

**OURAY COUNTY SCHOOL DISTRICT R-1
OURAY, COLORADO**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
June 30, 2017**



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**Hays
Maggard
& Hood, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

Board of Education
Ouray County School District R-1
Ouray, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and each fiduciary fund type, of the Ouray County School District R-1 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and each fiduciary fund type of the Ouray County School District R-1 as of June 30, 2017 and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension disclosure information, listed as "required supplementary information" in the table of contents, 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ouray County School District R-1's basic financial statements. The combining and individual fund financial statements and additional schedules listed as "other supplemental information" in the table of contents are for purposes of additional analysis and are not a required part of the basic financial statements. The electronic financial data integrity check figures and reconciliation are presented for purposes of additional analysis as required by the Colorado Department of Education, and are also not required parts of the basic financial statements. The information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



HAYS, MAGGARD & HOOD, P.C.

Glenwood Springs, Colorado

November 3, 2017

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The mission of the Ouray County School District R-1, an educational community built on high expectations, is for all students to contribute responsibly in a global society by ensuring them an exceptional education in a safe and supportive environment. The Ouray School was originally built in 1883, although the history of education in Ouray began in the summer of 1876 with Elizabeth King as the first teacher in Ouray. Today the Ouray County School District R-1 provides K-12 education which strives to maintain an overall goal of, while educating the complete child, to remain a top 10% District as categorized by the Colorado Department of Education and be a recognized center of excellence for innovative education.

The discussion and analysis of the Ouray County School District R-1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

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

- After recognition of the District's share of PERA under Governmental Accounting Standards No. 68 (see Note 1 & 7), which takes into account the District's proportional share of the State PERA net pension liability, there was an overall decrease in net position of \$22,091 from the previous fiscal year.
- General Revenues accounted for \$2,874,973 or 60%, of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, and general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for \$1,873,266 or 40%, of the District's total revenues of \$4,748,239.
- The District had \$4,770,330 in expenses and capitalized \$2,688,812 in Capital Assets.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Ouray County School District R-1 as a financial whole, or as an entire operating activity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For the Ouray County School District R-1, the General Fund is the most significant fund. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the reporting entity. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of the government-wide financial statements is on the overall financial position of the District. These statements are constructed around the concept of a primary government, the District. As described below, the financial statements of fiduciary funds are not included in the government-wide financial statements, because resources of these funds cannot be used to finance the District's activities. However, the financial statements of fiduciary funds are included in the fund financial statements because the District is financially accountable for those resources, even though they belong to other parties.

The two statements report the District's net position and changes therein. This change is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws, enrollment levels, statutorily required reserves, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District consists of the following activities:

Governmental Activities – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance, pupil transportation, and extracurricular activities.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

FUND FINANCIAL STATEMENTS

Fund financial reports provide detailed information about the District's major funds. The District considers all funds as significant, or major, funds. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The District's funds financial statements are divided into two broad categories; namely (1) governmental funds; and (2) fiduciary funds. (The District currently has no proprietary funds.)

Governmental Funds – The District's activities in governmental funds focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between government-wide activities and the governmental funds is reconciled in the financial statements. The District's major governmental funds are:

General Fund – The General Fund is the District's primary operating fund and accounts for the majority of the District's instruction and support operations.

Food Service Fund – The Food Service Fund is a special revenue fund which accounts for the District's general food service activities with revenue sources specifically designated for such activities.

Student Activities Fund – The Student Activities Fund is a special revenue fund which accounts for student athletic/nonathletic activities with revenue sources raised specifically from such activities.

Capital Reserve Fund – The Capital Reserve Fund is a special revenue fund which accounts for the acquisition and maintenance of capital items such as facilities, vehicles, and equipment.

Bond Redemption Fund – The Bond Redemption Fund accounts for transactions related to debt service of the District's general obligation bonds and interest.

Building Fund – The Building Fund accounts for facilities acquisition and construction from restricted Bond issue (and future BEST grant) monies.

Fiduciary Fund – The District's fiduciary (or *Agency*) fund is reported in the Statements of Fiduciary Net Position. The activities are excluded from the District's governmental funds because the District cannot use these assets to finance its operations. The fiduciary is responsible for ensuring that these assets are used for their intended purposes. The fiduciary fund is the:

Student Activities Agency Fund – The Student Activities Agency Fund accounts for resources available for future distribution for student activities and groups.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS

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

SUPPLEMENTARY & SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information required by U.S. generally accepted accounting principles, as well as other supplemental information to assist the reader in a full understanding of the financial statements and additional schedules required by the Colorado Department of Education.

