 and the remaining one-half on or before June 15. The Mesa County Treasurer collects all property taxes. The District portion of property

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

taxes collected are received by the 10th of the month following the month of collection, except for the months of March, May and June, when two payments are received.

11. 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for all funds on a basis consistent with GAAP, with two exceptions. Proceeds and subsequent payment to bond escrow agents of any bond refinancing transaction are not budgeted in the Bond Redemption Debt Service fund, as applicable. The Nutrition Services Special Revenue Fund budget differs from GAAP in that revenue and expenditures for commodities received from the U.S. Department of Agriculture are not budgeted as they are non-cash items.

In June, the Board of Education adopts the budget for the following fiscal year. In accordance with Colorado statutes, the Board makes final changes, if any, when it "readopts" the budget on or before January 31. The Board may amend or adopt supplemental budgets during the budget year.

B. Budgeted level of expenditures

Expenditures may not legally exceed appropriations at the fund level. Administrative control is maintained through the use of detailed line-item budgets. Budgets must be amended at the fund level by the Board of Education. At year-end, all appropriations lapse in accordance with Colorado statutes.

Encumbrance accounting is employed in the governmental funds and proprietary funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. At June 30, 2017, the District had outstanding encumbrances of \$61,821 in General Fund, \$1,481,663 in Governmental Designated Purpose Grants Special Revenue Fund, \$17,770 in Nutrition Services Special Revenue Fund, and \$320,620 in Capital Projects Capital Projects Fund. The Governmental Designated Purpose Grants Special Revenue Fund's encumbrances of \$1,481,663 are included in unearned revenue. The remainders are reported in assigned fund balance in the category of subsequent year's expenditures.

The Capital Projects Capital Projects Fund expenditures are made pursuant to an annual resolution adopted by the Board of Education. Appropriations for capital expenditures are carried forward until such time as the project is completed or terminated. At year end, appropriations for any incomplete projects will be carried into the next year and added to the new year budget. This procedure allows for accurate presentation of budget to actual expenditures.

Appropriations for the Governmental Designated Purpose Grants Special Revenue Fund are made by the Board of Education as new grants are approved during the year. Many of the grants have fiscal year ends that differ from the District. In these circumstances, appropriations for these grants are carried into the next fiscal

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year and added to the new fiscal year's budget. This allows for accurate presentation of budget to actual expenditures.

C. Proprietary and fiduciary funds appropriations

The schedule below is presented to demonstrate compliance with School District Budget Law.

	<u>Appropriations</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Internal Service Funds:			
Insurance Reserve	\$ 5,036,009	\$ 2,937,873	\$2,098,136
Dental Insurance	2,315,859	1,090,550	1,225,309
Medical Insurance	20,979,668	15,566,796	5,412,872
Student Body Activity Agency Fund	12,000,000	5,832,660	6,167,340

NOTE 3 – CASH AND INVESTMENTS

Cash Deposits

The District's deposits are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. All deposits of the District and the component units are insured or collateralized with securities held by or for the entity.

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

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Cash on hand	\$ –	\$ 1,161
Cash held by County Treasurer	–	788,064
Insured deposits	500,000	500,000
Certificates of deposit	2,972,490	2,972,490
Deposits collateralized in single institution pools	<u>4,982,507</u>	<u>3,702,109</u>
	<u>\$ 8,454,997</u>	<u>\$ 7,963,824</u>

Investments

At June 30, 2017, the District's investments were as follows:

<u>Investment</u>	<u>Fair Value</u>
Local government investment pools	<u>\$59,295,581</u>
Total cash and investments	<u>\$67,259,405</u>

Interest rate risk. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Colorado statutes do not allow investment maturities to exceed five years.

The District voluntarily participates in local government investment pools, CSAFE and COLOTRUST, that exist under the laws of the State of Colorado and are registered with the Securities Commissioner of the State of Colorado. The pools are similar to money market funds, with each share valued at \$1. Assets of the pools are limited to those authorized by state statute, have a maximum slated maturity and weighted average maturity in

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accordance with Federal Securities Regulation 2a-7, and have a rating of AAAM by S&P. The fair value of the position in the investment pools approximates the value of the District's investment in the pools. The weighted average maturity of the pool's investments is less than sixty days which indicates the District's ability to withdraw money based on cash flow needs rather than when investments mature.

Credit Risk. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which Colorado school districts 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 U.S local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's investment policy is to apply the "prudent investor" rule, which states "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculations, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Concentration of Credit Risk. The District places no limit on the amount the district may invest in any one issuer. More than five percent of the District's investments are in public entity investment pools. These investments are 100% of the District's total investments.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,342,054	\$ –	\$ (200,154)	\$ 14,141,900
Construction in Progress	7,292,558	–	(7,292,558)	–
Capital assets, being depreciated:				
Buildings and building improvements	249,813,321	8,969,383	–	258,782,704
Land improvements	11,664,678	29,759	–	11,694,437
Equipment	<u>16,791,137</u>	<u>2,023,457</u>	<u>(77,264)</u>	<u>18,737,330</u>
Total capital assets being depreciated	<u>278,269,136</u>	<u>11,022,599</u>	<u>(77,264)</u>	<u>289,214,471</u>
Less accumulated depreciation for:				
Buildings and building improvements	(73,954,991)	(4,837,370)	–	(78,792,361)
Land improvements	(9,012,710)	(267,417)	–	(9,280,127)
Equipment	<u>(10,142,516)</u>	<u>(1,620,015)</u>	<u>65,626</u>	<u>(11,696,905)</u>
Total accumulated depreciation	<u>(93,110,217)</u>	<u>(6,724,802)</u>	<u>65,626</u>	<u>(99,769,393)</u>
Total capital assets being depreciated, net	<u>185,158,919</u>	<u>4,297,797</u>	<u>(11,638)</u>	<u>189,445,078</u>
Governmental activities capital assets, net	<u>\$ 206,793,531</u>	<u>\$ 4,297,797</u>	<u>\$ (7,504,350)</u>	<u>\$ 203,586,978</u>

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

Governmental activities:	
Instructional services	\$ 5,445,793
Pupil services	82,987
Instructional staff services	11,805
General administration services	2,900
School administration services	146,401
Business services	120,540
Maintenance and capital asset services	93,496
Transportation services	41,866
Central services	491,486
Community services	263,858
Depreciation – unallocated	<u>23,670</u>
Total depreciation expense – governmental activities	<u>\$ 6,724,802</u>

NOTE 5 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$80,835,000	\$ –	\$(7,625,000)	\$ 73,210,000	\$7,980,000
Certificates of Participation	7,355,000	–	(215,000)	7,140,000	275,000
Debt issuance premiums	8,108,680	–	(1,057,770)	7,050,910	953,865
Capital leases	10,670,887	1,510,998	(1,888,116)	10,293,769	2,013,133
Claims payable	1,850,220	12,983,859	(11,790,616)	3,043,463	2,100,769
Compensated absences	<u>2,240,422</u>	<u>1,296,873</u>	<u>(1,404,785)</u>	<u>2,132,510</u>	<u>1,450,000</u>
Governmental activities					
Long-term liabilities	<u>\$111,060,209</u>	<u>\$ 15,791,730</u>	<u>\$(23,981,287)</u>	<u>\$ 102,870,652</u>	<u>\$14,772,767</u>

Internal service funds serve the governmental funds. Accordingly, long-term liabilities for them are included as \$3,043,463 of claims payable and \$22,988 of compensated absences in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

General Obligation Bonds

In July 2012, the District issued \$7,560,000 of General Obligation Refunding Bonds, Series 2012 to partially advance refund the Series 2004A General Obligation Bonds.

In September 2011, the District issued \$76,575,000 of General Obligation Refunding Bonds, Series 2011 to advance refund \$76,710,000 of the 2004A General Obligation Bonds.

Debt service for the 2004, 2011 and 2012 series bonds is accounted for in the Bond Redemption fund. The bond registrar and paying agent for the 2004, 2011, and 2012 bonds is Wells Fargo Bank, N.A., Denver, Colorado.

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Bonds of the 2011 issue are dated September 22, 2011 and bear interest payable semi-annually on June 1 and December 1. Interest rates range from 2.0% to 5.0%, depending on maturity date. The bonds mature on December 1, 2012 through December 1, 2024 and are not subject to redemption prior to their respective maturities.

Bonds of the 2012 refunding issue are dated July 25, 2012 and bear interest payable semi-annually on June 1 and December 1. Interest rates range from 2.0% to 4.0%, depending on maturity date. The bonds mature on December 1, 2024 and are not subject to redemption prior to their maturity.

The District participates in the Colorado State Treasurer intercept program, in which the State of Colorado guarantees payment of principal and interest if the District defaults as such payments come due. As a condition of participation in the program, the Mesa County Treasurer is assigned to act as the third party trustee of the cash and investments in the Bond Redemption Debt Service Fund.

Debt service requirements to maturity for general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
Maturity – June 30,				
2018	\$ 7,980,000	\$ 3,002,450	\$10,982,450	2.0 - 5.00%
2019	8,265,000	2,731,988	10,996,988	2.0 - 5.00%
2020	8,535,000	2,449,275	10,984,275	2.0 - 5.00%
2021	8,825,000	2,092,975	10,917,975	4.0 - 5.00%
2022	9,260,000	1,693,169	10,953,169	4.0 - 5.00%
2023-2025	<u>30,345,000</u>	<u>2,304,063</u>	<u>32,649,063</u>	4.0 - 5.00%
	<u>\$ 73,210,000</u>	<u>\$14,273,920</u>	<u>\$ 87,483,920</u>	

Certificates of Participation

On September 15, 2015, the District issued \$7,355,000 in Certificates of Participation for construction of an alternative secondary school building that replaced existing sites. The Certificates were issued with an interest rate ranging from 2.00% to 4.25% with Nisley Elementary School acting as collateral for the Certificates. The first optional call date for the Certificates is on November 15, 2020 and the initial principal plus interest payment was due November 15, 2016.

Debt service requirements to maturity for certificates of participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
Maturity – June 30,				
2018	\$ 275,000	\$ 257,394	\$ 532,394	2.00%
2019	280,000	249,069	529,069	3.00%
2020	290,000	240,519	530,519	3.00%
2021	300,000	231,669	531,669	3.00%
2022	310,000	225,519	535,519	3.00%
2023-2027	1,695,000	950,219	2,645,219	3.00-4.00%
2028-2032	2,050,000	596,366	2,646,366	3.25-4.00%
2033-2036	<u>1,940,000</u>	<u>169,150</u>	<u>2,109,150</u>	3.50-4.25%
	<u>\$ 7,140,000</u>	<u>\$ 2,919,905</u>	<u>\$ 10,059,905</u>	

Capitalized Lease Obligations

During 2009 through 2011, the District entered into leases for energy improvements with a capitalized value of \$9,506,583. Payments on the leases began in August, 2011. The final lease payments are due in May, 2027.

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NOTES TO FINANCIAL STATEMENTS
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In June, 2015, the District entered into a \$451,170 lease agreement for copiers. Payments on the lease began in July, 2015. The lease term is five years.

In June, 2016, the District entered into a \$1,543,930 lease agreement for telephones. The phones were installed and operational as of June 30, 2016; however, payments on the lease did not begin until July 2016. Lease payments are annual.

In May and June, 2014, the District entered into two lease agreements in the amounts of \$1,029,725 and \$1,111,242, respectively, for desktop computers. Payments on the leases began in August, 2014.

In July, 2014, the District entered into two lease agreements in the amounts of \$141,711 and \$935,472 for additional computers. Payments on the leases began in August, 2014.

In June, 2016, the District entered into two lease agreements in the amounts of \$112,458 and \$290,595 for replacement computers. Payments on the leases commenced August, 2016.

In June, 2017, the District entered into three lease agreements in the amounts of \$72,058, \$1,224,470, and \$214,470 for replacement computers. Payments on the leases began August, 2017.

Debt Service payments on all leases are subject to annual appropriation.

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The original assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 7,127,301
Building improvements	<u>9,506,583</u>
Total asset acquisition value	<u>\$16,633,884</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

	<u>Governmental Activities</u>
2018	\$ 2,505,204
2019	2,221,518
2020	1,680,619
2021	1,643,347
2022	903,581
2023-2026	<u>2,890,588</u>
	11,844,857
Less amount representing interest	<u>(1,551,088)</u>
Present value of net minimum lease payments	<u>\$10,293,769</u>

Mesa County Valley School District No. 51
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NOTE 6 – FUND BALANCES

The Capital Projects Capital Projects Fund has a restricted fund balance for TABOR emergency reserve of \$5,829,290. The reserve is required by an amendment to the State Constitution, Article X, Section 20, known as the Tabor Amendment, which requires local government units to establish emergency reserves. The designation is three percent of fiscal year 2017 eligible expenditures. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers during fiscal year 2017 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Physical Activities Special Revenue Fund	\$ 20,190	\$ –
Capital Projects Capital Projects Fund	2,306,173	–
General Fund	–	3,826,363
Insurance Reserve Fund	<u>1,500,000</u>	<u>–</u>
	<u>\$3,826,363</u>	<u>\$3,826,363</u>

The \$20,190 transfer from the General Fund to the Physical Activities Special Revenue Fund was made to fund costs in excess of revenues for sports programs of the District.

