

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
LA JARA, COLORADO**

FINANCIAL STATEMENTS

June 30, 2017



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**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

NORTH CONEJOS SCHOOL DISTRICT RE-1J

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

Board of Education
North Conejos School District RE-1J
La Jara, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Conejos School District RE-1J (the District), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages M1-M9 and 33-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 12, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

As management of the North Conejos School District, we offer readers of the District's Financial Statements this narrative overview and analysis of the financial activities of North Conejos School 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 the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights for the fiscal year ended June 30, 2017, are as follows:

The final net position of the district is \$(7,656,343).

State Equalization decreased \$6,604,247, down from \$6,654,040, for a decrease of \$49,793.

General Revenues, primarily property taxes, state equalization payments and Federal Funds accounted for \$7,522,965 of all revenues.

The District had \$9,419,799 in expenses related to governmental activities.

GOVERNMENTAL FUNDS

The District has five governmental funds as determined by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The major funds are the General Fund, Capital Reserve Fund, and Food Service Fund.

The General Fund had \$7,879,387 in revenues and \$7,824,842 in expenditures. The General Fund balance decreased from \$4,474,973 to \$4,434,518. This was a decrease of \$40,455.

The Food Service Fund's fund balance increased from \$(72,152) to \$1,935. This is an increase of \$74,087.

The Capital Reserve Fund's fund balance decreased from \$984,596 to \$716,333. This is a decrease of \$268,263.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: the Management's Discussion and Analysis, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The governmental fund statements tell how basic services such as instruction were financed in the short-term, as well as, what remains for future spending.

Fiduciary Fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

GOVERNMENT-WIDE STATEMENTS

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

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

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

To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

Governmental activities: All of the District's basic services are included here, such as; instruction, transportation, maintenance and operations, and administration. The District's nutritional services program is included in government activities. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

Some funds are required by state law and by bond covenants.

The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term locus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Fiduciary Funds: The District is the agent, or fiduciary, for assets that belong to others such as small scholarship funds and student activity funds. The District is responsible for ensuring that the assets reported in these funds are

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Government-wide Analysis:

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process, the District receives almost **60%** of the annual property tax assessment in April, May, and June.

Capital Assets are used in the operation of the District. These assets are land, improvements, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2017. Long-term liabilities such as compensated absences payable will be liquidated from resources that will become available after fiscal year 2017. A comparative analysis is provided.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Table I
Condensed Statement of Net Assets June 30, 2017**

	Governmental Activities	Governmental Activities
	2016	2017
Assets		
Current Assets	\$6,801,050	\$6,420,399
Capital Assets	\$8,135,319	\$8,294,620
Total Assets	\$14,936,369	\$14,715,019
Deferred Outflows of Resources	\$2,181,226	\$12,570,666
Liabilities		
Current	\$1,171,472	\$1,010,642
Long-Term	\$275,643	\$97,340
Net Pension liability	\$17,420,461	\$32,692,412
Total Liabilities	\$18,867,576	\$33,800,394
Deferred Inflows of Resources	\$1,307,147	\$1,141,628
Net Assets		
Invested in Capital	\$8,135,319	\$8,294,620
Tabor reserve	\$260,000	\$260,000
Unrestricted	\$(11,452,447)	(\$16,210,963)
Total Net Assets	(\$3,057,128)	(\$7,656,343)

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**TABLE II
CONDENSED STATEMENT OF ACTIVITIES**

	2016	2017
Revenues		
Program Revenues:		
Charges for Services	\$161,756	\$161,613
Operating Grants & Contrib.	\$1,527,886	\$1,298,416
Capital Grants and Contrib.	\$376,629	\$213,539
General Revenues	\$7,478,361	\$4,492,915
Interest on Investments	\$25,043	\$38,940
Miscellaneous	\$8,906	\$30,050
Total Revenues	\$9,578,581	\$9,196,533
Expenses		
Instructional Program	\$6,027,073	\$9,412,185
Student Supporting Services	\$526,808	\$638,214
Instructional Staff Supporting Services	\$165,414	\$386,592
General Administration Supporting Services	\$606,395	\$774,359
School Administration Supporting Services	\$624,925	\$760,325
Business Supporting Services	\$58,897	\$57,723
Operations and Maintenance of Plant Services	\$700,445	\$635,559
Student Transportation Services	\$464,078	\$447,718
Central Supporting Services	\$282,238	\$251,175
Food Services	\$482,860	\$431,898
Facilities Acquisition & Construction Services	\$6,924	\$0
Total Expenses	\$9,946,057	\$13,795,748
Change in Net Position	\$(367,476)	\$(4,599,215)
Net Position, Beginning of Year, As Previously Stated	\$(2,633,247)	\$(3,057,128)
Change in Accounting Principle	\$(56,405)	
Net Position, Beginning of Year, Restated	\$(2,689,652)	
Net Position, End of Year	\$(3,057,128)	\$(7,656,343)

GOVERNMENTAL ACTIVITIES

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal, and state requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