THE DISTRICT AS A WHOLE

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the fiscal years ending June 30, 2017 compared to 2016.

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>ASSETS:</u>						
Current and Other Assets	\$ 1,538	\$ 3,832	\$ -	\$ -	\$ 1,538	\$ 3,832
Capital Assets, Net	11,133	8,574	-	-	11,133	8,574
	12,671	12,406	-	-	12,671	12,406
<u>DEFERRED OUTFLOWS:</u>						
Pensions, Net of Accum Amtz	4,138	1,198	-	-	4,138	1,198
	4,138	1,198	-	-	4,138	1,198
<u>LIABILITIES:</u>						
Current & Other Liabilities	389	1,590	-	-	389	1,590
Long-term Liabilities	2,672	2,784	-	-	2,672	2,784
Net Pension Liability	10,670	6,549	-	-	10,670	6,549
	13,731	10,923	-	-	13,731	10,923
<u>DEFERRED INFLOWS:</u>						
Pensions, Net of Accum Amtz	512	-	-	-	512	93
	512	93	-	-	512	93
<u>NET POSITION:</u>						
Invested in Capital Assets, Net of Related Debt	8,205	6,652	-	-	8,205	6,652
Restricted	366	1,349	-	-	366	1,349
Unrestricted	(6,005)	(5,413)	-	-	(6,005)	(5,413)
	\$ 2,566	\$ 2,588	\$ -	\$ -	\$ 2,566	\$ 2,588

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources to repay debt on these assets must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The District's Statement of Net Position also includes the District's proportionate share of the unfunded liability in the Public Employees Retirement Association (PERA) future retiree pension which, inclusive of pension related deferred outflows and deferred inflows, increased 40% over the prior year based on revised actuarial projections (see page 11 for further discussion). The related negative unrestricted assets balance merely represents that there are *long-term* obligations, including pensions, in excess of *currently* available resources.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

THE DISTRICT AS A WHOLE -- CONTINUED

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current fiscal year:

<i>(In Thousands)</i>	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
REVENUES:						
Program Revenues:						
Charges for Services & Sales	\$ 63	\$ 57	\$ -	\$ -	\$ 63	\$ 57
Operating Grants & Contributions	127	125	-	-	127	125
Capital Grants and Contributions	1,683	3,152	-	-	1,683	3,152
Total Program Revenues	<u>1,873</u>	<u>3,334</u>	<u>-</u>	<u>-</u>	<u>1,873</u>	<u>3,334</u>
General Revenues:						
Property and Ownership Taxes	1,529	1,472	-	-	1,529	1,472
State Equalization, Net	1,315	1,332	-	-	1,315	1,332
Other General Revenues	31	58	-	-	31	58
Total General Revenues	<u>2,875</u>	<u>2,862</u>	<u>-</u>	<u>-</u>	<u>2,875</u>	<u>2,862</u>
Total Revenues	<u>4,748</u>	<u>6,196</u>	<u>-</u>	<u>-</u>	<u>4,748</u>	<u>6,196</u>
PROGRAM EXPENSES:						
Instruction	1,878	1,869	-	-	1,878	1,869
Support Services:						
Student Support	22	26	-	-	22	26
Instructional Staff	208	178	-	-	208	178
General Administration	137	140	-	-	137	140
School Administration	295	299	-	-	295	299
Business Support Services:						
Operations and Maintenance	213	259	-	-	213	259
Transportation	62	80	-	-	62	80
Insurance	63	59	-	-	63	59
Food Services	101	88	-	-	101	88
Facilities	110	64	-	-	110	64
Unallocated PERA Actuarial Adj.	1,600	482	-	-	1,600	482
Interest and Fiscal Charges	81	83	-	-	81	83
Total (Expenses)	<u>4,770</u>	<u>3,627</u>	<u>-</u>	<u>-</u>	<u>4,770</u>	<u>3,627</u>
Net Before Special Items and Transfers	(22)	2,569	-	(16)	(22)	2,569
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>\$ (22)</u>	<u>\$ 2,569</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ (22)</u>	<u>\$ 2,569</u>

The most significant decrease in revenues from the prior year is capital grants related to the Best Grant renovations project which was completed in the current year. Expenses include the District's proportionate share of the State PERA actuarial adjustment (see page 11 for further discussion).