The \$2,306,173 transfer from the General Fund to the Capital Projects Capital Projects Fund was made to fund capital projects and building maintenance.

The \$1,500,000 transfer from the General Fund to the Insurance Reserve Fund was made to fund risk management services for the District.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

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.

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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.

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, 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 (AIR) 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 Mesa County Valley School District No. 51 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate ¹	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	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
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	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF¹	18.13%	18.63%

¹Rates 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 the District were \$20,282,919 and \$19,376,687 for the years ended June 30, 2017 and 2016, respectively.

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

At June 30, 2017, the District's reported a liability of \$726,578,219 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 the 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 2.44 percent, which was a decrease of 0.0149 percent from its proportion measured as of December 31, 2015.

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 June 30, 2017

For the year ended June 30, 2017, the District recognized pension expense of \$135,686,417. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience (net of amortization)	\$9,083,342	\$6,394
Changes in assumptions or other inputs (net of amortization)	235,759,481	3,276,498
Net difference between projected and actual earnings on pension plan investments (net of amortization)	24,295,260	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions (net of amortization)	3,764,320	15,168,985
Contributions subsequent to the measurement date	10,396,761	-
Total	<u>\$283,299,164</u>	<u>\$18,451,877</u>

\$10,396,761 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:	
2018	\$101,220,445
2019	100,513,413
2020	52,474,344
2021	242,324
2022	-
Thereafter	-

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 June 30, 2017

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

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

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

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

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

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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 rates and a 55 percent factor applied to female rates.

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.89%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

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

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 June 30, 2017

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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 did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

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 (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$913,648,762	\$726,578,219	\$574,216,033

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.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015 the District contributions to the HCTF were \$1,125,426, \$1,114,548, and \$1,071,887, respectively, equal to their required contributions for each year.

NOTE 9 – RISK MANAGEMENT

The District has established an Insurance Reserve Internal Service Fund to account for insuring against loss or damage to property; payment of premiums on loss insurances; and payment of judgments, administrative and legal claims.

The District is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the District's participation as a member of the Colorado School District Self-Insurance Pool (the Pool), which operates as a risk-sharing public entity risk pool comprised of various school districts and other related public educational entities within the State of Colorado. The Pool provides the District with general, property and vehicle liability insurance. For the year ended June 30, 2017, the District paid \$375,007 in premiums to the Pool. In the event of the impairment or insolvency of the Pool, the District may be assessed such amounts as may be necessary to ensure the solvency of the Pool. The likelihood of an event of this type occurring is remote.

Commercial insurance companies are used to provide coverage for life insurance and other insurance programs maintained by the District. For each of the past three years, no settlements have exceeded the amount of insurance coverage. The District self-insures for vehicle comprehensive and collision coverage and worker's compensation coverage. Health, vision and life employee benefit insurances are not included in this fund and such premiums are recorded as employee benefits in the same funds as the salary expenditure.

The District had established a self-insured employee benefit dental insurance plan in 2002. In January, 2004 the District established a self-insured employee benefit medical insurance plan. Premiums paid by employees and District contributions are remitted to the Medical Insurance Internal Service Fund and the Dental Insurance Internal Service Fund by the fund that pays the salary expenditure. Payments of medical and dental claims and administrative costs are an expense of the internal service funds and these transactions are accounted for in the respective internal service funds.

Mesa County Valley School District No. 51
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

Claims liabilities of \$1,492,694 in the Insurance Reserve Internal Service Fund, \$1,491,590 in the Medical Insurance Internal Service Fund and \$59,179 in the Dental Insurance Internal Service Fund were recorded at June 30, 2017 for the District's share of estimated ultimate losses for claims made and claims incurred but not reported, where information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts in 2017 and 2016 were:

	<u>July 1</u> <u>Claims Payable</u>	<u>Claims</u> <u>and Changes</u> <u>in Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>June 30</u> <u>Claims Payable</u>
Dental coverage:				
<u>Year</u>				
2016	\$ 54,264	\$ 1,001,789	\$ (997,148)	\$ 58,905
2017	58,905	1,000,438	(1,000,164)	59,179
Medical coverage:				
<u>Year</u>				
2016	\$ 1,285,863	\$ 9,334,132	\$ (9,467,440)	\$ 1,152,555
2017	1,152,555	13,138,607	(12,799,572)	1,491,590
District coverage:				
<u>Year</u>				
2016	\$ 1,153,387	\$ 811,401	\$ (1,326,028)	\$ 638,760
2016	638,760	2,442,299	(1,588,365)	1,492,694

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants – The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. Based on prior experience, the District administration believes such disallowance, if any, would be immaterial.

Litigation – The District is involved in various litigations. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the District.

Tabor Amendment – Colorado voters passed an amendment to the State Constitution, Article X, Section 20, known as the Tabor Amendment, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. In a general election held on November 2, 1999, voters approved a ballot issue which allows the school district to exceed the revenue limitations for the year ended June 30, 1999 and in future years.

Mesa County Valley School District No. 51

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

June 30, 2017

<u>Measurement Date</u>	<u>Employer proportion of NPL</u>	<u>Employer proportionate share of NPL</u>	<u>Employer covered payroll</u>	<u>Employer proportionate share of NPL as a percentage of covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of total pension liability</u>
December 31, 2014	2.6793%	\$ 363,135,378	\$ 104,046,561	349%	63%
December 31, 2015	2.4552%	\$ 375,508,406	\$ 106,992,550	351%	59%
December 31, 2016	2.4403%	\$ 726,578,219	\$ 110,846,175	655%	43%

Mesa County Valley School District No. 51

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

June 30, 2017

	Required employer contribution	Employer contribtuions recognized by the plan	Difference	Employer covered payroll	Contribution as a percentage of employer covered payroll
June 30, 2015	\$ 18,812,548	\$ 18,812,548	\$ -	\$ 105,086,978	17.90%
June 30, 2016	\$ 19,376,687	\$ 19,376,687	\$ -	\$ 109,269,410	17.73%
June 30, 2017	\$ 20,282,919	\$ 20,282,919	\$ -	\$ 110,335,833	18.38%

Note 1: Factors that Significantly Affect Trends in the Amounts Reported

For the measurement period ended December 31, 2016, the discount rate changed from 7.5% to 5.26% based on the municipal bond index rate. This change significantly affected the total plan net pension liability and the employer share of the net pension liability. There were no other changes in benefit terms, size or composition of the population covered by the benefit terms, or assumptions used that significantly affect trends in the amounts reported.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Career Center Grant Fund – accounts for the use of donations and revenues generated by the building construction projects of the students in the career center program. Due to the depressed housing market, the program did not construct a house this year.

Physical Activities Fund – accounts for most of the revenue and expenditures associated with the athletic programs at the high schools.

Beverage Fund – accounts for the money received from a “Sponsorship Agreement” entered into with Swire Pacific Holding, Inc. and expenditure of the funds as per management directives.

Adult Education/Local Projects Fund – accounts for the tuition and fees received from students of adult education and online programs and expenditures related to conducting the programs and miscellaneous grant revenues and expenditures from non-government grantors.

Major Governmental Funds

Capital Projects Fund

Capital Projects Funds are used to account for the financial resources used for the acquisition or construction of major capital equipment or facilities.

Building Fund – accounts for funds from Certificates of Participation proceeds and related expenditures for construction of a new R5/Summit School facility.

Capital Projects – accounts for funds transferred from the General Fund and proceeds of capital leases and related expenditures for capital acquisitions, capital maintenance, and capital projects.

Debt Service Fund

Debt service funds are used to account for the accumulation of resources and payment of principal and interest related to the District’s general obligation bond debt.

Bond Redemption Fund – accounts for the property taxes received and the payment of principal and interest on the District’s General Obligation bonds: Series 1996 approved by the voters in November, 1996 and the related partial refunding issue Series 2004, and Series 2004A approved by the voters in November, 2004 and the related partial refunding issue Series 2011.

Mesa County Valley School District No. 51
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue				Total Nonmajor Governmental Funds
	Career Center Grant	Physical Activities	Beverage	Adult Education/ Local Projects	
ASSETS					
Cash and investments	\$ -	\$ 216,548	\$ 212,425	\$ 42,792	\$ 471,765
Accounts receivable	<u>167,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,706</u>
Total assets	<u>\$ 167,706</u>	<u>\$ 216,548</u>	<u>\$ 212,425</u>	<u>\$ 42,792</u>	<u>\$ 639,471</u>
LIABILITIES					
Due to others	\$ 88,789	\$ -	\$ -	\$ -	\$ 88,789
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,025</u>	<u>5,025</u>
Total liabilities	<u>88,789</u>	<u>-</u>	<u>-</u>	<u>5,025</u>	<u>93,814</u>
FUND BALANCES					
Assigned to:					
Special revenue funds	<u>78,917</u>	<u>216,548</u>	<u>212,425</u>	<u>37,767</u>	<u>545,657</u>
Total fund balances	<u>78,917</u>	<u>216,548</u>	<u>212,425</u>	<u>37,767</u>	<u>545,657</u>
Total liabilities and fund balances	<u>\$ 167,706</u>	<u>\$ 216,548</u>	<u>\$ 212,425</u>	<u>\$ 42,792</u>	<u>\$ 639,471</u>

Mesa County Valley School District No. 51
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2017

	Career Center Grant	Physical Activities	Special Revenue Beverage	Adult Education/ Local Projects	Total Nonmajor Governmental Funds
REVENUES					
Local sources	\$ 37,224	\$ 646,181	\$ 36,639	\$ 8,664	\$ 728,708
Total revenues	<u>37,224</u>	<u>646,181</u>	<u>36,639</u>	<u>8,664</u>	<u>728,708</u>
EXPENDITURES					
Current:					
Instructional services	37,224	-	22,594	23,288	83,106
Instructional support	-	-	10,130	-	10,130
Business support	-	-	3,912	-	3,912
Community services	-	-	-	737	737
Physical activities	-	729,238	-	-	729,238
Capital outlay	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>38,224</u>	<u>729,238</u>	<u>36,636</u>	<u>24,025</u>	<u>828,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000)</u>	<u>(83,057)</u>	<u>3</u>	<u>(15,361)</u>	<u>(99,415)</u>
OTHER FINANCING SOURCES					
Transfer in	<u>-</u>	<u>20,190</u>	<u>-</u>	<u>-</u>	<u>20,190</u>
Net change in fund balances	(1,000)	(62,867)	3	(15,361)	(79,225)
Fund balances - beginning	<u>79,917</u>	<u>279,415</u>	<u>212,422</u>	<u>53,128</u>	<u>624,882</u>
Fund balances - ending	<u>\$ 78,917</u>	<u>\$ 216,548</u>	<u>\$ 212,425</u>	<u>\$ 37,767</u>	<u>\$ 545,657</u>

Mesa County Valley School District No. 51
CAREER CENTER GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Career Center grant	\$ 30,000	\$ 30,000	\$ 1,000	\$ (29,000)
Project sales	200,000	200,000	36,224	(163,776)
Investment income	4,000	100	-	(100)
Total revenues	234,000	230,100	37,224	(192,876)
EXPENDITURES				
Current:				
Instructional services:				
Supplies	200,000	200,000	37,224	162,776
Contingency:	70,021	70,017	-	70,017
Total current	270,021	270,017	37,224	232,793
Capital outlay:				
Land purchase	40,000	40,000	1,000	39,000
Total expenditures	310,021	310,017	38,224	271,793
Excess (deficiency) of revenues over (under) expenditures	(76,021)	(79,917)	(1,000)	78,917
Fund balances - beginning	76,021	79,917	79,917	-
Fund balances - ending	\$ -	\$ -	\$ 78,917	\$ 78,917

Mesa County Valley School District No. 51
PHYSICAL ACTIVITIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Athletic fees	\$ 308,000	\$ 308,000	\$ 358,401	\$ 50,401
Gate receipts	230,000	230,000	272,780	42,780
Contributions	60,000	60,000	15,000	(45,000)
Total revenues	598,000	598,000	646,181	48,181
EXPENDITURES				
Current:				
Physical activities:				
Playoffs	101,000	138,500	140,804	(2,304)
Basketball, girls	41,500	33,000	43,888	(10,888)
Cheerleader/Poms	15,000	7,700	8,130	(430)
Golf, girls	8,000	4,500	2,668	1,832
Soccer, girls	17,000	10,500	16,409	(5,909)
Softball, girls	29,250	22,750	26,132	(3,382)
Swimming, girls	11,500	7,000	6,054	946
Tennis, girls	6,500	3,500	3,238	262
Volleyball	34,500	25,500	32,492	(6,992)
LaCrosse, girls	25,000	21,000	15,560	5,440
Baseball	21,250	21,250	34,765	(13,515)
Basketball, boys	40,200	31,300	50,451	(19,151)
Football	104,000	76,000	88,683	(12,683)
Golf, boys	8,000	4,500	6,257	(1,757)
Soccer, boys	16,500	10,500	17,223	(6,723)
Swimming, boys	4,500	3,000	4,960	(1,960)
Tennis, boys	6,500	3,500	3,494	6
Wrestling	31,800	21,300	29,769	(8,469)
LaCrosse, boys	25,000	21,000	21,799	(799)
Cross country	12,000	5,500	3,951	1,549
Track	26,500	17,000	19,820	(2,820)
Contingency	10,000	10,000	-	10,000
Van usage	35,000	139,700	152,471	(12,771)
Other	10,000	12,000	220	11,780
Contingency	163,582	247,105	-	247,105
Total expenditures	804,082	897,605	729,238	168,367
Excess (deficiency) of revenues over (under) expenditures	(206,082)	(299,605)	(83,057)	216,548
Other financing sources:				
Transfer in	20,190	20,190	20,190	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(185,892)	(279,415)	(62,867)	216,548
Fund balances - beginning	185,892	279,415	279,415	-
Fund balances - ending	\$ -	\$ -	\$ 216,548	\$ 216,548