The primary source of operation revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA, the District received \$7,311.89 per funded student. The funded pupil count for fiscal year 2017 was 998.5. Funding for the SFA comes from property taxes, specific ownership and state equalization. The District received \$6,604,247 of this funding from state equalization while the remaining amounts came from property taxes and specific ownership tax.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The statement of activities shows the cost of program services, the charges for services, and grants off-setting those services. Table III shows, governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

**Table III
Cost of Services - Governmental
Activities for Fiscal Year 2017**

	Total Cost- 2017	Total Cost-2016	Net Cost- 2017	Net Cost –2016
Instructional Program	\$9,412,185	\$6,027,073	(\$8,830,246)	(\$5,188,982)
Student Support Service	\$638,214	\$526,808	(\$290,810)	(\$209,864)
Instructional Staff Support Service	\$386,592	\$165,414	(\$383,092)	(\$161,914)
General Admin Support Services	\$774,359	\$606,395	(\$774,359)	(\$606,395)
School Admin Support Service	\$760,325	\$624,925	(\$760,325)	(\$624,925)
Business Support Service	\$57,723	\$58,897	(\$57,723)	(\$58,897)
Operation & Maintenance	\$635,559	\$700,445	(\$635,559)	(\$700,445)
Student Transportation	\$447,718	\$464,078	(\$360,707)	(\$375,054)
Central Support Service	\$251,175	\$282,238	(\$251,175)	(\$282,238)
Facility acquisition/construction	0	\$6,924	\$213,539	(\$40,777)
Food Service	\$431,898	\$482,860	\$8,277	
Total Expenses	\$13,795,748	\$9,946,057	(\$12,122,180)	(\$7,879,786)

GENERAL FUND BUDGETARY HIGHLIGHTS

The NCSD's budget is prepared according to Colorado Law and is based on accounting for certain transactions on the modified accrual basis. Therefore, the District budgets each year for actual salaries for nine and ten month employees based on salaries for the school term of September to May but is paid over a time spanning September to August. The July and August salaries are accrued in the budgeted financial statements.

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

On June 30, 2017, the District had \$8,294,620 invested in sites, land improvements, buildings, equipment and vehicles: which was used in governmental activities. Table IV shows the investment in capital assets net of depreciation expense for governmental activities.

**Table IV
Capital Assets at June 30, 2017
(Net of Depreciation)**

	Total School	Total School
	District	District
	2017	2016
Sites (LAND)	\$348,995	\$348,995
Construction in Progress	\$593,937	\$205,683
Land Improvements	\$848,622	\$848,622
Buildings	\$9,716,970	\$9,716,970
Equipment	\$2,170,104	\$2,055,594
Vehicles	\$1,468,250	\$1,387,419
Less: Accumulated Depreciation	(\$6,852,258)	(\$6,427,964)
Totals	\$8,294,620	\$8,135,319

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

As of June 30, 2017 the District had \$97,340 recorded as long term debt. Table V details this outstanding debt and the portion due within one year for the District. Compensated absences of \$97,340 are considered paid when used or when it is bought back upon an employee retiring or resigning. Table compares that debt to fiscal year 2016.

**Table V Outstanding Debt
Current and Total at June 30, 2017**

	Governmental Activities		Governmental Activities	
	Due Within One Year/Total Debt		Due Within One Year/Total Debt	
	2017		2016	
Early Retirement Bonus Payable	\$0	\$0	\$0	\$189,000
Compensated Absences	\$0	\$97,340	\$975	\$87,618
Totals	\$0	\$97,340	\$975	\$276,618

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district was aware of the following

- Maintaining current staff levels and student enrichment programs while encountering a continued declining student
- Enrollment (see below).
- Receiving less in state equalization.
- Maintaining a fund balance in excess of 3 million dollars while adjusting for higher transportation and energy costs, water and sewer payment increase, and employee benefit costs.
- Maintaining a fund balance while adjusting to higher overall maintenance costs due to outside services.

Amendment 23, the citizen's ballot initiative passed in 2000, mandates that "base" per pupil funding increase each year by the rate of inflation. To determine how much each district will receive under the School Finance Act, that "base" is run through a complex formula that includes variables such as school district size, local cost-of-living, and the number of "at-risk" kids (eligible for free lunch) in a district.

These variables are called "factors" and they substantially increase average per pupil funding received by school districts to reflect the very different costs districts experience. The factors exist to address the increased per pupil costs that result when, for instance, a high percentage of pupils are from at-risk populations or when the necessary costs of running a school and hiring staff are divided among a small student population in a rural district.

In 2009, the legislature reinterpreted Amendment 23 to mean that only the base amount was covered by the mandatory increases — not the factors. Under this interpretation, the legislature could (and did) cut total spending from one year to the next and claim compliance with Amendment 23 — despite voter intent to increase funding.

Starting in 2009, in order to make across-the-board cuts from all districts, the legislature added a new "budget stabilization" or "negative factor" to the School Finance Act formula. In effect, the legislature now decides how much it wants to spend on school finance, and then adjusts the negative factor to meet that funding target.