Most of the District's revenues come from the Public School Finance Act of 1994 (SFA), which is comprised of general property taxes, specific ownership taxes and state equalization based on the statewide formula for pupil funding. In fiscal year 2017, approximately 46% of SFA funding came from state equalization and 54% from taxes.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

THE DISTRICT AS A WHOLE -- CONTINUED

THE DISTRICT AS A WHOLE -- NET COST OF SERVICES

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

<i>(In Thousands)</i>	Fiscal Year 2017		Fiscal Year 2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,878	\$ 1,753	\$ 1,869	\$ 1,694
Support Services:				
Student Support	22	22	26	26
Instructional Staff	208	205	178	175
General Administration	137	137	140	140
School Administration	295	295	299	299
Business Support Services:				
Operations and Maintenance	213	213	259	259
Transportation	62	55	80	73
Insurance	63	63	59	59
Food Services	101	46	88	45
Facilities	110	(1,573)	64	(3,042)
Unallocated PERA Actuarial Adj.	1,600	1,600	482	482
Interest and Fiscal Charges	81	81	83	83
NET COST OF SERVICES	\$ 4,770	\$ 2,897	\$ 3,627	\$ 293

The dependence on general revenues for governmental activities is apparent with approximately 93% and 90% of instruction activities supported in 2017 and 2016, respectively, through taxes and other general revenues. The community as a whole is the primary support for the District's students.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds are accounted for using the modified accrual basis of accounting.

Governmental Funds –

General Fund

The General Fund had an overall decrease in fund balance of \$106,561. After current year required restrictions of fund balance, the remaining unassigned fund balance of \$875,813 is the amount available for future spending.

Food Service Fund

The Food Service Fund had an overall decrease in fund balance of \$14,047. The ending deficit fund balance of \$11,843 will be addressed in fiscal year 2018 budgeting.

Student Activities Fund

The Student Activities Fund had an overall increase in fund balance of \$5,399. The ending fund balance of \$16,357 is the amount available for future spending.

Capital Reserve Fund

The Capital Reserve Fund had an overall increase in fund balance of \$12,220. The ending fund balance of \$89,381 is the amount available for future spending.

Bond Redemption Fund

The Bond Redemption Fund had an overall increase in fund balance of \$12,097. The ending fund balance of \$182,444 is the amount available for future debt service.

Building Fund

The Building Fund had an overall decrease in fund balance of \$1,005,667. The ending fund balance of \$10,875 is the amount available for future capital outlay.

Fiduciary (Agency) Fund –

The *Student Activities Agency Fund* ended the year with \$125,993 available for future spending.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

GENERAL FUND BUDGETING HIGHLIGHTS

The District's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(E)* of the financial statements. The District uses a line-item based budget which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. During the course of the current fiscal year the District amended its General Fund budget as needed.

For the General Fund, actual revenues and other financing sources of \$2,792,952 were above final budgetary expectations of \$2,767,936 by \$25,016.

The District's General fund actual expenditures and other financing uses of \$2,899,513 were less than the final appropriated balance of \$3,698,807 by \$799,294.

The Board of Directors and District management continue to strive to budget appropriate amounts for each individual line item and to provide services in the most economical manner. It is not anticipated that this year's budgetary variances will have a significant impact on future services or liquidity.

CAPITAL ASSETS

At the end of fiscal year 2017, the District had a total of \$11,132,610 invested in capital assets, net of accumulated depreciation. The following reflects the balances of the current and prior fiscal year:

<i>(In Thousands)</i>	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
<i>Net of Depreciation:</i>						
Land and Improvements	\$ 234	\$ 234	\$ -	\$ -	\$ 234	\$ 234
Work-in-progress	-	4,991	-	-	-	4,991
Buildings & Improvements	10,805	3,236	-	-	10,805	3,236
Equipment & Vehicles	94	114	-	-	94	114
	<u>\$ 11,133</u>	<u>\$ 8,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,133</u>	<u>\$ 8,575</u>

DEBT ADMINISTRATION

At June 30, 2017 the District had \$2,784,447 in outstanding bonds, net of premium, of which the current principal portion to be paid in the next fiscal year is \$112,403. The bonds are being paid from a mill levy in the Bond Redemption fund over a 20 year period with the last payment due in fiscal year 2035.

Other long-term obligations consist of the District's proportionate share of the State PERA Net Pension Liability (see Note 1 & 7) in the amount of \$10,670,384.