Mesa County Valley School District No. 51
BEVERAGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Program revenue	\$ 42,308	\$ 42,308	\$ 34,344	\$ (7,964)
Investment income	<u>20,600</u>	<u>20,600</u>	<u>2,295</u>	<u>(18,305)</u>
Total revenues	<u>62,908</u>	<u>62,908</u>	<u>36,639</u>	<u>(26,269)</u>
EXPENDITURES				
Current:				
Instructional services:				
Student programs	<u>38,600</u>	<u>33,000</u>	<u>22,594</u>	<u>10,406</u>
Instructional support:				
Staff development	<u>13,000</u>	<u>15,908</u>	<u>10,130</u>	<u>5,778</u>
Business support:				
Supplies	<u>4,000</u>	<u>7,000</u>	<u>3,912</u>	<u>3,088</u>
Contingency	<u>177,200</u>	<u>212,114</u>	<u>-</u>	<u>212,114</u>
Total current	<u>232,800</u>	<u>268,022</u>	<u>36,636</u>	<u>231,386</u>
Capital outlay	<u>7,308</u>	<u>7,308</u>	<u>-</u>	<u>7,308</u>
Total expenditures	<u>240,108</u>	<u>275,330</u>	<u>36,636</u>	<u>238,694</u>
Excess (deficiency) of revenues over (under) expenditures	(177,200)	(212,422)	3	212,425
Fund balances - beginning	<u>177,200</u>	<u>212,422</u>	<u>212,422</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,425</u>	<u>\$ 212,425</u>

Mesa County Valley School District No. 51
ADULT EDUCATION/LOCAL PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Tuition and fees	\$ 8,000	\$ 8,000	\$ 7,525	\$ (475)
Donations	7,526	7,526	1,139	(6,387)
	15,526	15,526	8,664	(6,862)
EXPENDITURES				
Current:				
Instructional services:				
Salaries	3,677	3,677	1,342	2,335
Employee benefits	823	823	259	564
Supplies	5,525	5,525	21,687	(16,162)
	10,025	10,025	23,288	(13,263)
Instructional support:				
Staff development	2,000	2,000	-	2,000
Community services:				
Supplies	1,139	1,139	737	402
Contingency	63,239	55,490	-	55,490
Total current	76,403	68,654	24,025	44,629
Total expenditures	76,403	68,654	24,025	44,629
Excess (deficiency) of revenues over (under) expenditures	(60,877)	(53,128)	(15,361)	37,767
Fund balances - beginning	60,877	53,128	53,128	-
Fund balances - ending	\$ -	\$ -	\$ 37,767	\$ 37,767

Mesa County Valley School District No. 51
CAPITAL PROJECTS BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Investment income	\$ -	\$ 577	\$ 577	\$ -
Total revenues	<u>-</u>	<u>577</u>	<u>577</u>	<u>-</u>
EXPENDITURES				
Capital outlay:				
New Construction	-	229,306	34,666	194,640
Equipment	-	2,325	49,794	(47,469)
Furniture and fixtures	-	57,092	108,067	(50,975)
Other professional services	-	25,578	36,779	(11,201)
Contingency	3,797,048	-	-	-
Total expenditures	<u>3,797,048</u>	<u>314,301</u>	<u>229,306</u>	<u>84,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,797,048)</u>	<u>(313,724)</u>	<u>(228,729)</u>	<u>84,995</u>
Fund balances - beginning	<u>3,797,048</u>	<u>313,724</u>	<u>228,729</u>	<u>(84,995)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Mesa County Valley School District No. 51
CAPITAL PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Investment income	\$ 26,000	\$ 26,000	\$ 134,201	\$ 108,201
Miscellaneous	65,000	65,000	1,041,993	976,993
Total revenues	<u>91,000</u>	<u>91,000</u>	<u>1,176,194</u>	<u>1,085,194</u>
EXPENDITURES				
Capital outlay:				
Ground improvements/land	125,000	325,000	306,603	18,397
Buildings	2,887,892	3,179,505	2,468,654	710,851
Equipment	661,000	1,359,611	3,279,020	(1,919,409)
Other capital outlay	404,942	426,482	-	426,482
Contingency	11,110,357	11,812,988	-	11,812,988
Total capital outlay	<u>15,189,191</u>	<u>17,103,586</u>	<u>6,054,277</u>	<u>11,049,309</u>
Debt service:				
Lease financing principal	1,090,200	1,090,200	923,925	166,275
Lease financing interest	263,669	263,669	325,189	(61,520)
Total debt service	<u>1,353,869</u>	<u>1,353,869</u>	<u>1,249,114</u>	<u>104,755</u>
Total expenditures	<u>16,543,060</u>	<u>18,457,455</u>	<u>7,303,391</u>	<u>11,154,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,452,060)</u>	<u>(18,366,455)</u>	<u>(6,127,197)</u>	<u>12,239,258</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,576,173	2,306,173	2,306,173	-
Proceeds from sale of real property	1,000,000	1,355,137	1,355,137	-
Proceeds from sale of capital assets	-	-	6,105	6,105
Issuance of capital lease debt	300,000	300,000	1,510,998	1,210,998
Total other financing sources (uses)	<u>3,876,173</u>	<u>3,961,310</u>	<u>5,178,413</u>	<u>1,217,103</u>
Net change in fund balances	(12,575,887)	(14,405,145)	(948,784)	13,456,361
Fund balances - beginning	<u>12,575,887</u>	<u>14,405,145</u>	<u>14,405,145</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,456,361</u>	<u>\$ 13,456,361</u>

Mesa County Valley School District No. 51
BOND REDEMPTION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Property taxes	\$ 10,985,532	\$ 10,937,120	\$ 10,807,249	\$ (129,871)
Delinquent taxes	<u>60,000</u>	<u>60,000</u>	<u>10,967</u>	<u>(49,033)</u>
Total revenues	<u>11,045,532</u>	<u>10,997,120</u>	<u>10,818,216</u>	<u>(178,904)</u>
EXPENDITURES				
Debt service:				
Principal	7,625,000	7,625,000	7,625,000	-
Interest and fiscal charges	3,312,613	3,312,613	3,312,613	-
Contingency	<u>11,072,027</u>	<u>10,931,043</u>	<u>-</u>	<u>10,931,043</u>
Total expenditures	<u>22,009,640</u>	<u>21,868,656</u>	<u>10,937,613</u>	<u>10,931,043</u>
Net change in fund balances	(10,964,108)	(10,871,536)	(119,397)	10,752,139
Fund balances - beginning	<u>10,964,108</u>	<u>10,871,536</u>	<u>10,871,536</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,752,139</u>	<u>\$ 10,752,139</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Insurance Reserve Fund – accounts for the cost of District insurance services provided to schools and departments in the District, including property, liability, and worker's compensation coverage.

Dental Insurance Fund – accounts for the premiums collected from employees and District contributions and costs of administration and dental claims of a self-insured employee benefit dental plan.

Medical Insurance Fund – accounts for the premiums collected from employees and District contributions and costs of administration and medical claims of a self-insured employee benefit medical plan.

Mesa County Valley School District No. 51
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2017

	Insurance Reserve Fund	Dental Insurance Fund	Medical Insurance Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 4,848,860	\$ 1,169,351	\$ 7,795,944	\$ 13,814,155
Total current assets	<u>4,848,860</u>	<u>1,169,351</u>	<u>7,795,944</u>	<u>13,814,155</u>
LIABILITIES				
Current liabilities:				
Accounts payable	55,243	68,820	33,513	157,576
Accrued wages and benefits	15,404	-	-	15,404
Claims payable	550,000	59,179	1,491,590	2,100,769
Compensated absences payable	20,488	-	-	20,488
Total current liabilities	<u>641,135</u>	<u>127,999</u>	<u>1,525,103</u>	<u>2,294,237</u>
Noncurrent liabilities:				
Claims payable	942,694	-	-	942,694
Future compensated absences payable	2,500	-	-	2,500
Total noncurrent liabilities	<u>945,194</u>	<u>-</u>	<u>-</u>	<u>945,194</u>
Total liabilities	<u>1,586,329</u>	<u>127,999</u>	<u>1,525,103</u>	<u>3,239,431</u>
NET POSITION				
Unrestricted	<u>\$ 3,262,531</u>	<u>\$ 1,041,352</u>	<u>\$ 6,270,841</u>	<u>\$ 10,574,724</u>

Mesa County Valley School District No. 51
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the fiscal year ended June 30, 2017

	Insurance Reserve Fund	Dental Insurance Fund	Medical Insurance Fund	Total
Operating revenues:				
Charges for premiums and claims	\$ 1,140,117	\$ -	\$ -	\$ 1,140,117
Premiums and copays for employees	-	1,203,323	15,175,161	16,378,484
Total operating revenues	<u>1,140,117</u>	<u>1,203,323</u>	<u>15,175,161</u>	<u>17,518,601</u>
Operating expenses:				
Worker compensation	2,373,228	-	-	2,373,228
Insurance premiums	417,885	-	-	417,885
Losses or claims	69,071	1,000,438	13,138,607	14,208,116
Other operating expenses	77,689	90,112	2,428,189	2,595,990
Total operating expenses	<u>2,937,873</u>	<u>1,090,550</u>	<u>15,566,796</u>	<u>19,595,219</u>
Operating income (loss)	(1,797,756)	112,773	(391,635)	(2,076,618)
Non-operating revenues:				
Investment income	34,277	-	66,810	101,087
Transfers in(out)	1,500,000	-	-	1,500,000
Total non-operating revenues	<u>1,534,277</u>	<u>-</u>	<u>66,810</u>	<u>1,601,087</u>
Change in net position	(263,479)	112,773	(324,825)	(475,531)
Total net position - beginning	<u>3,526,010</u>	<u>928,579</u>	<u>6,595,666</u>	<u>11,050,255</u>
Total net position - ending	<u>\$ 3,262,531</u>	<u>\$ 1,041,352</u>	<u>\$ 6,270,841</u>	<u>\$ 10,574,724</u>

Mesa County Valley School District No. 51
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2017

	Insurance Reserve Fund	Dental Insurance Fund	Medical Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,140,117	\$ 1,203,323	\$ 15,175,161	\$ 17,518,601
Payments to employees	(59,223)	-	-	(59,223)
Payments to vendors	(1,993,145)	(1,058,789)	(15,202,119)	(18,254,053)
Net cash provided (used) by operating activities	<u>(912,251)</u>	<u>144,534</u>	<u>(26,958)</u>	<u>(794,675)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	<u>34,277</u>	<u>-</u>	<u>66,810</u>	<u>101,087</u>
Net cash provided by investing activities	<u>34,277</u>	<u>-</u>	<u>66,810</u>	<u>101,087</u>
Net increase (decrease) in cash and cash equivalents	622,026	144,534	39,852	806,412
Cash and cash equivalents, July 1	4,226,834	1,024,817	7,756,092	13,007,743
Cash and cash equivalents, June 30	<u>\$ 4,848,860</u>	<u>\$ 1,169,351</u>	<u>\$ 7,795,944</u>	<u>\$ 13,814,155</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,797,756)	\$ 112,773	\$ (391,635)	\$ (2,076,618)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Increase (decrease) in accounts payable	13,105	31,487	25,642	70,234
Increase (decrease) in accrued salaries and benefits	15,404	-	-	15,404
Increase (decrease) in claims payable	853,934	274	339,035	1,193,243
Increase in liability for future compensated absences	<u>3,062</u>	<u>-</u>	<u>-</u>	<u>3,062</u>
Total adjustments	<u>885,505</u>	<u>31,761</u>	<u>364,677</u>	<u>1,281,943</u>
Net cash provided (used) by operating activities	<u>\$ (912,251)</u>	<u>\$ 144,534</u>	<u>\$ (26,958)</u>	<u>\$ (794,675)</u>

Fiduciary Fund

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Student Body Activity Agency Fund – accounts for assets held by the District for student and teacher clubs and organizations.