As seen in the graph below, the NCSD has operated since 2009 on \$7,173,980 less revenue than ordinarily distributed, and because those cuts are all coming from the factors, which are designed to make school funding more fair, equitable, and responsive to actual costs, these cuts exacerbate inequities in Colorado's school finance

**NORTH CONEJOS SCHOOL DISTRICT RE-1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

structure, making educational opportunities even more dependent upon a student's zip code.

The \$1 billion negative factor has resulted in larger class sizes, narrower curriculum, reduced instruction time, and less support and individual attention for students.

Inclusive of mid-year, budget stabilization and negative factor, the below statistics demonstrate the year by year effect of the negative factor to the NCSD.

2009-10: (181,708)	2013-14: (1,221,796)
2010-11: (517,653)	2014-15: (1,042,692)
2011-12: (1,004,175)	2015-16: (978,913)
2012-13: (1,276,777)	2016-17: (950,265) Total: (\$7,139,980)

To combat the negative factor in Colorado, many districts have sought a mill levy override, however the ability of the NCSD to recover lost funding via a voter-approved override is nominal.

- School districts have no control of what one mill can raise.
- One mill raises a low of less than **\$4,000** to a high of **over \$13,000,000**.
- The average dollars raised by 1 mill is about **\$500,000**.
- The median is **\$110,000**.

The **North Conejos School District** would raise only **\$30,429** per mill approved at the time of this audit.

STUDENT ENROLLMENT

Student enrollment, dictating the state equalization funding, has slightly declined since October of 2010 as follows:

2010: 1033
2011: 998
2012: 1039
2013: 1004
2014: 964
2015: 980
2016: 963
2017: 998.5

SECURE RURAL SCHOOLS (SRS) FUNDS

At the time of this audit, SRS funds have not been approved legislatively for the future. Ranging historically as a revenue of approximately \$225,000 to the district, no bill re-establishing this funding, in lieu of the area being heavily forested by federal land which provides no tax revenue to the district, has been approved.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizen, taxpayers, parents, Investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Superintendent's Office at P.O. Box 72 La Jara, CO 81140.

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NORTH CONEJOS SCHOOL DISTRICT RE-1J

BASIC FINANCIAL STATEMENTS

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NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 6,256,185
Accounts Receivable	3,868
Property Tax Receivable	50,415
Due from Other Governments	96,178
Inventories	13,753
Total Current Assets	6,420,399
Noncurrent Assets	
Capital Assets	
Land	348,995
Construction in Progress	593,937
Land Improvements	848,622
Buildings	9,716,970
Equipment	2,170,104
Vehicles	1,468,250
Less Accumulated Depreciation	(6,852,258)
Total Noncurrent Assets	8,294,620
TOTAL ASSETS	14,715,019
DEFERRED OUTFLOWS OF RESOURCES	
Pension	12,570,660
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,570,660
LIABILITIES	
Current Liabilities	
Accounts Payable	(1,069)
Accrued Salaries and Benefits	959,333
Unearned Grant Revenue	52,378
Total Current Liabilities	1,010,642
Noncurrent Liabilities	
Compensated Absences	97,340
Pension Liability	32,692,412
Total Noncurrent Liabilities	32,789,752
TOTAL LIABILITIES	33,800,394

The accompanying notes are an integral part of this financial statement.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF NET POSITION
June 30, 2017

	<u>Primary Government Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,091,213
Unavailable Revenue- Property Tax	50,415
TOTAL DEFERRED INFLOWS OF RESOURCES	1,141,628
NET POSITION	
Net Investment in Capital Assets	8,294,620
Restricted for	
TABOR	260,000
Unrestricted	(16,210,963)
TOTAL NET POSITION	\$ (7,656,343)

The accompanying notes are an integral part of this financial statement.

NORTH CONEJOS SCHOOL DISTRICT RE-1J

STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government
Primary Government					
Governmental Activities					
Instructional Program	\$ 9,412,185	\$ -	\$ 581,939	\$ -	\$ (8,830,246)
Student Supporting Services	638,214	42,254	305,150	-	(290,810)
Instructional Staff Supporting Services	386,592	-	3,500	-	(383,092)
General Administration Supporting Services	774,359	-	-	-	(774,359)
School Administration Supporting Services	760,325	-	-	-	(760,325)
Business Supporting Services	57,723	-	-	-	(57,723)
Operations and Maintenance of Plant Services	635,559	-	-	-	(635,559)
Student Transportation Services	447,718	-	87,011	-	(360,707)
Central Supporting Services	251,175	-	-	-	(251,175)
Food Services	431,898	119,359	320,816	-	8,277
Facilities Acquisition and Construction Services	-	-	-	213,539	213,539
Total Governmental Activities	13,795,748	161,613	1,298,416	213,539	(12,122,180)
Total Primary Government	\$ 13,795,748	\$ 161,613	\$ 1,298,416	\$ 213,539	(12,122,180)
 General Revenues					
Taxes					
					689,882
					155,776
					4,070
					6,604,247
					38,940
					30,050
					7,522,965
					Change in Net Position
					(4,599,215)
					Net Position, Beginning of Year
					(3,057,128)
					Net Position, End of Year
					\$ (7,656,343)

The accompanying notes are an integral part of this financial statement.