OURAY COUNTY SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

The Public School Finance Act of 1994 (SFA) is the largest source of revenue for the District's operating funds. The SFA calculates per-pupil funding by school district based upon a formula using a number of factors including cost of living, number of students, district size, personnel vs. non-personnel costs, and number of at-risk students. The purpose of the SFA was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the SFA are derived by the following formula:

Total Program Funding - local property taxes + general specific ownership taxes + state equalization

The United States and the State of Colorado have experienced unprecedented economic decline. One impact of this budget crisis is the reduction in the State of Colorado's general fund revenues. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District anticipates its future revenues may be impacted; if District revenues are reduced, the District will be required to reduce its future program expenditures. The Board and Administration will continue to carefully review spending to maintain a careful balance between education and fiscal responsibility.

According to Colorado PERA, the overall statewide collective net pension liability for the PERA School Division Trust Fund is \$29.8 billion, an increase of approximately \$14.5 billion from the prior year. Changes in two actuarial assumptions primarily contributed to the increase in the collective net pension liability. In November 2016, the PERA Board decided to take a more conservative approach to the future of the market and lowered the long-term return expectation from 7.5 percent to 7.25 percent. Additionally, the Board conducted an experience study which showed that its members are now living longer – meaning PERA is paying benefits for a longer period of time. Additionally, other changes in actuarial assumptions adopted by the PERA Board resulted in an increase to the collective net pension liability for the School Division Trust Fund of approximately \$2.3 billion, while required application of the use of a blended discount rate of 5.26 percent resulted in an additional increase to the collective net pension liability of approximately \$11.3 billion. As a result, the District's proportionate share of the collective net pension liability increased approximately 40% in the current fiscal year. It is important to note that this reporting requirement does not necessarily reflect the financial condition of a governmental entity because a pension liability cannot be made immediately due and payable. Additionally, this has no impact on the District's fund level financial statements which are used for internal and budgetary use; rather, the change only effects the District's government-wide financial statement reporting in the year-end audited financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Ouray County School District R-1
Attn: Business Office
400 7th Avenue; P.O. Box N
Ouray, CO 81427
Tel: (970) 325-4505
Fax: (970) 325-7343

GOVERNMENT-WIDE FINANCIAL STATEMENTS

OURAY COUNTY SCHOOL DISTRICT R-1

STATEMENT OF NET POSITION

June 30, 2017

	<u>Total Governmental Activities</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 1,277,026
Receivables:	
Taxes	168,041
Intergovernmental	92,139
Inventories	<u>1,301</u>
Total Current Assets	<u>1,538,507</u>
Capital Assets:	
Land and Improvements	233,514
Buildings and Improvements	12,305,006
Equipment and Vehicles	537,485
Less Accumulated Depreciation	<u>(1,943,395)</u>
Total Capital Assets, Net of Depreciation	<u>11,132,610</u>
 TOTAL ASSETS	 <u>12,671,117</u>
 DEFERRED OUTFLOWS:	
Pensions, Net of Accumulated Amortization	<u>4,138,310</u>
TOTAL DEFERRED OUTFLOWS	<u>4,138,310</u>
 LIABILITIES:	
Accounts Payable	10,795
Accrued Salaries and Benefits	257,463
Accrued Interest Payable	7,719
Unearned Grant Revenues	525
Long-term Debt:	
Portion Due or Payable within One Year:	
General Obligations Bonds Series 2014B, Net	112,403
Portion Due or Payable After One Year:	
General Obligations Bonds Series 2014B, Net	2,672,044
Net Pension Liability	<u>10,670,384</u>
TOTAL LIABILITIES	<u>13,731,333</u>
 DEFERRED INFLOWS:	
Pensions, Net of Accumulated Amortization	<u>512,433</u>
TOTAL DEFERRED INFLOWS	<u>512,433</u>
 NET POSITION	
Invested in Capital Assets, Net of Related Debt	8,204,713
Restricted for:	
Debt Service	182,444
Capital Projects	100,256
Emergencies	83,000
Unrestricted	<u>(6,004,752)</u>
 TOTAL NET POSITION	 <u>\$ 2,565,661</u>

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

OURAY COUNTY SCHOOL DISTRICT R-1

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2017

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 1,877,940	\$ 32,291	\$ 92,686	\$ -
General Support Services:				
- Student Based	22,042	-	-	-
- Instructional Staff	208,541	-	3,500	-
- General Administration	136,634	-	-	-
- School Administration	294,774	-	-	-
Business Support Services:				
- Operations and Maintenance	213,023	-	-	-
- Transportation	61,816	-	6,101	-
Insurance	63,119	-	-	-
Food Services	101,404	30,413	25,323	-
Facilities Noncapitalized Expenses	109,983	-	-	1,682,952
Unallocated PERA Actuarial Adjustment	1,599,998	-	-	-
Interest and Other Fiscal Charges	81,056	-	-	-
Total Governmental Activities	<u>4,770,330</u>	<u>62,704</u>	<u>127,610</u>	<u>1,682,952</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,770,330</u>	<u>\$ 62,704</u>	<u>\$ 127,610</u>	<u>\$ 1,682,952</u>