Mesa County Valley School District No. 51
STUDENT BODY ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2017

	<u>Balances</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2017</u>
Assets				
Cash and investments	\$ <u>2,201,895</u>	\$ <u>5,907,402</u>	\$ <u>5,832,660</u>	\$ <u>2,276,637</u>
Liabilities				
Accounts payable	\$ -	\$ 3,866	\$ -	\$ 3,866
Due to student groups	<u>2,201,895</u>	<u>5,903,536</u>	<u>5,832,660</u>	<u>2,272,771</u>
Total liabilities	<u>\$ 2,201,895</u>	<u>\$ 5,907,402</u>	<u>\$ 5,832,660</u>	<u>\$ 2,276,637</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

Mesa County Valley School District No. 51
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE

June 30, 2017

Governmental funds capital assets:	
Land and improvements	\$ 25,899,541
Buildings	258,539,131
Equipment	<u>18,917,699</u>
Total governmental funds capital assets	<u>\$ 303,356,371</u>
Investment in governmental funds capital assets by source:	
Assets acquired prior to January 1, 1988 not categorized by source	\$ 18,953,525
General fund	7,431,531
Special revenue funds	41,006,493
Capital projects funds	233,134,931
Agency funds	749,570
Donations and other	<u>2,080,321</u>
Total governmental funds capital assets	<u>\$ 303,356,371</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Mesa County Valley School District No. 51
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2017

<u>Function and Activity</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Instructional services	\$ 15,230,335	\$ 226,364,537	\$ 8,541,788	\$ 250,136,660
Pupil services	153,651	2,427,656	334,574	2,915,881
Instructional staff services	-	469,888	26,938	496,826
General administration services	-	78,266	-	78,266
School administration services	764,172	16,382,058	97,504	17,243,734
Business services	438,290	282,905	290,175	1,011,370
Maintenance services	-	300,652	2,120,588	2,421,240
Transportation services	378,287	200,000	662,450	1,240,737
Central services	83,816	227,757	2,792,047	3,103,620
Community services	-	-	3,565,662	3,565,662
Unallocated	8,850,990	11,805,412	485,973	21,142,375
	<u>\$ 25,899,541</u>	<u>\$ 258,539,131</u>	<u>\$ 18,917,699</u>	<u>\$ 303,356,371</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Mesa County Valley School District No. 51
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the fiscal year ended June 30, 2017

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	Governmental Funds Capital Assets <u>June 30, 2017</u>
Instructional services	\$ 248,267,441	\$ 1,869,219	\$ -	\$ 250,136,660
Pupil services	2,903,556	12,325	-	2,915,881
Instructional staff services	496,826	-	-	496,826
General administration services	78,266	-	-	78,266
School administration services	8,244,592	8,999,142	-	17,243,734
Business services	1,011,370	-	-	1,011,370
Maintenance services	2,335,207	127,908	(41,875)	2,421,240
Transportation services	1,240,737	-	-	1,240,737
Central services	3,115,737	14,005	(26,122)	3,103,620
Community services	3,574,928	-	(9,266)	3,565,662
Unallocated	<u>28,635,088</u>	<u>-</u>	<u>(7,492,713)</u>	<u>21,142,375</u>
	<u>\$ 299,903,748</u>	<u>\$ 11,022,599</u>	<u>\$ (7,569,976)</u>	<u>\$ 303,356,371</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION



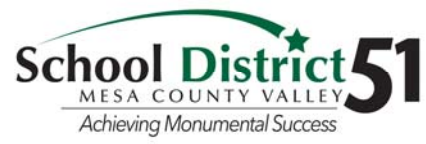
Statistical Section

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	85-89
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	90-95
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	96-99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	100-101
Operating Information These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	102-107

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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SCHEDULE 1

Mesa County Valley School District No. 51

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 111,140,665	\$ 106,908,230	\$ 96,397,273	\$ 100,323,737	\$ 86,566,794	\$ 91,141,569	\$ 87,339,112	\$ 84,253,141	\$ 85,581,070	\$ 79,353,155
Restricted	24,394,335	25,700,649	28,818,154	23,049,475	21,852,846	24,842,142	20,586,912	19,206,492	18,573,858	21,787,700
Unrestricted	(437,459,202)	(322,627,457)	(309,046,875)	14,969,324	17,282,076	5,261,769	5,425,790	4,045,265	4,962,551	5,520,290
Total governmental activities net position	\$ (301,924,202)	\$ (190,018,578)	\$ (183,831,448)	\$ 138,342,536	\$ 125,701,716	\$ 121,245,480	\$ 113,351,814	\$ 107,504,898	\$ 109,117,479	\$ 106,661,145
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 1,068,385	\$ 1,045,893	\$ 1,152,578	\$ 1,170,705	\$ 1,204,842	\$ 1,263,517	\$ 1,324,221
Restricted	-	-	-	468,640	690,476	491,954	364,003	90,422	68,238	475,194
Total business-type activities net position	\$ -	\$ -	\$ -	\$ 1,537,025	\$ 1,736,369	\$ 1,644,532	\$ 1,534,708	\$ 1,295,264	\$ 1,331,755	\$ 1,799,415
Primary government										
Net investment in capital assets	\$ 111,140,665	\$ 106,908,230	\$ 96,397,273	\$ 101,392,122	\$ 87,612,687	\$ 92,294,147	\$ 88,509,817	\$ 85,457,983	\$ 86,844,587	\$ 80,677,376
Restricted	24,394,335	25,700,649	28,818,154	23,518,115	22,543,322	25,334,096	20,950,915	19,296,914	18,642,096	22,262,894
Unrestricted	(437,459,202)	(322,627,457)	(309,046,875)	14,969,324	17,282,076	5,261,769	5,425,790	4,045,265	4,962,551	5,520,290
Total primary government net position	\$ (301,924,202)	\$ (190,018,578)	\$ (183,831,448)	\$ 139,879,561	\$ 127,438,085	\$ 122,890,012	\$ 114,886,522	\$ 108,800,162	\$ 110,449,234	\$ 108,460,560

SCHEDULE 2

Mesa County Valley School District No. 51

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
Instructional services	\$ 176,966,621	\$ 116,995,950	\$ 125,766,049	\$ 103,736,456	\$ 102,104,939	\$ 102,556,880	\$ 109,308,814	\$ 116,471,307	\$ 109,385,090	\$ 104,085,439
Support services:										
Pupil services	27,127,646	11,104,927	11,689,141	11,304,103	12,548,235	11,055,506	11,219,069	10,849,093	10,099,341	8,696,798
Instructional staff services	9,629,866	10,357,135	8,558,900	8,791,412	6,219,763	7,758,296	8,869,080	8,871,305	8,843,863	7,427,839
General administration services	3,843,550	2,187,709	2,128,667	1,905,190	1,831,525	1,668,985	1,663,922	1,812,916	2,077,216	2,005,431
School administration services	22,264,358	13,828,255	12,764,674	10,877,332	11,434,213	11,377,157	12,642,438	12,706,008	12,462,718	11,443,198
Business Services	10,019,665	2,289,277	3,169,113	3,012,228	5,965,398	4,827,250	1,131,949	1,360,811	1,479,320	1,381,095
Maintenance and capital asset services	15,733,043	14,408,219	13,241,380	17,459,417	14,651,378	16,478,042	16,516,848	17,799,397	17,063,964	18,434,704
Transportation services	6,075,325	6,016,818	6,037,842	5,548,008	5,641,820	5,799,980	5,732,643	5,389,153	5,366,130	5,203,215
Central services	28,385,565	18,466,052	18,441,764	7,111,686	3,409,459	1,818,481	4,628,731	5,287,452	5,901,430	3,041,725
Community services	9,067,812	7,165,995	7,355,621	621,274	424,227	455,491	415,628	359,432	817,000	326,583
Interest on long-term debt	4,189,427	3,459,246	3,667,809	3,296,778	3,289,755	(180,704)	5,616,219	5,496,888	5,643,789	5,820,529
Depreciation - unallocated	23,670	6,241	8,055	259,894	261,013	314,650	293,700	302,312	314,467	310,160
Total governmental activities expenses	<u>313,326,548</u>	<u>206,285,824</u>	<u>212,829,015</u>	<u>173,923,778</u>	<u>167,781,725</u>	<u>163,930,014</u>	<u>178,039,041</u>	<u>186,706,074</u>	<u>179,454,328</u>	<u>168,176,716</u>
Business-type activities:										
Food services				5,592,221	5,596,849	5,938,865	6,343,117	7,002,339	7,081,903	6,863,188
Total primary government expenses	<u>\$ 313,326,548</u>	<u>\$ 206,285,824</u>	<u>\$ 212,829,015</u>	<u>\$ 179,515,999</u>	<u>\$ 173,378,574</u>	<u>\$ 169,868,879</u>	<u>\$ 184,382,158</u>	<u>\$ 193,708,413</u>	<u>\$ 186,536,231</u>	<u>\$ 175,039,904</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instructional	\$ 1,044,573	\$ 736,313	\$ 712,469	\$ 658,031	\$ 699,615	\$ 646,441	\$ 507,784	\$ 469,412	\$ 529,017	\$ 576,872
Business services	-	-	-	35,175	319,774	305,062	202,672	269,013	295,152	298,856
Central services	3,991,413	117,385	-	46,892	20,918	67,850	158,138	269,575	293,446	215,252
Community services	1,279,513	1,307,832	1,346,493	-	-	-	-	-	-	-
Operating grants and contributions	27,043,480	33,386,472	38,346,832	22,705,890	20,593,476	20,670,557	29,341,309	21,705,000	20,887,739	19,449,930
Capital grants and contributions	-	68,217	607,855	295,176	321,771	11,074	940,143	338,641	4,621,848	4,912,003
Total governmental activities program revenues	<u>33,358,979</u>	<u>35,616,219</u>	<u>41,013,649</u>	<u>23,741,164</u>	<u>21,955,554</u>	<u>21,700,984</u>	<u>31,150,046</u>	<u>23,071,641</u>	<u>26,627,202</u>	<u>25,452,913</u>
Business-type activities:										
Charges for services:										
Food services	-	-	-	1,332,813	1,563,188	1,876,413	2,217,233	2,495,743	2,780,653	2,560,765
Operating grants and contributions	-	-	-	4,058,872	4,123,948	4,171,313	4,364,847	4,469,655	3,831,646	3,528,845
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,391,685</u>	<u>5,687,136</u>	<u>6,047,726</u>	<u>6,582,080</u>	<u>6,965,398</u>	<u>6,612,299</u>	<u>6,089,610</u>
Total primary government program revenues	<u>\$ 33,358,979</u>	<u>\$ 35,616,219</u>	<u>\$ 41,013,649</u>	<u>\$ 29,132,849</u>	<u>\$ 27,642,690</u>	<u>\$ 27,748,710</u>	<u>\$ 37,732,126</u>	<u>\$ 30,037,039</u>	<u>\$ 33,239,501</u>	<u>\$ 31,542,523</u>

SCHEDULE 3

Mesa County Valley School District No. 51

Fund Balance, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

General Fund	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Nonspendable	\$ 272,000	\$ 279,559	\$ 287,481	\$ 269,092	\$ 239,452	\$ 260,025	\$ 222,019	\$ 297,501	\$ 274,055	\$ 302,436
Restricted	1,326,724	1,021,913	809,507	333,669	307,707	260,180	257,269	224,988	181,407	119,568
Assigned	61,821	680,858	52,113	179,644	-	243,829	548,238	232,891	151,813	75,793
Unassigned	8,041,245	7,676,462	8,846,551	8,304,944	8,425,937	8,004,030	7,380,886	7,703,342	7,668,790	7,457,713
Total general fund	<u>9,701,790</u>	<u>9,658,792</u>	<u>9,995,652</u>	<u>9,087,349</u>	<u>8,973,096</u>	<u>8,768,064</u>	<u>8,408,412</u>	<u>8,458,722</u>	<u>8,276,065</u>	<u>7,955,510</u>
All Other Governmental Funds										
Nonspendable	\$ 370,540	\$ 388,820	\$ 340,652	\$ -	\$ -	\$ 14,842,387	\$ 16,277,929	\$ 16,694,695	\$ 16,098,441	\$ 15,181,857
Restricted	17,087,884	16,835,743	16,127,959	15,459,895	15,290,706	5,977,936	4,762,938	2,993,370	3,010,031	7,262,084
Assigned	8,190,498	9,840,641	8,309,650	8,054,292	7,022,282	20,820,323	21,040,867	19,688,065	19,108,472	22,443,941
Total all other governmental funds	<u>25,648,922</u>	<u>27,065,204</u>	<u>24,778,261</u>	<u>23,514,187</u>	<u>22,312,988</u>	<u>20,820,323</u>	<u>21,040,867</u>	<u>19,688,065</u>	<u>19,108,472</u>	<u>22,443,941</u>

Note: In fiscal year 2011, the District adopted GASB Statement No. 54, Fund Balance Reporting and Fund Type Definitions, changing the titles and classifications of fund balances.