NORTH CONEJOS SCHOOL DISTRICT RE -1J
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017

	GENERAL FUND	FOOD SERVICE FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 5,180,401	\$ 115,564	\$ 714,723	\$ 245,497	\$ 6,256,185
Accounts Receivable	613	3,255	-	-	3,868
Property Tax Receivable	50,415	-	-	-	50,415
Due from Other Governments	45,525	-	1,610	49,043	96,178
Due from Other Funds	98,976	-	-	12,068	111,044
Inventory	-	13,753	-	-	13,753
TOTAL ASSETS	\$ 5,375,930	\$ 132,572	\$ 716,333	\$ 306,608	\$ 6,531,443
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ (1,069)	\$ -	\$ -	\$ (1,069)
Due to Other Funds	12,068	98,976	-	-	111,044
Accrued Salaries and Benefits	878,929	32,730	-	47,674	959,333
Unearned Grant Revenue	-	-	-	52,378	52,378
TOTAL LIABILITIES	890,997	130,637	-	100,052	1,121,686
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	50,415	-	-	-	50,415
TOTAL DEFERRED INFLOWS OF RESOURCES	50,415	-	-	-	50,415
FUND BALANCE					
Nonspendable					
Inventory	-	13,753	-	-	13,753
Restricted					
TABOR 3% Reserve	260,000	-	-	-	260,000
Committed					
Capital Projects	-	-	716,333	-	716,333
GDPG	-	-	-	4,063	4,063
Pupil Activities	-	-	-	202,493	202,493
Assigned					
Subsequent Years	726,510	-	-	-	726,510
Unassigned	3,448,008	(11,818)	-	-	3,436,190
TOTAL FUND BALANCE	4,434,518	1,935	716,333	206,556	5,359,342
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,375,930	\$ 132,572	\$ 716,333	\$ 306,608	\$ 6,531,443

The accompanying notes are an integral part of this financial statement.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total governmental fund balances	\$ 5,359,342
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,294,620
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position	12,570,660
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(97,340)
Net pension liabilities are not due and payable in the current period and are not reported in the funds.	(32,692,412)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.	<u>(1,091,213)</u>
Net position of governmental activities	<u><u>\$ (7,656,343)</u></u>

The accompanying notes are an integral part of this financial statement.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2017

	GENERAL FUND	FOOD SERVICE FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 918,893	\$ 119,468	\$ 4,935	\$ 250,270	\$ 1,293,566
State Sources	6,942,746	9,736	213,539	37,646	7,203,667
Federal Sources	17,748	311,080	-	370,472	699,300
TOTAL REVENUES	7,879,387	440,284	218,474	658,388	9,196,533
EXPENDITURES					
Instructional Program	5,027,508	-	388,254	362,437	5,778,199
Student Supporting Services	219,506	-	-	296,552	516,058
Instructional Staff Supporting Services	243,396	-	-	15,213	258,609
General Admin. Supporting Services	579,309	-	-	17,821	597,130
School Admin. Supporting Services	586,479	-	-	-	586,479
Business Supporting Services	57,723	-	-	-	57,723
Operations and Maint. of Plant Services	561,147	-	98,483	-	659,630
Student Transportation Services	341,134	-	-	-	341,134
Central Supporting Services	208,640	-	-	-	208,640
Food Services	-	416,197	-	-	416,197
TOTAL EXPENDITURES	7,824,842	416,197	486,737	692,023	9,419,799
Excess (Deficiency) of Revenues Over Expenditures	54,545	24,087	(268,263)	(33,635)	(223,266)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	-	50,000	-	45,000	95,000
Transfers to Other Funds	(95,000)	-	-	-	(95,000)
TOTAL OTHER FINANCING SOURCES (USES)	(95,000)	50,000	-	45,000	-
Net Change in Fund Balance	(40,455)	74,087	(268,263)	11,365	(223,266)
FUND BALANCE, Beginning of Year	4,474,973	(72,152)	984,596	195,191	5,582,608
FUND BALANCE, End of Year	\$4,434,518	\$ 1,935	\$ 716,333	\$ 206,556	\$ 5,359,342

The accompanying notes are an integral part of this financial statement.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (223,266)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlay and depreciation in the current period.

Fixed asset additions	\$ 583,595	
Depreciation expense	<u>(424,294)</u>	
		159,301

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

Compensated Absences	(9,722)	
Early Retirement Bonus Payable	<u>189,000</u>	
		179,278

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This items consists of the change in pension expense.

(4,714,528)

Change in net position of governmental activities

\$ (4,599,215)

NORTH CONEJOS SCHOOL DISTRICT RE-1J
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2017

	<u>AGENCY FUND</u>
ASSETS	
Cash in Bank	\$ 31,564
TOTAL ASSETS	<u>\$ 31,564</u>
LIABILITIES	
Held for Scholarships	31,564
TOTAL LIABILITIES	<u>\$ 31,564</u>

The accompanying notes are an integral part of this financial statement.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The District's significant accounting policies are described below.