GENERAL REVENUES:

- Taxes:
 - Property Taxes, Levied For General Purposes
 - Property Taxes, Levied For Debt Service
 - Specific Ownership Taxes
- State Equalization
- Unrestricted Interest and Investment Earnings
- Miscellaneous
- Total General Revenues

Change in Net Position

NET POSITION – BEGINNING OF YEAR

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

Governmental Activities	Business-Type Activities	Total
\$ (1,752,963)	<i>(no business activities)</i>	\$ (1,752,963)
(22,042)		(22,042)
(205,041)		(205,041)
(136,634)		(136,634)
(294,774)		(294,774)
(213,023)		(213,023)
(55,715)		(55,715)
(63,119)		(63,119)
(45,668)		(45,668)
1,572,969		1,572,969
(1,599,998)		(1,599,998)
(81,056)		(81,056)
<u>(2,897,064)</u>		<u>(2,897,064)</u>
<u>(2,897,064)</u>		<u>(2,897,064)</u>
1,198,141		1,198,141
206,044		206,044
124,988		124,988
1,314,625		1,314,625
6,958		6,958
24,217		24,217
<u>2,874,973</u>		<u>2,874,973</u>
(22,091)		(22,091)
<u>2,587,752</u>		<u>2,587,752</u>
<u>\$ 2,565,661</u>		<u>\$ 2,565,661</u>

FUND FINANCIAL STATEMENTS

OURAY COUNTY SCHOOL DISTRICT R-1

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2017

	<u>General Fund</u>	<u>Food Service (Special Revenue) Fund</u>	<u>Student Activities Fund</u>	<u>Capital Reserve Fund</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,045,478	\$ -	\$ 16,357	\$ 89,381
Receivables:				
Taxes	53,787	-	-	-
County Treasurer	6,206	-	-	-
Grants Receivable	36,179	-	-	-
Inventories	<u>-</u>	<u>1,301</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 1,141,650</u>	 <u>\$ 1,301</u>	 <u>\$ 16,357</u>	 <u>\$ 89,381</u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 7,849	\$ 76	\$ -	\$ -
Deficit Combined Cash	-	13,068	-	-
Accrued Salaries and Benefits	257,463	-	-	-
Unearned Grant Revenue	<u>525</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>265,837</u>	 <u>13,144</u>	 <u>-</u>	 <u>-</u>
Fund Balances:				
Non-spendable	-	1,301	-	-
Restricted for Debt Service	-	-	-	-
Restricted for Tabor Emergencies	83,000	-	-	-
Restricted for Capital Outlay	-	-	-	89,381
Assigned	-	-	16,357	-
Unassigned	<u>792,813</u>	<u>(13,144)</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>875,813</u>	 <u>(11,843)</u>	 <u>16,357</u>	 <u>89,381</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,141,650</u>	 <u>\$ 1,301</u>	 <u>\$ 16,357</u>	 <u>\$ 89,381</u>

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

Bond Redemption Fund	Building Fund	TOTAL
\$ 173,853	\$ -	\$ 1,325,069
7,557	-	61,344
1,034	-	7,240
-	48,720	84,899
-	-	1,301
\$ 182,444	\$ 48,720	\$ 1,479,853

\$ -	\$ 2,870	\$ 10,795
-	34,975	48,043
-	-	257,463
-	-	525
-	37,845	316,826

-	-	1,301
182,444	-	182,444
-	-	83,000
-	10,875	100,256
-	-	16,357
-	-	779,669
182,444	10,875	1,163,027
\$ 182,444	\$ 48,720	\$ 1,479,853

OURAY COUNTY SCHOOL DISTRICT R-1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2017

TOTAL GOVERNMENTAL FUND BALANCES \$ 1,163,027

Amounts reported for governmental activities on the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	\$ 13,076,005	
Less Accumulated Depreciation	<u>(1,943,395)</u>	11,132,610

Property taxes receivable that are due later than 60 days after year end are not available soon enough to pay for the current period's expenditures, and therefore not reported in the governmental funds.

106,697

Some liabilities are not due and payable in the current year and therefore, are not reported in the governmental funds.