SCHEDULE 4

Mesa County Valley School District No. 51

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Local sources	\$ 73,531,140	\$ 72,818,522	\$ 70,695,150	\$ 69,530,584	\$ 71,901,862	\$ 71,372,053	\$ 80,484,592	\$ 78,791,462	\$ 73,576,152	\$ 75,160,056
State sources	106,430,245	104,918,780	106,398,938	95,041,524	88,020,683	86,636,336	80,533,133	91,698,390	96,468,824	88,128,437
Federal sources	15,937,757	17,547,688	17,313,559	13,185,496	12,999,367	13,740,234	22,776,343	14,289,286	11,636,071	10,651,581
Total revenues	195,899,142	195,284,990	194,407,647	177,757,604	172,921,912	171,748,623	183,774,068	184,779,138	181,681,047	173,940,074
Expenditures										
Instructional services	104,377,501	104,269,806	100,008,691	99,409,868	98,378,215	97,138,297	104,039,748	105,740,516	102,827,372	97,560,739
Instructional support	38,350,224	38,831,614	33,949,186	33,555,814	31,195,729	31,713,700	34,162,383	33,957,685	33,131,936	29,263,137
Business support	27,873,566	26,231,563	25,371,253	25,566,053	24,891,735	25,711,656	26,332,923	26,467,808	25,930,025	25,172,161
Community services	969,112	592,327	476,040	386,463	432,899	453,326	415,627	367,314	815,876	346,255
Physical activities	729,238	700,554	659,900	650,108	556,619	640,211	615,667	610,834	617,255	601,881
Nutrition services	6,069,977	5,516,887	5,719,817	-	-	-	-	-	-	-
Capital outlay	6,361,582	11,872,294	7,532,147	5,891,025	3,117,871	4,344,355	11,699,428	8,608,627	8,217,811	16,259,497
Debt service:										
Lease financing principal*	2,103,116	-	-	-	-	-	-	-	-	-
Lease financing interest*	872,737	-	-	-	-	-	-	-	-	-
GO Bond principal	7,625,000	9,357,701	9,331,776	8,595,848	8,292,093	7,593,866	7,297,975	6,917,929	7,353,072	7,060,043
Interest and fiscal charges	3,312,613	3,923,570	4,466,814	4,547,940	4,884,361	4,320,465	6,117,478	6,035,453	6,180,070	6,351,915
Total expenditures	198,644,666	201,296,316	187,515,624	178,603,119	171,749,522	171,915,876	190,681,229	188,706,166	185,073,417	182,615,628
Excess of revenues over (under) expenditures	(2,745,524)	(6,011,326)	6,892,023	(845,515)	1,172,390	(167,253)	(6,907,161)	(3,927,028)	(3,392,370)	(8,675,554)
Other financing sources (uses)										
Proceeds from issuance of bonds/ COPs	-	7,355,000	-	-	7,560,000	76,575,000	-	-	-	-
Bond/ COPs premium	-	257,930	-	-	388,658	11,811,544	-	-	-	-
Bond issuance costs	-	-	-	-	(117,408)	(522,816)	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(7,831,250)	(89,142,228)	-	-	-	-
Proceeds from sale of real property	1,355,137	351,500	-	20,000	-	-	-	-	-	-
Proceeds from sale of capital assets	6,105	1,946,982	2,696,875	2,140,967	525,307	1,584,861	14,998,993	4,689,278	377,456	2,082,970
Issuance of capital lease debt	-	-	-	-	-	-	(6,789,340)	-	-	-
Refinanced capital lease debt payoff	-	-	-	(5,585,158)	-	-	-	-	-	-
Charter school allocations**	-	-	-	-	-	-	-	-	-	-
Transfers in	2,326,363	3,196,363	3,587,829	3,218,890	3,242,021	3,397,166	11,477,122	185,190	194,600	188,097
Transfers out	(3,826,363)	(5,146,363)	(5,887,832)	(3,218,890)	(3,242,021)	(3,397,166)	(11,477,122)	(185,190)	(194,600)	(188,097)
Total other financing sources (uses)	1,372,240	7,961,412	(5,188,286)	2,160,967	525,307	306,361	8,209,653	4,689,278	377,456	2,082,970
Net change in fund balances	(1,373,284)	1,950,086	1,703,737	1,315,452	1,697,697	139,108	1,302,492	762,250	(3,014,914)	(6,592,584)
Debt service as a percentage of noncapital expenditures	5.61%	6.98%	7.60%	7.50%	7.77%	7.04%	7.40%	7.09%	7.55%	7.91%

* Prior to fiscal year 2017, lease financing principal and interest were not separately categorized from General Obligation bond payments.

** Beginning in fiscal year 2016, charter school allocations are shown as a reduction in state source revenues.

SCHEDULE 5

Mesa County Valley School District No. 51

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Mesa County-Wide Valuations							Total Assessed Value	District Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual District Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Commercial/Industrial Property	Agricultural Property	Residential Property	Total Taxable Assessed Value	Tax-Exempt Property	District Taxable Assessed Value	Total Direct Tax Rate					
2008	\$ 927,235,110	\$ 21,064,910	\$ 830,135,290	\$ 1,778,435,310	\$ 288,785,770	\$ 2,067,221,080	\$ 1,616,010,920	38.350	\$ 12,999,296,897	12.43%		
2009	995,028,040	21,496,170	864,463,010	1,880,987,220	301,079,980	2,182,067,200	1,671,286,730	36.171	13,504,019,270	12.38%		
2010	1,325,381,440	23,332,170	1,046,962,400	2,395,676,010	378,504,710	2,774,180,720	2,028,064,470	34.266	16,108,743,670	12.59%		
2011	1,232,962,680	23,758,270	1,057,712,590	2,314,433,540	390,774,200	2,705,207,740	2,082,515,800	33.549	16,653,885,680	12.50%		
2012	1,160,101,560	25,467,880	846,491,630	2,032,061,070	462,550,440	2,494,611,510	1,737,738,630	34.823	13,564,865,060	12.81%		
2013	1,138,499,380	25,680,910	853,052,530	2,017,232,820	473,074,220	2,490,307,040	1,721,134,040	36.094	13,551,487,970	12.70%		
2014	1,064,212,210	27,249,000	734,716,840	1,826,178,050	381,085,680	2,207,263,730	1,610,605,670	36.693	12,129,218,540	13.28%		
2015	1,032,666,110	27,839,710	744,510,470	1,805,016,290	449,483,850	2,254,500,140	1,584,339,243	36.572	12,119,081,320	13.07%		
2016	1,017,803,470	32,936,330	838,018,250	1,888,758,050	452,929,650	2,341,687,700	1,649,727,000	36.845	13,184,337,400	12.51%		
2017	962,779,190	33,401,450	849,295,690	1,845,476,330	451,552,500	2,297,028,830	1,687,046,060	36.079	13,344,282,620	12.64%		

Source: Mesa County Assessor's Office
 Summary of Levies published on their website
 Actual Value per December certification of values

SCHEDULE 6

Mesa County Valley School District No. 51

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Levy Year	Collection Year	School District No. 51 Direct Rates				Overlapping Rates		
		General Fund	Debt Service	Special Capital Fund	School District No. 51 Total	Mesa County	Cities and Towns	Other Special Districts
2007	2008	29.030	9.32	0.000	38.350	13.260	36.906	87.597
2008	2009	28.956	7.215	0.000	36.171	14.890	35.646	94.783
2009	2010	28.356	5.91	0.000	34.266	11.335	35.646	88.711
2010	2011	28.249	5.30	0.000	33.549	12.202	35.646	115.130
2011	2012	29.183	5.64	0.000	34.823	12.273	35.646	119.740
2012	2013	29.454	6.64	0.000	36.094	12.281	35.646	121.749
2013	2014	29.743	6.95	0.000	36.693	12.272	35.646	120.025
2014	2015	29.582	6.99	0.000	36.572	12.214	35.646	112.600
2015	2016	30.186	6.659	0.000	36.845	12.297	35.646	116.674
2016	2017	29.596	6.483	0.000	36.079	12.214	35.646	117.707

Source: Mesa County Assessor's Office
Summary of Levies published on their website

SCHEDULE 7

Mesa County Valley School District No. 51

Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2017				2008			
	Type of Business	Taxable Assessed Value	Rank	Percentage of Total District Assessed Taxable Value	Type of Business	Taxable Assessed Value	Rank	Percentage of Total District Assessed Taxable Value
Public Service Co of Colorado- Xcel Energy	Utility	\$ 51,286,800	1	3.04 %	Utility	\$ 33,630,990	1	2.08 %
Laramie Energy, LLC	Oil & Gas	28,520,800	2	1.69	**	**	**	**
Union Pacific Corporation	Railroad	26,095,400	3	1.55	Railroad	7,705,910	7	0.48
Qwest Corporation	Utility	19,343,700	4	1.15	Utility	18,229,900	2	1.13
Grand Valley Power Lines	Utility	13,684,000	6	0.81	**	**	**	**
Nabors Lux Finance 2	Oil & Gas	11,534,820	5	0.68	**	**	**	**
Laramie Energy, LLC	Oil & Gas	11,385,920	7	0.67	**	**	**	**
Enterprise Gas Processing LLC	Oil & Gas	10,077,340	8	0.60	**	**	**	**
SG Interests I Ltd	Oil & Gas	9,853,490	9	0.58	**	**	**	**
SM Mesa Mall LLC	Shopping Center	9,825,690	10	0.58	Shopping Center	13,871,810	3	0.86
Walmart/Sam's Club	*	*	*	*	Retail	11,123,930	4	0.69
Bresnan Communication	*	*	*	*	Cable Provider	10,136,450	5	0.63
Grand Mesa Center	*	*	*	*	Shopping Center	8,109,370	6	0.50
Dillon Real Estate Co., Inc (City Market)	*	*	*	*	Grocery Chain	4,668,520	8	0.29
Dayton Hudson Mervyn's Target	*	*	*	*	Retail	3,918,080	9	0.24
Coorsteck, Inc	*	*	*	*	Manufacturing	3,872,930	10	0.24
Total Principal Taxpayers Assessed Valuation		191,607,960			115,267,890			
Total Other Taxpayers Assessed Valuation		1,495,438,100			1,500,743,030			
Total Assessed Valuation		\$ 1,687,046,060			\$ 1,616,010,920			

Source: Mesa County Assessor's Office.

* Not in the Top 10 in 2017

** Not in the Top 10 2008

SCHEDULE 8

Mesa County Valley School District No. 51

History of Assessed and Statutory "Actual" Valuations for the District

Last Ten Fiscal Years
(Unaudited)

Levy/ Collection Year	Assessed Valuation	(1) Percentage Change	Statutory "Actual" Valuation	(1) Percentage Change
2007/2008	\$ 1,616,010,920	36.77%	\$ 12,999,296,897	35.43%
2008/2009	1,671,286,730	3.42%	13,504,019,270	3.88%
2009/2010	2,028,064,470	21.35%	16,108,743,670	19.29%
2010/2011	2,082,515,800	2.68%	16,653,885,680	3.38%
2011/2012	1,737,738,630	-16.56%	13,564,865,060	-18.55%
2012/2013	1,721,134,040	-0.96%	13,551,487,970	-0.10%
2013/2014	1,610,605,670	-6.42%	12,129,218,540	-10.50%
2014/2015	1,584,339,243	-1.63%	12,119,081,320	-0.08%
2015/2016	1,649,727,000	4.13%	13,184,337,400	8.79%
2016/2017	1,687,046,060	2.26%	13,344,282,620	1.21%

(1) Assessed Value and Statutory "Actual" Value are taken from Certification of Values dated December of each year from the Mesa County Assessors Office and used to certify the levies for the following year.

SCHEDULE 9

Mesa County Valley School District No. 51

Property Tax Levies and Collections

Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ^(a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ^(c)	Total Collections to Date	
		Amount ^(b)	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 61,974,019	\$ 60,725,602	97.99 %	\$ 19,505	\$ 60,745,107	98.02 %
2009	60,452,112	59,695,625	98.75	93,456	59,789,081	98.90
2010	69,493,657	67,869,419	97.66	449,078	68,318,497	98.31
2011	69,866,323	69,488,226	99.46	312,986	69,801,212	99.91
2012	60,513,272	60,730,621	100.36	78	60,730,699	100.36
2013	62,871,372	61,915,577	98.48	228	61,915,805	98.48
2014	59,097,954	57,594,080	97.46	9,233	57,603,313	97.47
2015	57,942,632	57,946,869	100.01	-	57,946,869	100.01
2016	60,784,527	60,170,315	98.99	-	60,170,315	98.99
2017	60,866,935	57,694,675	94.79	-	57,694,675	94.79

Note: The county treasurer provides collection data in "current" and "delinquent" categories. Collections of delinquent taxes are presented as collected for the prior year, which may result in total collections to appear in excess of 100%. Data for reporting delinquent taxes in the year of assessment rather than year of collection is unavailable prior to 2013.