REPORTING ENTITY

Primary Government

North Conejos School District RE-1J is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the school district. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the North Conejos School District RE-1J has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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 District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Food Service Fund** is used to account for the District's food service program. Revenues are derived from District contributions and student and adult charges. Expenses include the cost of sales and services, and administrative expenses.
- The **Capital Reserve Capital Projects Fund** is used to account for the acquisition of sites, buildings, equipment, and vehicles.

Fiduciary fund financial statements consist of the Agency Fund. The Agency Fund was established to record transactions relating to assets held by the District as an agent for scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2016, has been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as an expenditure.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, vehicles, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	5-20
Buildings	5-75
Equipment	3-20
Vehicles	4-15

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures. The District records long-term debt of governmental funds at the face value.

Voluntary Early Retirement Bonus Plan

All employees shall be eligible to participate upon completion of 20 years of service, the last 10 of which are to be uninterrupted service to the District. Any employee with fewer than 20 years but at least 15 years of uninterrupted service to the District can elect early retirement with a loss of five percent for each year short of the minimum 20 years.

Compensated Absences

Certified staff of the District receive 10 days each contract year for personal leave and classified staff receive eight days. Personal leave may be accumulated without limit. Upon termination of employment for reasons other than retirement, an employee shall be paid for a maximum of 12 days of accrued personal leave not taken based on the current rate of pay for a substitute. In the event of death, such payment shall be made to the employee's estate. An employee who is eligible for retirement in accordance with the Public Employees Retirement Association shall be paid for one-fourth of all accrued personal leave not taken on the rate of pay for a substitute not to exceed payment for more than 30 days of accrued personal leave. A liability is accrued in the government-wide financial statements.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applied to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Certain amounts related to pensions must be deferred.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification 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. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which governing body delegates the authority.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and 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 provided otherwise in its commitment or assignment actions.

Encumbrances

The District records purchase orders in the accounting system. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as assigned fund balance.

Use of Estimates

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

Reclassifications

Certain amounts from FY 2016 have been reclassified to conform to the FY 2017 financial statement presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

North Conejos School District RE-1J follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

Stewardship

Expenditures exceeded budgeted appropriations in the Pupil Activity Fund by \$35,893 during FY 2017. This may be a violation of Colorado Revised State Statutes 22-44-115(1).

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 CASH AND DEPOSITS

A summary of Cash and Deposits for the District are as follows:

Cash in Bank	\$ 5,229,268
Cash on Hand	225
ColoTrust Investments	1,058,256
Less: amounts related to Agency Funds	<u>(31,564)</u>
Total cash and deposits on the Statement of Net Position	<u><u>\$ 6,256,185</u></u>

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$4,282,384 of the District's bank balance of \$5,320,594 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- 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
- Banker's acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Fair Value – Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by the U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com. The total COLOTRUST investment was valued at \$1,058,256 at June 30, 2017 with a credit rating of AAAM by Standard & Poors. This investment is valued using level 2 inputs.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by National Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consisted of the following:

General Fund	\$ 613
Food Service Fund	<u>3,255</u>
	<u><u>\$ 3,868</u></u>

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2017, the District had \$96,178 due from Federal, State, and Local governments, reflected as due from other governments in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2017, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	\$ 98,976
Governmental Designated Purpose Grants Fund	General Fund	12,068
		\$ 111,044

Interfund Transfers

Interfund transfers for the year ended June 30, 2017, were as follows:

Transfer In	Transfer Out	Amount
Food Service Fund	General Fund	\$ 50,000
Pupil Activity Fund	General Fund	45,000
		\$ 95,000

The General Fund transfers were made to subsidize the Food Service Fund and Pupil Activity Fund.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 CAPITAL ASSETS

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

	Balance <u>06/30/2016</u>	Additions	Deletions	Balance <u>06/30/2017</u>
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 348,995	\$ -	\$ -	\$ 348,995
Construction in progress	205,683	388,254	-	593,937
Total capital assets not being depreciated	<u>554,678</u>	<u>388,254</u>	<u>-</u>	<u>942,932</u>
Capital Assets Being Depreciated				
Land Improvements	848,622	-	-	848,622
Buildings	9,716,970	-	-	9,716,970
Equipment	2,055,594	114,510	-	2,170,104
Vehicles	1,387,419	80,831	-	1,468,250
Total Capital Assets Being Depreciated	<u>14,008,605</u>	<u>195,341</u>	<u>-</u>	<u>14,203,946</u>
Less: Accumulated Depreciation For				
Land Improvements	366,022	49,543	-	415,565
Buildings	3,794,136	192,525	-	3,986,661
Equipment	1,157,906	117,276	-	1,275,182
Vehicles	1,109,900	64,950	-	1,174,850
Total Accumulated Depreciation	<u>6,427,964</u>	<u>424,294</u>	<u>-</u>	<u>6,852,258</u>
Net Capital Assets being depreciated	<u>7,580,641</u>	<u>(228,953)</u>	<u>-</u>	<u>7,351,688</u>
Total Capital Assets	<u>\$ 8,135,319</u>	<u>\$ 159,301</u>	<u>\$ -</u>	<u>\$ 8,294,620</u>

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

<i>Governmental Activities</i>	
Instructional Program	\$ 249,289
Student Supporting Services	30,310
General Administration Supporting Services	7,703
Operations and Maintenance of Plant Services	65,526
Student Transportation Services	64,950
Food Services	6,516
Total depreciation expense - governmental activities	<u>\$ 424,294</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$959,333.