Accrued Interest Payable	\$ (7,719)	
Current Portion of Bond Premium	(12,403)	
Current Portion of Long-Term Debt	<u>(100,000)</u>	(120,122)

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:

Bond Premium-Noncurrent Portion	\$ (217,044)	
Bonds Payable-Noncurrent Portion	(2,455,000)	
Net Pension Liability	(10,670,384)	
Deferred Outflows of Resources	4,138,310	
Deferred Inflows of Resources	<u>(512,433)</u>	<u>(9,716,551)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,565,661

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

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General Fund	Food Service (Special Revenue) Fund	Student Activities Fund	Capital Reserve Fund
REVENUES:				
Local Sources	\$ 1,367,834	\$ 30,413	\$ 6,816	\$ -
Intermediate Sources	9,480	-	-	-
State Sources	1,353,503	799	-	-
Federal Sources	62,135	24,524	-	-
Total Revenues	2,792,952	55,736	6,816	-
 EXPENDITURES:				
Instructional	1,787,392	-	71,417	-
Supporting Services:				
Student Based	22,042	-	-	-
Instructional Staff	208,541	-	-	-
General Administration	136,634	-	-	-
School Administration	294,774	-	-	9,780
Business Support Services:				
Operations and Maintenance	213,023	-	-	-
Transportation	51,988	-	-	-
Insurance	63,119	-	-	-
Food Services	-	99,783	-	-
Capital Outlay/Facilities	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	2,777,513	99,783	71,417	9,780
Excess of Revenues Over (Under) Expenditures	15,439	(44,047)	(64,601)	(9,780)
 OTHER FINANCING SOURCES (USES):				
Transfers In	-	30,000	70,000	22,000
Transfers (Out)	(122,000)	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(106,561)	(14,047)	5,399	12,220
FUND BALANCES – Beginning	982,374	2,204	10,958	77,161
FUND BALANCES – Ending	\$ 875,813	\$ (11,843)	\$ 16,357	\$ 89,381

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

<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>TOTAL</u>
\$ 205,722	\$ 193	\$ 1,610,978
-	-	9,480
-	1,682,952	3,037,254
-	-	86,659
<u>205,722</u>	<u>1,683,145</u>	<u>4,744,371</u>
-	-	1,858,809
-	-	22,042
-	-	208,541
-	-	136,634
-	-	304,554
-	-	213,023
-	-	51,988
-	-	63,119
-	-	99,783
-	2,688,812	2,688,812
100,000	-	100,000
<u>93,625</u>	<u>-</u>	<u>93,625</u>
<u>193,625</u>	<u>2,688,812</u>	<u>5,840,930</u>
12,097	(1,005,667)	(1,096,559)
-	-	122,000
<u>-</u>	<u>-</u>	<u>(122,000)</u>
12,097	(1,005,667)	(1,096,559)
<u>170,347</u>	<u>1,016,542</u>	<u>2,259,586</u>
<u>\$ 182,444</u>	<u>\$ 10,875</u>	<u>\$ 1,163,027</u>

OURAY COUNTY SCHOOL DISTRICT R-1
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (1,096,559)

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures, however, on the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The net book value of asset dispositions is an adjustment to gain (loss) on the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense and loss on asset dispositions in the current period:

Capital Outlay	\$ 2,698,592	
Depreciation Expense	<u>(140,563)</u>	2,558,029

In Governmental Funds, revenues for property taxes are measured by the amount of current financial resources provided, including amounts due within 60 days after the end of the year; whereas, in the Statement of Activities, property taxes are measured as the revenue is earned. This is the amount by which current property taxes to be received after 60 days from the end of the year increased from the previous fiscal year: 3,868

Interest expense is recognized as an expenditure in the governmental funds when it is due as it requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the amount by which accrued interest decreased from the previous fiscal year: 166

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Current Period Debt Proceeds, Net	\$ -	
Current Period Debt Repayment	<u>100,000</u>	100,000

Bond premium is recognized in governmental funds at issuance as a current resource, but is allocated over the term of the issue as bond premium accretion on the Statement of Activities. This is the amount of current year bond premium accretion. 12,403

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

Change in Net Pension Liability	\$ (4,121,129)	
Change in Deferred Outflows	2,940,739	
Change in Deferred Inflows	<u>(419,608)</u>	<u>(1,599,998)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (22,091)

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

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF FIDUCIARY NET POSITION
STUDENT ACTIVITIES AGENCY FUND
For the Fiscal Year Ended June 30, 2017

	<u>STUDENT ACTIVITIES</u> <u>AGENCY FUND</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ <u>126,143</u>
Total Assets	\$ <u><u>126,143</u></u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 150
Funds Held on Behalf of Student Activities	<u>125,993</u>
Total Liabilities	\$ <u><u>126,143</u></u>

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

OURAY COUNTY SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ouray County School District R-1 are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District is discussed below.