Source:

- ^(a) Mesa County Assessor's Office
- ^(b) Mesa County Treasurer
- ^(c) Mesa County Treasurer

SCHEDULE 10

Mesa County Valley School District No. 51

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years
(Unaudited)

Levy Year	Collection Year	School District #51					Mesa County	Cities and Towns	Other Special Districts	Totals
		General Fund	Debt Service	Special Capital Fund	School District #51 Total					
2007	2008	29,030	9.32	0.000	38,350	13,260	36,906	87,597	176,113	
2008	2009	28,956	7.22	0.000	36,171	14,890	35,646	94,783	181,490	
2009	2010	28,356	5.91	0.000	34,266	11,335	35,646	88,711	169,958	
2010	2011	28,249	5.30	0.000	33,549	12,202	35,646	115,130	196,527	
2011	2012	29,183	5.64	0.000	34,823	12,273	35,646	119,740	202,482	
2012	2013	29,454	6.64	0.000	36,094	12,281	35,646	121,749	205,770	
2013	2014	29,743	6.95	0.000	36,693	12,272	35,646	120,025	204,636	
2014	2015	29,582	6.99	0.000	36,572	12,214	35,646	112,600	197,032	
2015	2016	30,186	6.659	0.000	36,845	12,297	35,646	116,674	201,462	
2016	2017	29,596	6.483	0.000	36,079	12,214	35,646	117,707	201,646	

PROPERTY TAX LEVY

2007	2008	\$	46,912,797	\$	15,061,222	\$	61,974,019	\$	23,279,346	\$	8,638,138	\$	13,248,996	\$	107,140,499
2008	2009		48,393,778		12,058,334		60,452,112		27,639,939		8,893,917		14,211,174		111,197,142
2009	2010		57,507,796		11,985,861		69,493,657		26,831,594		10,897,420		16,578,415		123,801,086
2010	2011		58,828,988		11,037,334		69,866,322		27,900,366		11,232,613		16,889,635		125,888,936
2011	2012		50,712,427		9,800,846		60,513,273		24,638,833		9,572,878		15,127,485		109,852,469
2012	2013		51,305,297		11,566,075		62,871,372		24,646,254		9,434,809		15,252,567		112,205,002
2013	2014		47,904,244		11,193,709		59,097,954		22,410,858		9,050,361		15,686,145		106,245,318
2014	2015		46,868,101		11,074,531		57,942,632		21,922,758		8,884,212		17,758,672		106,508,274
2015	2016		49,798,995		10,985,532		60,784,527		23,226,058		8,978,166		16,046,844		109,035,595
2016	2017		49,929,815		10,937,120		60,866,935		22,540,648		9,176,607		16,214,712		108,798,902

Source: Mesa County Assessor's Office

SCHEDULE 11

Mesa County Valley School District No. 51

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Total Primary Government	Estimated Population ⁽¹⁾	Debt Per Capita	Per Capita Income ⁽¹⁾	Percentage of Personal Income
	General Obligation Bonds	COP	Capital Leases						
2008	\$ 130,470,000	\$	N/A	3,690,894	\$ 134,160,894	133,128	1008%	\$ 34,823	2.89%
2009	125,180,000		N/A	2,005,278	127,185,278	137,390	926%	37,600	2.46%
2010 *	125,692,243		N/A	5,268,297	130,960,540	140,680	931%	34,006	2.74%
2011 *	119,516,547		N/A	11,844,977	131,361,524	144,795	907%	33,330	2.72%
2012 *	111,344,936		N/A	11,730,972	123,075,908	146,587	840%	34,681	2.42%
2013	113,579,488		N/A	10,429,185	124,008,673	148,742	834%	35,726	2.33%
2014	105,611,443		N/A	10,754,304	116,365,747	149,617	778%	37,222	2.09%
2015	97,180,588		N/A	11,199,402	108,379,990	150,986	718%	38,074	1.89%
2016	88,696,497	7,602,183		10,670,887	106,969,567	150,232	712%	38,863	1.83%
2017	80,260,910	7,140,000		10,293,769	97,694,679	152,357	641%	Not Available	Not Available

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

* Restated for comparability to current year required presentation.

Sources:

⁽¹⁾ Mesa County, CO 2016 Comprehensive Annual Financial Report

SCHEDULE 12

Mesa County Valley School District No. 51

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Debt Service Monies Available	Net Bonded Debt	(1)	
				Percentage of Actual Taxable Value of Property	(2) Per Capita
2008	\$ 130,470,000	\$ 10,406,656	\$ 120,063,344	0.92 %	\$ 902
2009	125,180,000	11,123,468	114,056,532	0.84	830
2010 *	125,692,243	11,549,532	114,142,711	0.71	811
2011 *	119,516,547	11,362,638	108,153,909	0.65	747
2012 *	111,344,936	10,158,985	101,185,951	0.75	690
2013	113,579,488	10,653,242	102,926,246	0.76	692
2014	105,611,443	10,826,869	94,784,574	0.78	634
2015	97,180,588	10,936,447	86,244,141	0.71	571
2016	88,696,497	10,871,536	77,824,961	0.59	518
2017	80,260,910	10,752,139	69,508,771	0.52	456

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

* Restated for comparability to current year required presentation.

Sources:

(1) See Schedule 5 for property value data

(2) See Schedule 10 for population data

SCHEDULE 13

Mesa County Valley School District No. 51

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2017
(Unaudited)

Taxing Authority	Debt Outstanding	Estimated Percent Applicable to District	Estimated Overlapping Debt
Direct:			
Mesa County Valley Schools District 51	\$ 97,694,679	100 %	\$ 97,694,679
No overlapping debt			-
Total direct and overlapping debt			<u>\$ 97,694,679</u>

Sources:

- Individual taxing entities
- Mesa County Valley School District No. 51 Finance Department

Note:

Debt that is repaid using tax revenues is included in the calculation. Debt that will be repaid using revenues related to an enterprise operation, such as user chargers for sewer services, is excluded. The percentage of each entity's outstanding general obligation debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.

SCHEDULE 14

Mesa County Valley School District No. 51

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	323,202,184	334,257,346	405,612,894	416,503,160	347,547,726	348,375,752	322,121,134	316,867,849	329,945,400	337,409,212
Total debt applicable to limit	130,470,000	125,180,000	119,725,000	114,060,000	108,030,000	102,060,000	95,280,000	88,200,000	88,696,497	80,260,910
Legal debt margin	192,732,184	209,077,346	285,887,894	302,443,160	239,517,726	246,315,752	226,841,134	228,667,849	241,248,903	257,148,302
Total debt applicable to the limit as a percentage of debt limit	40.37%	37.45%	29.52%	27.39%	31.08%	29.30%	29.58%	27.83%	26.88%	23.79%

Note: Under Colorado State Statute, the District's outstanding general obligation debt should not exceed 20 percent of total assessed property value.

SCHEDULE 15

Mesa County Valley School District No. 51

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Estimated Population	(1) Personal Income (millions)	(1) Per Capita Personal Income	(2) School Enrollment	(2) Funded FTE Count	(3) Unemployment Rate
2008	138,230	\$ 4,855,474	\$ 35,126	21,396	20,241.0	3.50%
2009	145,671	5,382,580	36,950	22,272	21,041.8	4.60%
2010	147,524	5,027,868	34,082	22,147	20,996.2	8.00%
2011	146,723	4,881,973	33,273	22,203	21,025.2	10.20%
2012	146,581	5,114,813	34,894	22,012	20,867.7	9.00%
2013	148,742	5,282,090	35,512	21,986	20,912.5	8.60%
2014	149,617	5,492,271	36,709	21,902	21,076.9	6.90%
2015	150,232	5,644,717	38,074	21,746	21,021.2	4.70%
2016	152,357	4,047,913	26,569	21,827	21,005.6	4.80%
2017	153,528	Not available	Not available	22,105	21,126.7	3.60%

Sources:

- (1) Mesa County, CO 2016 Comprehensive Annual Financial Report and website: mesacounty.co.us
- (2) Mesa County Valley School District No. 51 October CDE pupil count.
- (3) Mesa County Workforce Center

SCHEDULE 16

Mesa County Valley School District No. 51

Principal Employers

Current Year and Nine Years Ago
(Unaudited)

Employer	June, 2017			June, 2008		
	Employees	Rank	Percentage of Total 2017	Employees	Rank	Percentage of Total 2008
Mesa County Valley School District No. 51	3,133	1	24.80%	2,500	1	21.69%
St. Mary's Hospital & Medical Center	2,235	2	17.69%	2,326	2	20.18%
Colorado Mesa University	1,440	3	11.40%	1,037	3	9.00%
Mesa County	997	4	7.89%	1,012	4	8.78%
State of Colorado	982	5	7.77%	1,004	5	8.71%
City of Grand Junction	968	6	7.66%	629	10	5.46%
Walmart/Sam's	865	7	6.85%	**		0.00%
Halliburton	800	8	6.33%	**		0.00%
Star Tek	625	9	4.95%	700	9	6.07%
City Markets, Inc.	590	10	4.66%	800	7	6.93%
Community Hospital	**		0.00%	800	6	6.93%
VA Medical Center	**		0.00%	720	8	6.25%
Total	<u>12,635</u>		<u>100.00%</u>	<u>11,528</u>		<u>100.00%</u>

Source: Grand Junction Economic Partnership

** Employer not in top 10.

SCHEDULE 17

Mesa County Valley School District No. 51

District Employees by Type

Last Ten Fiscal Years
(Unaudited)

PERSONNEL DATA:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FULL-TIME										
CERTIFIED:										
Administrators	95	91	86	88	80	80	78	80	81	80
Deans	1	1	1	-	-	-	-	1	1	1
Teachers:										
Elementary	527	539	537	533	533	558	607	614	581	574
Middle School	299	298	295	296	304	320	334	336	302	296
High School	362	357	367	362	346	366	372	380	387	386
Instructional Coaches, etc.	56	51	52	51	31	-	-	-	-	-
Audiologists	1	1	1	1	1	1	1	1	1	1
Counselors	57	62	59	52	49	51	48	55	51	45
Librarians	13	12	12	12	12	12	12	11	11	13
Nurses	16	15	15	14	14	14	12	11	11	12
Psychologists	17	19	20	18	21	21	17	16	15	15
Occupational therapists	9	8	9	9	9	8	7	9	7	6
Physical therapists	2	3	3	3	2	2	2	1	1	1
Social workers	-	-	-	-	-	-	-	-	-	1
Speech/Language	26	26	25	25	27	25	20	22	22	22
Coordinators	16	14	12	12	11	13	18	17	18	15
CLASSIFIED:										
Administration	11	11	12	12	11	11	18	18	18	17
Clerical	205	202	189	190	176	193	232	241	245	236
Cooks	69	69	70	71	76	74	79	88	93	86
Coordinators	11	13	17	18	18	17	10	8	8	10
Custodians	115	120	119	118	120	118	137	138	140	140
Garage	3	3	4	3	4	4	4	4	4	6
Instructional assistants	424	425	438	411	369	355	403	403	405	361
Interpreters, job coaches and medically fragile attendants	11	12	14	11	11	11	13	20	14	15
Maintenance	51	52	53	52	52	53	54	62	59	57
Nurse assistants	37	37	39	38	38	37	36	38	35	27
Technical computer support	28	29	28	27	27	29	32	31	32	31
Security Guard	4	4	4	2	-	-	-	-	-	-
Warehouse persons	8	9	10	10	11	9	8	10	9	10
Total Full-Time	2,474	2,483	2,491	2,439	2,353	2,302	2,554	2,615	2,551	2,464
PART-TIME										
CERTIFIED:										
Administrators	-	-	1	1	-	-	-	-	-	-
Teachers:										
Elementary	44	44	42	40	46	50	42	44	64	72
Middle School	7	9	7	9	9	7	14	9	13	17
High School	14	15	12	10	14	13	11	12	13	19
Instructional Coaches, etc.	-	1	1	-	2	-	-	-	-	-
Audiologists	1	1	1	1	1	1	1	1	1	1
Counselors	5	4	3	6	11	9	11	8	7	5
Librarians	-	2	2	2	2	2	2	2	2	-
Nurses	1	1	1	1	-	1	1	-	-	-
Psychologists	2	2	2	2	-	-	2	2	3	2
Occupational therapists	3	3	3	3	3	2	2	3	4	5
Physical therapists	-	-	-	-	1	-	-	-	-	-
Speech/Language	1	2	4	4	5	4	4	8	8	7
Coordinators	1	1	1	1	1	1	1	2	2	1
CLASSIFIED:										
Clerical	14	11	9	10	18	21	25	19	17	16
Cooks	40	41	40	34	43	57	68	67	81	91
Coordinators	-	1	1	-	-	-	3	1	-	-
Custodians	2	2	4	5	3	3	6	9	9	9
Garage	-	-	-	-	-	-	1	1	1	1
Instructional assistants	64	51	46	45	56	76	118	129	139	139
Interpreters, job coaches and medically fragile attendants	1	-	-	-	-	-	1	1	4	-
Nurse assistants	1	2	1	2	1	-	3	2	3	6
Volunteer coordinator	-	-	-	-	-	-	-	-	-	-
Total Part-Time	201	193	181	176	216	247	316	320	371	391
SUBSTITUTE EMPLOYEES:										
Clerical and Inst Assistants	108	178	97	80	84	82	95	207	240	198
Cooks	25	32	34	30	32	39	36	30	49	30
Custodians	5	5	3	1	2	1	4	5	5	5
Teachers	385	303	369	412	410	416	453	394	431	403
Total substitute employees	523	518	503	523	528	538	588	636	725	636
Total employees	3,198	3,194	3,175	3,138	3,097	3,087	3,458	3,571	3,647	3,491

Source: Mesa County Valley School District No. 51 Human Resources Department

Note: An employee scheduled to work 6 or more hours per day for 165 days or more per year is considered full-time.

Part-time employees are scheduled to work less than 6 hours per day for 165 days or more per year.

Substitute employees are called in to work as needed, and have no predetermined work schedules.

Note: Instructional Coaches are reported separately within the Teacher categories beginning in 2013. Previously, they were allocated to the grade levels they support.