NOTE 9 OPERATING LEASES

The District has entered into an operating lease arrangement for several copy machines. This lease is considered for accounting purposes an operating lease. Lease expenses for the year totaled \$32,273.

NOTE 10 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The District adopted a Voluntary Early Retirement of Professional Staff Members program. Administrators, counselors, teachers, and all other personnel that meet the eligibility requirements of the program shall be awarded an early retirement bonus in accordance with the terms and conditions of this policy. This policy is no longer in effect as of June 30, 2017.

Long-term liability balances for the year ended June 30, 2017, were as follows:

	Balance			Balance	Due
	06/30/2016	Additions	Deletions	06/30/2017	Within One Year
<i>Governmental Activities</i>					
Early Retirement Bonus Payable	\$ 189,000	\$ -	\$ (189,000)	\$ -	\$ -
Compensated Absences	87,618	9,722	-	97,340	-
Total Governmental Activities	<u>\$ 276,618</u>	<u>\$ 9,722</u>	<u>\$ (189,000)</u>	<u>\$ 97,340</u>	<u>\$ -</u>

NOTE 11 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.

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

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

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

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

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

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

	For the Year Ended December 31,	
	2017	2016
Employer Contribution Rate	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	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	5.00%	4.50%
	18.63%	18.13%

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 \$901,605, for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$32,692,412 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, District's proportion was 0.11 percent, which was a decrease of 0.004 percent from its proportion measured as of December 31, 2015.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
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For the year ended June 30, 2017 the District recognized pension expense of \$4,714,528. 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	\$ 408,705	\$ 286
Changes of assumptions or other inputs	10,608,006	147,427
Net difference between projected and actual earnings on pension plan investments	1,093,166	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	943,500
Contributions subsequent to the measurement date	460,783	-
Total	<u><u>\$ 12,570,660</u></u>	<u><u>\$ 1,091,213</u></u>

\$460,783 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	4,239,493
2019	4,472,104
2020	2,296,160
2021	10,904
2022	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions 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	7.5 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

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 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	3.50 percent
Salary increases, including wage inflation	3.50 percent – 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 2 years for females) was assumed.

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

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

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

Healthy post-retirement mortality assumptions reflect the RP-2014 White Collar Employee 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.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- 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 change, 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.

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial 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.
- 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.

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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	\$ 41,109,658	\$ 32,692,412	\$ 25,836,871

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

NOTE 12 OTHER POSTEMPLOYMENT 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 \$50,029, \$50,482, and \$51,188, respectively, equal to their required contributions for each year.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 DEFINED CONTRIBUTION PENSION PLAN

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2017 program members contributed \$12,814 for the Voluntary Investment Program.

NOTE 14 JOINT VENTURES

The District participates in the following entity. This joint venture does not meet the criteria for inclusion within the reporting entity because the following entity:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- has governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2017. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB. The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants,

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2017. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 15 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2001 voters approved a ballot measure authorizing the District to collect, retain and expend all revenues including grants and other funds collected during 2000-01 budget year and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 16 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by Colorado School District's Self Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

Level funding Health Plan

Effective July 1, 2014, the District established a self-funded health benefit program for its employees. The benefit program administrator, CIGNA, is responsible for the approval, processing, and payment of claims. The District remits monthly payments to the Administrator for claims, administrative fees, and stop-loss costs. The benefit program reports on a fiscal year ending June 30, 2017. The program is accounted for in the General Fund of the District. The District has purchased stop-loss coverage for amounts in excess of \$40,000 per individual and aggregate coverage subject to a 120% corridor and cumulative attachment limits calculated each month.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
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The costs associated with the health plan are reported as health insurance expenses for the employee paid premiums and a payroll deduction for the employees. The District does not report a liability based on the requirements of Governmental Accounting Standards Board Statement No. 10, as the plan is a level-funding health plan in which monthly payments to the Third Party Administrator are fixed.

NOTE 17 AGENCY FUND BUDGET AND ACTUAL

The District is required by the Colorado School District Budget Law to budget for the District's Agency Fund. In accordance with GAAP, however, there is not a statement of revenues, expenses and changes in net position for agency funds to report the budget information, because agency funds do not recognize revenues, expenses or net position in accordance with GAAP. Therefore, the budget and actual amounts for agency funds received and disbursed for the year ended June 30, 2017, are presented below:

	Budget		Actual	Variance
	Original	Final		
Beginning Balance	\$ -	\$ -	\$ 28,814	\$ 28,814
Agency Fund Receipts	5,000	5,000	7,750	2,750
Agency Fund Disbursements	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,564</u>	<u>\$ 31,564</u>

NOTE 18 COMMITMENTS AND CONTINGENCIES

Litigation

Various claims and lawsuits are pending against the District. After consideration of applicable insurance policy coverage and relative merits of each claims or lawsuit, it is the opinion of District counsel that the ultimate liability resulting from these actions, if any, will not require additional accrued reserves and will not have a material adverse financial effect on the District.