A. Financial Reporting Entity

The Ouray County School District R-1 is organized under the laws of the State of Colorado and is governed by an elected five member Board of Education. Board of Education members are elected by the citizens of Ouray County, not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District meets the criteria of a primary government; its Board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent with the authority to: a) determine its budget without another government's authority to approve or modify; b) levy taxes or charges without another government's approval; and, c) issue bonded debt without approval by another government.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on these criteria, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity. The District is not a component unit of any other governmental reporting entity. The District's financial statements include the accounts of all District operations.

The District is a member of the Uncompahgre Board of Cooperative Educational Services (UnBOCES). The UnBOCES is a regional education service unit created under the "Board of Cooperative Services Act of 1965" and is governed by a board consisting of representatives from each participating district. The UnBOCES does not meet the criteria for inclusion within the reporting entity of the District due to the lack of an ongoing financial interest. Additional information regarding the District's participation is provided in *Note 13*.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the District.

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

C. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting - continued

The various funds are grouped, in the financial statements, as follows:

GOVERNMENTAL FUNDS – those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund assets and liabilities is reported on the balance sheet as fund balance.

General Fund – used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to general statutory laws.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments and expendable trusts that are legally restricted to expend funds for specified purposes. The special revenue fund revenues/resources for the Food Service Fund account for grants and other revenues raised from general food services. The special revenue fund revenues/resources for the Student Activities Fund are amounts from revenues raised from various student activities. The special revenue fund resources for the Capital Reserve Fund are available balances restricted for capital outlay activities.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term bond obligation principal, interest and related costs. The Bond Redemption Fund is a Debt Service Fund.

Building Fund – The Building Fund is used to account for monies for major capital facilities and equipment additions.

FIDUCIARY FUNDS – those through which the District's Fiduciary (*or Agency*) activities are reported. These activities are excluded from the District's governmental funds because the District cannot use these assets to finance its operations. The Fiduciary is responsible for ensuring these assets are used for their intended purpose. The Student Activities Agency Fund is a fiduciary fund.

D. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting - continued

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a flow of current expendable financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide and governmental fund statements.

BASIS OF ACCOUNTING

While the measurement focus identifies *which* transactions and events should be recorded on the financial statements, the basis of accounting determines *when* transactions and economic events are reflected in financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The District considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. Grants, entitlements, and interest are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Property tax revenues are recognized when they are levied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

Government-wide financial statements are prepared using the accrual basis of accounting.

Governmental funds and agency funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus).

OURAY COUNTY SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by Colorado School District Budget Law for all funds of the District. The District legally adopted annual budgets for all of the District's funds.
- Prior to June 30, the budgets are adopted and appropriations made by formal resolution for the ensuing fiscal year commencing July 1. A public hearing on the proposed budget is held by the Board prior to adoption of the budget.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds.
- Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
- Appropriations lapse at the end of each year, and the District's Board may adopt supplemental appropriations during the year. The Board legally amended the budget and adopted a supplemental appropriation of the budgeted ending fund balance during the year as reflected in the budgetary comparison schedules which are included as required and other supplemental information.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation is utilized by the District for management purposes and internal budgetary control during the year, but is not used for financial reporting purposes. Encumbrances outstanding at year end are closed out and the fund balance is not reserved for any encumbrances outstanding. All appropriations lapse at year-end whether or not encumbered.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Fund Equity/Net Position

- 1) Cash and Investments – The District’s policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

- 2) Interfund Assets/Liabilities – Internal balances arise from outstanding amounts due to/from the District’s various funds. Interfund balances within governmental activities are eliminated on the government-wide Statement of Net Position.

- 3) Property Taxes and Property Tax Revenue – Property taxes are assessed on a calendar year basis. Property taxes attach as an enforceable lien on property as of January 1. They may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. Property taxes are levied and collected on behalf of the District by Ouray County and are reported as revenue when received by the county treasurer.

Taxes receivable represent the 2016 assessed taxes yet to be collected in 2017. Amounts collectible subsequent to August 2017 have been accrued on the government-wide Statement of Net Position.

<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>			<u>Percent Collected</u>	
		<u>Levied</u>	<u>Budgeted</u>	<u>Received</u>	<u>Levied</u>	<u>Budgeted</u>
\$55,511,580	25.478	\$1,414,325	\$1,382,834	\$1,307,627	93%	95%

The District considers all amounts to be materially collectible; therefore, an allowance for estimated uncollectible taxes is not considered necessary.