SCHEDULE 18

Mesa County Valley School District No. 51

Operating Statistics

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Expenses	(2) Enrollment	Cost per Pupil	Percentage Change	(3) Teaching Staff	Pupil/ Teacher Ratio	(4) Student Attendance Percentage	(5) Percentage of Students on Free/Reduced Lunch Program
2008 \$	175,039,904	21,396	\$ 8,181	6.37 %	1,310.0	16.33	91.26 %	38.14 %
2009	186,536,231	22,272	8,375	2.38	1,315.0	16.94	91.20	37.51
2010	193,708,413	22,147	8,746	4.43	1,362.5	16.25	91.03	43.95
2011	184,382,158	22,203	8,304	(5.05)	1,346.5	16.49	92.99	44.60
2012	169,868,879	22,012	7,717	(7.07)	1,279.0	17.21	92.33	44.32
2013	173,378,574	21,986	7,886	2.19	1,263.8	17.40	93.43	44.45
2014	179,515,999	21,902	8,196	3.94	1,199.9	18.25	93.31	42.48
2015	212,829,015	21,746	9,787	(16.25)	1,313.0	16.56	91.96	42.78
2016	206,285,824	21,827	9,451	3.56	1,258.3	17.35	92.06	47.84
2017	313,326,548	22,105	14,174	(33.32)	1,232.6	17.93	91.09	49.42

Sources:

- (1) See Schedule 2 for expense data
- (2) See Schedule 15 for enrollment data
- (3) Mesa County Valley School District No. 51 Human Resources office
- (4) Mesa County Valley School District No. 51 Attendance office
- (5) Mesa County Valley School District No. 51 Nutrition Services office

Note: Teaching staff includes only classroom teachers, not all certified staff.

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SCHEDULE 19

Mesa County Valley School District No. 51

School Building Information

Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary:										
Appleton (1938)										
Square feet	54,716	54,716	54,716	54,716	54,716	54,716	54,716	54,716	54,716	54,716
Capacity	368	368	368	368	368	368	368	368	368	368
Enrollment	414	384	388	380	418	399	422	403	412	387
Capacity Used	112.50 %	104.35 %	105.43 %	103.26 %	113.59 %	108.42 %	114.67 %	109.51 %	111.96 %	105.16 %
Broadway (1958)										
Square feet	35,295	35,295	35,295	35,295	35,295	35,295	35,295	35,295	35,295	35,295
Capacity	275	275	275	275	275	275	275	275	275	275
Enrollment	253	240	234	202	202	213	245	261	273	296
Capacity Used	92.00 %	87.27 %	85.09 %	73.45 %	73.45 %	77.45 %	89.09 %	94.91 %	99.27 %	107.64 %
Chatfield (1976)										
Square feet	50,238	50,238	50,238	50,238	50,238	50,238	50,238	50,238	50,238	50,238
Capacity	522	522	522	522	522	522	522	522	522	522
Enrollment	398	413	384	447	402	376	424	433	441	414
Capacity Used	76.25 %	79.12 %	73.56 %	85.63 %	77.01 %	72.03 %	81.23 %	82.95 %	84.48 %	79.31 %
Chipeta (2009)										
Square feet	48,320	48,320	48,320	48,320	48,320	48,320	48,320	48,320	48,320	-
Capacity	441	441	441	441	441	441	441	441	441	-
Enrollment	445	449	422	455	457	472	472	453	407	-
Capacity Used	100.91 %	101.81 %	95.69 %	103.17 %	103.63 %	107.03 %	107.03 %	102.72 %	92.29 %	-
Clifton (1968)										
Square feet	52,517	52,517	52,517	52,517	52,517	52,517	52,517	52,517	52,517	52,517
Capacity	551	551	551	551	551	551	551	551	551	551
Enrollment	468	485	477	469	480	500	442	493	478	446
Capacity Used	84.94 %	88.02 %	86.57 %	85.12 %	87.11 %	90.74 %	80.22 %	89.47 %	86.75 %	80.94 %
Columbine (1926)										
Square feet	-	-	-	-	-	-	-	-	-	32,386
Capacity	-	-	-	-	-	-	-	-	-	218
Enrollment	-	-	-	-	-	-	-	-	-	163
Capacity Used	- %	- %	- %	- %	- %	- %	- %	- %	- %	74.77 %
Columbus (New Emerson) (1949)										
Square feet	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464
Capacity	248	248	248	248	248	248	248	248	248	248
Enrollment	142	144	141	143	150	150	133	129	134	130
Capacity Used	57.26 %	58.06 %	56.85 %	57.66 %	60.48 %	60.48 %	53.63 %	52.02 %	54.03 %	52.42 %
Dos Rios (1999)										
Square feet	49,380	49,380	49,380	49,380	49,380	49,380	49,380	49,380	49,380	49,380
Capacity	435	435	435	435	435	435	435	435	435	435
Enrollment	365	373	402	409	379	372	429	441	462	429
Capacity Used	83.91 %	85.75 %	92.41 %	94.02 %	87.13 %	85.52 %	98.62 %	101.38 %	106.21 %	98.62 %
Dual Immersion Academy (2006)										
Square feet	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Capacity	214	214	214	214	214	214	214	214	214	214
Enrollment	306	303	297	286	292	272	272	267	268	234
Capacity Used	142.99 %	141.59 %	138.79 %	133.64 %	136.45 %	127.10 %	127.10 %	124.77 %	125.23 %	109.35 %
Fruitvale (1953)										
Square feet	54,413	54,413	54,413	54,413	54,413	54,413	54,413	54,413	54,413	54,413
Capacity	476	476	476	476	476	476	476	476	476	476
Enrollment	509	471	482	475	506	488	474	500	529	507
Capacity Used	106.93 %	98.95 %	101.26 %	99.79 %	106.30 %	102.52 %	99.58 %	105.04 %	111.13 %	106.51 %
Glade Park Community School (closed at June 30, 2013)										
Square feet	1,660	1,660	1,660	1,660	1,660	1,660	1,660	1,660	-	-
Capacity	30	30	30	30	30	30	30	30	-	-
Enrollment	-	-	-	-	19	22	21	9	-	-
Capacity Used	- %	- %	- %	- %	63.33 %	73.33 %	70.00 %	30.00 %	-	-
Lincoln OM (1955)										
Square feet	43,048	43,048	43,048	43,048	43,048	43,048	43,048	43,048	43,048	43,048
Capacity	409	409	409	409	409	409	409	409	409	409
Enrollment	368	391	380	375	382	361	410	409	418	382
Capacity Used	89.98 %	95.60 %	92.91 %	91.69 %	93.40 %	88.26 %	100.24 %	100.00 %	102.20 %	93.40 %
Loma (1982)										
Square feet	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530	33,530
Capacity	365	365	365	365	365	365	365	365	365	365
Enrollment	285	311	326	311	280	260	288	268	290	304
Capacity Used	78.08 %	85.21 %	89.32 %	85.21 %	76.71 %	71.23 %	78.90 %	73.42 %	79.45 %	83.29 %
Mesa View (1982)										
Square feet	46,123	46,123	46,123	46,123	46,123	46,123	46,123	46,123	46,123	46,123
Capacity	380	380	380	380	380	380	380	380	380	380
Enrollment	419	425	404	423	448	454	437	418	412	404
Capacity Used	110.26 %	111.84 %	106.32 %	111.32 %	117.89 %	119.47 %	115.00 %	110.00 %	108.42 %	106.32 %
Nisley (1958)										
Square feet	52,806	52,806	52,806	52,806	52,806	52,806	52,806	52,806	52,806	52,806
Capacity	467	467	467	467	467	467	467	467	467	467
Enrollment	518	523	498	495	443	460	479	464	476	469
Capacity Used	110.92 %	111.99 %	106.64 %	106.00 %	94.86 %	98.50 %	102.57 %	99.36 %	101.93 %	100.43 %

SCHEDULE 19

Mesa County Valley School District No. 51

School Building Information

Last Ten Fiscal Years
(Unaudited)

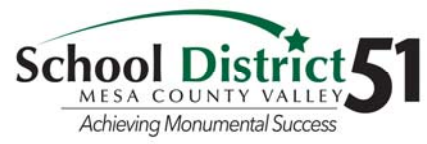
School	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Orchard Avenue (1948)										
Square feet	58,800	58,800	58,800	58,800	58,800	58,800	58,800	58,800	58,800	58,800
Capacity	406	406	406	406	406	406	406	406	406	406
Enrollment	391	410	420	449	479	491	488	491	460	430
Capacity Used	96.31 %	100.99 %	103.45 %	110.59 %	117.98 %	120.94 %	120.20 %	120.94 %	113.30 %	105.91 %
Pear Park (2006)										
Square feet	61,980	61,980	61,980	61,980	61,980	61,980	61,980	61,980	61,980	61,980
Capacity	532	532	532	532	532	532	532	532	532	532
Enrollment	491	499	497	492	490	477	458	447	431	397
Capacity Used	92.29 %	93.80 %	93.42 %	92.48 %	92.11 %	89.66 %	86.09 %	84.02 %	81.02 %	74.62 %
Pomona (1958)										
Square feet	56,427	56,427	56,427	56,427	56,427	56,427	56,427	56,427	54,867	54,867
Capacity	389	389	389	389	389	389	389	389	378	378
Enrollment	371	384	394	383	408	416	417	427	465	437
Capacity Used	95.37 %	98.71 %	101.29 %	98.46 %	104.88 %	106.94 %	107.20 %	109.77 %	123.02 %	115.61 %
Rim Rock (2006)										
Square feet	59,598	59,598	59,598	59,598	59,598	59,598	59,598	58,158	54,798	54,798
Capacity	643	643	643	643	643	643	643	595	509	509
Enrollment	629	653	624	645	654	671	654	629	641	593
Capacity Used	97.82 %	101.56 %	97.05 %	100.31 %	101.71 %	104.35 %	101.71 %	105.71 %	125.93 %	116.50 %
Rocky Mountain (1998)										
Square feet	52,068	52,068	52,068	52,068	52,068	52,068	52,068	52,068	52,068	52,068
Capacity	564	564	564	564	564	564	564	564	564	564
Enrollment	511	518	496	547	531	534	573	593	579	570
Capacity Used	90.60 %	91.84 %	87.94 %	96.99 %	94.15 %	94.68 %	101.60 %	105.14 %	102.66 %	101.06 %
Scenic (1969)										
Square feet	30,144	30,144	30,144	30,144	30,144	30,144	30,144	30,144	30,144	30,144
Capacity	229	229	229	229	229	229	229	229	229	229
Enrollment	274	276	297	278	262	232	239	252	276	277
Capacity Used	119.65 %	120.52 %	129.69 %	121.40 %	114.41 %	101.31 %	104.37 %	110.04 %	120.52 %	120.96 %
Shelley (1958)										
Square feet	56,784	56,784	56,784	56,784	56,784	56,784	56,784	56,784	56,784	56,784
Capacity	519	519	519	519	519	519	519	519	519	519
Enrollment	520	531	518	538	547	610	550	550	571	569
Capacity Used	100.19 %	102.31 %	99.81 %	103.66 %	105.39 %	117.53 %	105.97 %	105.97 %	110.02 %	109.63 %
Taylor (1958)										
Square feet	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460
Capacity	511	511	511	511	511	511	511	511	511	511
Enrollment	415	389	395	424	405	417	422	401	411	377
Capacity Used	81.21 %	76.13 %	77.30 %	82.97 %	79.26 %	81.60 %	82.58 %	78.47 %	80.43 %	73.78 %
Thunder Mountain (1982)										
Square feet	57,950	57,950	57,950	57,950	57,950	57,950	57,950	57,950	57,950	57,950
Capacity	562	562	562	562	562	562	562	562	562	562
Enrollment	521	544	536	551	579	610	624	610	635	603
Capacity Used	92.70 %	96.80 %	95.37 %	98.04 %	103.02 %	108.54 %	111.03 %	108.54 %	112.99 %	107.30 %
Tope (1940)										
Square feet	53,886	53,886	53,886	53,886	53,886	53,886	53,886	53,886	53,886	53,886
Capacity	410	410	410	410	410	410	410	410	410	410
Enrollment	342	337	345	356	337	366	379	389	443	455
Capacity Used	83.41 %	82.20 %	84.15 %	86.83 %	82.20 %	89.27 %	92.44 %	94.88 %	108.05 %	110.98 %
Wingate (1982)										
Square feet	43,819	43,819	43,819	43,819	43,819	43,819	43,819	43,819	43,819	43,819
Capacity	452	452	452	452	452	452	452	452	452	452
Enrollment	460	441	461	476	434	439	460	478	498	443
Capacity Used	101.77 %	97.57 %	101.99 %	105.31 %	96.02 %	97.12 %	101.77 %	105.75 %	110.18 %	98.01 %
Middle:										
Bookcliff (2006)										
Square feet	116,182	116,182	116,182	116,182	116,182	116,182	116,182	116,182	106,333	106,333
Capacity	643	643	643	643	643	643	643	643	531	531
Enrollment	575	580	569	569	563	600	575	547	527	496
Capacity Used	89.42 %	90.20 %	88.49 %	88.49 %	87.56 %	93.31 %	89.42 %	85.07 %	99.25 %	93.41 %
East (1970)										
Square feet	54,486	54,486	54,486	54,486	54,486	54,486	54,486	54,486	54,486	54,486
Capacity	484	484	484	484	484	484	484	484	484	484
Enrollment	477	477	474	475	479	469	444	446	461	468
Capacity Used	98.55 %	98.55 %	97.93 %	98.14 %	98.97 %	96.90 %	91.74 %	92.15 %	95.25 %	96.69 %
Fruita (1936)										
Square feet	85,286	85,286	85,286	85,286	85,286	85,286	85,286	85,286	85,286	85,286
Capacity	733	733	733	733	733	733	733	733	733	733
Enrollment	606	554	546	577	549	518	566	586	583	547
Capacity Used	82.67 %	75.58 %	74.49 %	78.72 %	74.90 %	70.67 %	77.22 %	79.95 %	79.54 %	74.62 %