Grants

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension plan contributions and the District's proportionate share of the net pension liability is required to supplement the basic financial statements.

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NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 734,132	\$ 734,132	\$ 918,893	\$ 184,761
State Sources	7,216,104	7,216,104	6,942,746	(273,358)
Federal Sources	-	-	17,748	17,748
TOTAL REVENUES	<u>7,950,236</u>	<u>7,950,236</u>	<u>7,879,387</u>	<u>(70,849)</u>
EXPENDITURES				
Instructional Program	4,993,570	4,993,570	5,027,508	(33,938)
Student Supporting Services	223,742	223,742	219,506	4,236
Instructional Staff Supporting Services	263,435	263,435	243,396	20,039
General Administration Supporting Services	584,510	584,510	579,309	5,201
School Administration Supporting Services	569,658	569,658	586,479	(16,821)
Business Supporting Services	56,250	56,250	57,723	(1,473)
Operations and Maintenance of Plant Services	550,471	550,471	561,147	(10,676)
Student Transportation Services	414,224	414,224	341,134	73,090
Central Supporting Services	199,376	199,376	208,640	(9,264)
TOTAL EXPENDITURES	<u>7,855,236</u>	<u>7,855,236</u>	<u>7,824,842</u>	<u>30,394</u>
Excess (deficiency) of revenues over expenditures	<u>95,000</u>	<u>95,000</u>	<u>54,545</u>	<u>(40,455)</u>
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	(40,455)	(40,455)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>4,474,973</u>	<u>4,474,973</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,434,518</u>	<u>\$ 4,434,518</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 102,000	\$ 102,000	\$ 119,468	17,468
State Sources	11,500	11,500	9,736	(1,764)
Federal Sources	295,000	295,000	311,080	16,080
TOTAL REVENUES	<u>408,500</u>	<u>408,500</u>	<u>440,284</u>	<u>31,784</u>
EXPENDITURES				
Supporting Services				
Food Services				
Salaries	183,920	183,920	153,734	30,186
Fringe Benefits	109,195	109,195	76,453	32,742
Purchased Professional Services	-	-	246	(246)
Other Purchased Services	-	-	45	(45)
Supplies	165,385	165,385	185,719	(20,334)
TOTAL EXPENDITURES	<u>458,500</u>	<u>458,500</u>	<u>416,197</u>	<u>42,303</u>
Excess (deficiency) of revenues over expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>24,087</u>	<u>74,087</u>
OTHER FINANCING SOURCES (USES)				
Transfers to/from Other Funds	50,000	50,000	50,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	74,087	74,087
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>(72,152)</u>	<u>(72,152)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,935</u>	<u>\$ 1,935</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA PENSION PLAN
For the Years Ended June 30,

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1098023733%	0.1139017026%	0.1204665369%
District's proportionate share of the net pension liability (asset)	\$ 32,692,413	\$ 17,420,461	\$ 16,327,262
District's covered payroll	\$ 4,928,124	\$ 4,969,663	\$ 5,046,683
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	663%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	43.1%	59.2%	62.8%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA PENSION PLAN
For the Years Ended June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 901,605	\$ 877,676	\$ 847,190
Contributions in relation to the contractually required contribution	<u>(901,605)</u>	<u>(877,676)</u>	<u>(847,190)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,904,788	\$ 4,949,235	\$ 5,018,478
Contributions as a percentage of covered payroll	18.38%	17.73%	16.88%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

NORTH CONEJOS SCHOOL DISTRICT RE-1J

SUPPLEMENTARY INFORMATION

The combining and individual fund financial schedules represent the second level of financial reporting for the District. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

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**NORTH CONEJOS SCHOOL DISTRICT RE-1J
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Governmental Designated Purpose Grants Fund – Used to account for financial transactions for grants received for designated programs funded by federal, state, or local governments.

Pupil Activity Fund – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

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NORTH CONEJOS SCHOOL DISTRICT RE-1J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2017

	SPECIAL REVENUE FUNDS		
	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	PUPIL ACTIVITY FUND	TOTAL NONMAJOR FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 43,004	\$ 202,493	\$ 245,497
Due From Other Governments	49,043	-	49,043
Due From Other Funds	12,068	-	12,068
TOTAL ASSETS	\$ 104,115	\$ 202,493	\$ 306,608
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued Salaries and Benefits	\$ 47,674	\$ -	\$ 47,674
Unearned Grant Revenue	52,378	-	52,378
TOTAL LIABILITIES	100,052	-	100,052
FUND BALANCE			
Committed			
GDPG	4,063	-	4,063
Pupil Activities	-	202,493	202,493
TOTAL FUND BALANCE	4,063	202,493	206,556
TOTAL LIABILITIES AND FUND BALANCE	\$ 104,115	\$ 202,493	\$ 306,608

NORTH CONEJOS SCHOOL DISTRICT RE-1J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2017

	SPECIAL REVENUE FUNDS		
	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	PUPIL ACTIVITY FUND	TOTAL NONMAJOR FUNDS
REVENUES			
Local Sources	\$ -	\$ 250,270	\$ 250,270
State Sources	37,646	-	37,646
Federal Sources	370,472	-	370,472
TOTAL REVENUES	408,118	250,270	658,388
EXPENDITURES			
Instructional Program	362,437	-	362,437
Student Supporting Services	10,659	285,893	296,552
Instructional Staff Supporting Services	15,213	-	15,213
General Administration Supporting Services	17,821	-	17,821
TOTAL EXPENDITURES	406,130	285,893	692,023
Excess (deficiency) of revenues over expenditures	1,988	(35,623)	(33,635)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	45,000	45,000
TOTAL OTHER FINANCING SOURCES (USES)	-	45,000	45,000
Net Change in Fund Balance	1,988	9,377	11,365
Fund Balance, Beginning of Year	2,075	193,116	195,191
Fund Balance, End of year	\$ 4,063	\$ 202,493	\$ 206,556

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
State Sources	\$ 68,824	\$ 68,824	\$ 37,646	\$ (31,178)
Federal Sources	404,179	404,179	370,472	(33,707)
TOTAL REVENUES	<u>473,003</u>	<u>473,003</u>	<u>408,118</u>	<u>(64,885)</u>
EXPENDITURES				
Instructional Program	382,449	382,449	362,437	20,012
Student Supporting Services	41,168	41,168	10,659	30,509
Instructional Staff Supporting Services	26,250	26,250	15,213	11,037
General Administration Supporting Services	23,136	23,136	17,821	5,315
TOTAL EXPENDITURES	<u>473,003</u>	<u>473,003</u>	<u>406,130</u>	<u>66,873</u>
Net Change in Fund Balance	-	-	1,988	1,988
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>2,075</u>	<u>2,075</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,063</u>	<u>\$ 4,063</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources				
Class and Club Activities	\$ 205,000	\$ 205,000	\$ 250,270	\$ 45,270
TOTAL REVENUES	<u>205,000</u>	<u>205,000</u>	<u>250,270</u>	<u>45,270</u>
EXPENDITURES				
Student Support Services	250,000	250,000	285,893	(35,893)
TOTAL EXPENDITURES	<u>250,000</u>	<u>250,000</u>	<u>285,893</u>	<u>(35,893)</u>
Excess (deficiency) of revenues over expenditures	<u>(45,000)</u>	<u>(45,000)</u>	<u>(35,623)</u>	<u>9,377</u>
OTHER FINANCING SOURCES (USES)				
Transfers to/from Other Funds	45,000	45,000	45,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	9,377	9,377
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>193,116</u>	<u>193,116</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,493</u>	<u>\$ 202,493</u>

NORTH CONEJOS SCHOOL DISTRICT RE-1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 3,960	\$ 3,960	\$ 4,935	\$ 975
State Sources	338,787	338,787	213,539	(125,248)
TOTAL REVENUES	<u>342,747</u>	<u>342,747</u>	<u>218,474</u>	<u>(124,273)</u>
EXPENDITURES				
Current Expenditures				
Instructional Program	557,625	557,625	388,254	169,371
Operation and Maintenance of Plant and Equipment	97,011	97,011	98,483	(1,472)
TOTAL EXPENDITURES	<u>654,636</u>	<u>654,636</u>	<u>486,737</u>	<u>167,899</u>
Net Change in Fund Balance	(311,889)	(311,889)	(268,263)	43,626
Fund Balance, Beginning of Year	<u>984,596</u>	<u>984,596</u>	<u>984,596</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 672,707</u>	<u>\$ 672,707</u>	<u>\$ 716,333</u>	<u>\$ 43,626</u>

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NORTH CONEJOS SCHOOL DISTRICT RE-1J

CDE COMPLIANCE SECTION

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Wall,
Smith,
Bateman Inc.

REPORT ON COMPLIANCE WITH CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL

To the Board of Education
North Conejos School District RE-1J
La Jara, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Conejos School District RE-1J (the District), as of and for the year ended June 30, 2017 which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated December 12, 2017.

In connection with our audit, the following items came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to financial transparency and accounting matters. The District did not post all required financial information on their website, in a downloadable format, for free public access in accordance with the "Public School Finance Transparency Act". In addition, the District's expenditures in the Pupil Activity Fund exceeded budgeted appropriations by \$35,893. This may be a violation of Colorado Revised Statutes 22-44-115(1). However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 12, 2017

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

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Colorado Department of Education
Auditors Integrity Report
 District 0550 - NORTH CONEJOS RE-1J
 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	=	5700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	4,474,972		7,784,388		7,824,843		4,434,518
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	4,474,972		7,784,388		7,824,843		4,434,518
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	-72,152		490,283		416,196		1,935
22 Govt Designated-Purpose Grants Fund	2,076		408,119		406,132		4,063
23 Pupil Activity Special Revenue Fund	193,116		255,270		285,892		202,493
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	984,597		218,474		486,738		716,333
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Total	5,562,608		9,196,534		9,419,800		5,359,343
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	28,814		7,750		5,000		31,564
73 Agency Funds	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Total	28,814		7,750		5,000		31,564

FINAL