School	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Grand Mesa (1998)										
Square feet	99,663	99,663	99,663	99,663	99,663	99,663	99,663	99,663	99,663	99,663
Capacity	625	625	625	625	625	625	625	625	625	625
Enrollment	629	607	581	622	618	647	657	664	711	666
Capacity Used	100.64 %	97.12 %	92.96 %	99.52 %	98.88 %	103.52 %	105.12 %	106.24 %	113.76 %	106.56 %
Mt. Garfield (1982)										
Square feet	85,658	85,658	85,658	85,658	85,658	85,658	85,658	85,658	85,658	85,658
Capacity	596	596	596	596	596	596	596	596	596	596
Enrollment	639	617	602	568	594	618	635	646	665	653
Capacity Used	107.21 %	103.52 %	101.01 %	95.30 %	99.66 %	103.69 %	106.54 %	108.39 %	111.58 %	109.56 %
Orchard Mesa (1960)										
Square feet	55,661	55,661	55,661	55,661	55,661	55,661	55,661	55,661	55,661	55,661
Capacity	598	598	598	598	598	598	598	598	598	598
Enrollment	486	502	515	505	532	530	537	508	526	567
Capacity Used	81.27 %	83.95 %	86.12 %	84.45 %	88.96 %	88.63 %	89.80 %	84.95 %	87.96 %	94.82 %
Redlands (1991)										
Square feet	97,318	97,318	97,318	97,318	97,318	97,318	97,318	97,318	97,318	97,318
Capacity	643	643	643	643	643	643	643	643	643	643
Enrollment	550	565	572	583	547	568	582	612	585	584
Capacity Used	85.54 %	87.87 %	88.96 %	90.67 %	85.07 %	88.34 %	90.51 %	95.18 %	90.98 %	90.82 %
West (1971)										
Square feet	55,830	55,830	55,830	55,830	55,830	55,830	55,830	55,830	55,830	55,830
Capacity	466	466	466	466	466	466	466	466	466	466
Enrollment	382	389	404	400	432	416	427	425	418	410
Capacity Used	81.97 %	83.48 %	86.70 %	85.84 %	92.70 %	89.27 %	91.63 %	91.20 %	89.70 %	87.98 %
8/9:										
Fruita 8/9										
Square feet	103,784	103,784	103,784	103,784	103,784	103,784	103,784	103,784	103,784	103,784
Capacity	681	681	681	681	668	668	668	668	668	668
Enrollment	741	752	721	711	711	743	776	720	739	754
Capacity Used	108.81 %	110.43 %	105.87 %	104.41 %	106.44 %	111.23 %	116.17 %	107.78 %	110.63 %	112.87 %
High:										
Career Center (2006)										
Square feet	37,852	37,852	37,852	37,852	37,852	37,852	37,852	34,912	34,912	34,912
Capacity	265	265	265	265	265	265	265	196	196	196
Enrollment	School has no enrollment records because students enrolled at other schools are bussed in during the day for special programs									
Central (1960)										
Square feet	179,132	179,132	179,132	179,132	179,132	179,132	179,132	179,132	179,132	179,132
Capacity	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495
Enrollment	1,536	1,515	1,473	1,463	1,486	1,572	1,599	1,664	1,670	1,697
Capacity Used	102.74 %	101.34 %	98.53 %	97.86 %	99.40 %	105.15 %	106.96 %	111.30 %	111.71 %	113.51 %
Fruita Monument (1969)										
Square feet	192,134	192,134	192,134	192,134	192,134	192,134	192,134	192,134	192,134	192,134
Capacity	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618
Enrollment	1,257	1,229	1,253	1,304	1,262	1,284	1,278	1,323	1,335	1,351
Capacity Used	77.69 %	75.96 %	77.44 %	80.59 %	78.00 %	79.36 %	78.99 %	81.77 %	82.51 %	83.50 %
Grand Junction (1956)										
Square feet	168,329	168,329	168,329	168,329	168,329	168,329	168,329	168,329	168,329	168,329
Capacity	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786
Enrollment	1,684	1,742	1,741	1,715	1,676	1,760	1,774	1,757	1,739	1,695
Capacity Used	94.29 %	97.54 %	97.48 %	96.02 %	93.84 %	98.54 %	99.33 %	98.38 %	97.37 %	94.90 %
Palisade (1991)										
Square feet	125,412	125,412	125,412	125,412	125,412	125,412	125,412	125,412	125,412	125,412
Capacity	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084
Enrollment	1,011	1,006	1,048	1,054	1,021	1,010	1,003	1,028	1,001	964
Capacity Used	93.27 %	92.80 %	96.68 %	97.23 %	94.19 %	93.17 %	92.53 %	94.83 %	92.34 %	88.93 %
R-5 Complex (2016)										
Square feet	29,133	17,684	17,684	17,684	17,684	17,684	17,684	17,684	17,684	17,684
Capacity	420	257	257	257	257	257	257	257	257	257
Enrollment	304	210	221	190	224	255	355	270	266	246
Capacity Used	72.38 %	81.71 %	85.99 %	73.93 %	87.16 %	99.22 %	138.13 %	105.06 %	103.50 %	95.72 %
K - 12:										
Gateway (1946)										
Square feet	18,470	18,470	18,470	18,470	18,470	18,470	18,470	18,470	18,470	18,470
Capacity	90	90	90	90	90	90	90	90	90	90
Enrollment	25	25	29	34	40	45	51	46	33	36
Capacity Used	27.78 %	27.78 %	32.22 %	37.78 %	44.44 %	50.00 %	56.67 %	51.11 %	36.67 %	40.00 %
Grand River Academy (previously Independence Academy Charter School and Lincoln Park Elementary) (1925)										
Square feet	23,378	23,378	23,378	23,378	23,378	23,378	23,378	23,378	23,378	23,378
Capacity	284	284	284	284	284	284	284	284	284	284
Enrollment	259	245	346	308	294	257	233	206	211	235
Capacity Used	91.20 %	86.27 %	121.83 %	108.45 %	103.52 %	90.49 %	82.04 %	72.54 %	74.30 %	82.75 %
Non-school enrollment	1,129	918	77	815	815	658	499	484	392	311
Total District enrollment	22,105	21,827	21,746	21,902	21,827	22,012	22,203	22,147	22,272	21,396

Source: Mesa County Valley School District No. 51 Maintenance Department

Note: Building capacity may not change when additions to buildings are constructed because modular units are often removed

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SINGLE AUDIT



Mesa County Valley School District No. 51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2017

CFDA PROGRAM TITLE	CFDA PROGRAM NUMBER	PASSTHRU ID NUMBER	AMOUNT OF EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through state of Colorado:			
School Breakfast Program	10.553	4553	\$ 847,611
National School Lunch Program (includes \$468,491 of commodities)	10.555	4555	3,701,402
Summer Food Service Program for Children	10.559	4559	<u>93,198</u>
Child Nutrition Cluster			<u>4,642,211</u>
Total U.S. Department of Agriculture			4,642,211
U.S. DEPARTMENT OF EDUCATION			
Passed through state of Colorado:			
Title I Grants to Local Educational Agencies	84.010	4010,5010 6010,7010 8010	4,049,177
Special Education - Grants to States	84.027	4027,5027 6027	3,545,864
Special Education - Preschool Grants	84.173	4173,5173	<u>168,231</u>
Special Education Cluster (IDEA)			<u>3,714,095</u>
Education for Homeless Children and Youth	84.196	5196	35,000
Migrant Education - State Grant Program	84.011	4011,5011	564,680
Career and Technical Education - Basic Grants to States	84.048	22-499-4048	156,259
Rehabilitation Services - Vocational Rehabilitation			
Grants to States	84.126	22-480-5126	429,612
Advanced Placement Fees	84.330	5330	4,116
English Language Acquisition Grants	84.365	22-4365,7365	43,728
English Language Acquisition Grants – Competitive	84.365A	5365	15,000
Supporting Effective Instruction State Grants	84.367	22-4367	881,678
School Improvement Grants	84.377	7377	80,000
Race to the Top – Early Childhood Readiness Assessment	84.412	5412	11,731
Special Education – State Personnel Development	84.323	5323	<u>503</u>
Total U.S. Department of Education			9,985,579
U.S. DEPARTMENT OF THE TREASURY, INTERNAL REVENUE SERVICE			
Build America Bonds and QECB Subsidy	21.XXX	10-9016	26,319
U.S. DEPARTMENT OF DEFENSE			
Junior ROTC Program	12.XXX	10-9001	62,992
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through state of Colorado:			
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	7243	26,724
Child Care Mandatory and Matching Funds of the Child Care and Development Fund – CCDF Cluster	93.596	22-396-7596	<u>27,798</u>
Total U.S. Department of Health and Human Services			<u>54,522</u>
Total Federal Financial Assistance Expenditures			<u>\$ 14,771,623</u>

Mesa County Valley School District No. 51
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2017

NOTE A – GENERAL

The accompanying schedule of expenditures of federal awards includes the amount of federal grants expended by Mesa County Valley School District No. 51, during the year ended June 30, 2017. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Non-cash expenditures are included in the schedule.

NOTE C – INDIRECT COST RATE

The District did not elect to use the 10 percent de minimus indirect cost rate.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 29, 2017

The Board of Education
Mesa County Valley School District No.51

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mesa County Valley School District No. 51 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2017. Our report includes reference to other auditors who audited the financial statements of Independence Academy Charter School, as described in our report on the District's financial statements. The financial statements of Independence Academy, as well as the other discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mesa County Valley School District No.51's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Education
Mesa County Valley School District No. 51
November 29, 2017
Page Two

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chadwick, Steinhilber, Davis & Co., P.C.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 29, 2017

The Board of Education
Mesa County Valley School District No. 51

Report on Compliance for Each Major Federal Program

We have audited Mesa County Valley School District No. 51's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mesa County Valley School District No. 51's major federal programs for the year ended June 30, 2017. Mesa County Valley School District No. 51's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mesa County Valley School District No. 51's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mesa County Valley School District's No. 51's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mesa County Valley School District No. 51's compliance.

Opinion on Each Major Federal Program

In our opinion, Mesa County Valley School District No. 51 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Mesa County Valley School District No. 51 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mesa County Valley School District No. 51's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chadwick, Steinhilber, Davis & Co., P.C.

Mesa County Valley School District No. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified Opinion</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	_____ <input checked="" type="checkbox"/> _____ none reported
Noncompliance material to financial statements noted?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	_____ <input checked="" type="checkbox"/> _____ none reported

Type of auditor's report issued on compliance
for major programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____	yes	_____ <input checked="" type="checkbox"/> _____ no
--	-------	-----	--

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.367	Supporting Effective Instruction State Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
---	------------

Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> _____ yes	_____ <input type="checkbox"/> _____ no
--	---	---

Mesa County Valley School District No. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no finding required to be reported under Generally Accepted Government Auditing Standards.

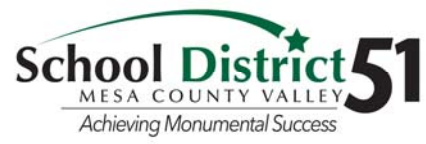
SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs for federal awards as defined in the Uniform Guidance.

Mesa County Valley School District No. 51
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2017

There were no prior year findings.

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**SUPPLEMENTARY
INFORMATION**





Colorado Department of Education
Auditors Integrity Report
 District: 2000 - MESA COUNTY VALLEY 51
 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	8,636,879		157,001,448	157,263,261		8,375,066
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	1,021,913		2,978,979	2,674,168		1,326,724
Sub-Total	9,658,792		159,980,427	159,937,429		9,701,790
11 Charter School Fund	3,952,188		7,892,154	7,218,999		4,625,343
20.26-29 Special Revenue Fund	345,467		82,528	98,886		329,110
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
21 Food Service Spec Revenue Fund	934,911		6,029,831	6,069,977		894,765
22 Govt Designated-Purpose Grants Fund	0		13,338,825	13,338,825		0
23 Pupil Activity Special Revenue Fund	279,415		666,371	729,238		216,548
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	10,871,536		10,818,215	10,937,612		10,752,139
34 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
35 Building Fund	228,728		577	229,305		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	14,405,145		6,354,607	7,303,391		13,456,361
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	40,676,184		205,163,534	205,863,663		39,976,055
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	4,454,587		1,817,242	1,967,946		4,303,883
60.65-69 Other Internal Service Funds	6,595,668		1,44,522	469,349		6,270,841
Totals	11,050,255		1,961,764	2,437,295		10,574,724
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	2,411,386		6,055,849	5,934,587		2,532,648
79 GASB 34 Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	2,411,386		6,055,849	5,934,587		2,532,648

FINAL

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