- 4) Inventory – Inventory of the District’s Food Service Fund is valued as follows: Purchased food and non-food items are valued at cost, and U.S.D.A. donated commodity items are valued at U.S.D.A. unit pricing, substantially on a first-in-first out basis. Inventory items are charged to expenditures as consumed.

- 5) Capital Assets – Capital assets purchased or acquired with an original cost in excess of the capitalization threshold of \$3,000 set by the School District are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

OURAY COUNTY SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Fund Equity (continued)

- 5) Capital Assets (continued) - Depreciation on capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings & Improvements	20-75 years
Equipment	4-25 years
Vehicles	10 years

- 6) Compensated Absences – Vacation and personal leave do not vest or accumulate. All employees of the district work on a contract basis that provides for an agreed number of working days per year, so there is no paid vacation. District policy provides for 8 days sick leave and 4 days discretionary leave annually for all personnel. Unused leave can accumulate to a maximum of 30 days at which time the excess over 30 days is paid to employees at an established rate of 75% of the daily substitute teacher’s salary. All leave over 30 days is paid before year-end; therefore, there is no accrued liability because no unpaid leave has been vested.

- 7) Accrued Liabilities and Long-term Obligations – All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

Accrued Salaries and Benefits – Salaries of teachers and other contracted personnel are accrued as required by the Revised Financial Policies and Procedures Handbook. Teachers’ salaries are typically paid over a twelve-month period but are earned over a period of approximately nine months. This results in an outstanding liability at the end of the fiscal year. Accrued salaries at June 30 were \$257,463 with the incremental change charged to expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. When applicable, bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. When applicable, bond issuance and any refunding costs are reported as deferred charges and amortized over the term of the related debt

In the governmental fund financial statements, bonds are recognized as a liability on the fund financial statements when due. The face amount of debt issued is reported as other financing sources. When applicable, premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. When applicable, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Fund Equity (continued)

8) Net Position (government-wide financial statements) –

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

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

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

9) Fund Net Position (fund financial statements) –

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

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

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

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Education). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

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

Unassigned – the residual for the general fund. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Deferred Outflows and Inflows of Resources

The statement of net position and fund balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources, when applicable. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

H. Unearned Revenues

When applicable, unearned revenues consist of revenue received before all eligibility requirements or allocable expenditures have been met or incurred.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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 using the economic measurement focus and accrual basis of accounting.

J. Contributed Capital

Grants and contributions in the enterprise fund which may be used for either operations or capital expenditures at the discretion of the District are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of expenditure.

K. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues, when applicable. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and are non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board of Education recognizes the importance of prudent and profitable investment of District monies and its responsibility in overseeing finances. It is District policy to invest public funds in a manner which will ensure the safety of funds, ensure that adequate funds are available at all times to meet the financial obligations of the District when due, ensure a market rate of return on the funds available for investment throughout the budget cycle, and ensure that all funds are deposited and invested in accordance with all federal, state and local statutes governing the investment of public funds.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

There is no custodial credit risk for public deposits collateralized under PDPA. The District's bank deposits were entirely covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statute, and had total bank balances of \$1,456,353 of which \$500,000 was covered by FDIC insurance.

A summary of the Districts cash and cash equivalents (including Agency funds) follows:

Checking/Bank Deposits	\$ 1,130,803
Certificates of Deposit	<u>325,550</u>
Total Balances	1,456,353
Net Outstanding Items	<u>(53,184)</u>
Total Cash and Cash Equivalents	<u>\$ 1,403,169</u>

The above amount is reflected as follows:

Governmental Funds – Cash & Cash Equivalents	\$ 1,325,069
Governmental Funds – Deficit Combined Cash	(48,043)
Fiduciary Activities – Cash & Cash Equivalents	<u>126,143</u>
Total Cash and Cash Equivalents	<u>\$ 1,403,169</u>

OURAY COUNTY SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (continued)

Risk Disclosures (continued)

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. The District's policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

The District was not subject to foreign currency risk as of June 30, 2017.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows. Investments subject to interest rate risk disclosures are shown below:

	<u>Fair Value</u>	<u>Accrued Interest</u>	<u>Maturity</u>
Certificate of Deposit	\$ 200,000	\$ 394	07/14/17
Certificate of Deposit	\$ 125,000	\$ 156	07/21/17

Additional disclosures for deposits and investments are included in *Note 1*.

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The District has a number of financial instruments, including cash and equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at year end does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

OURAY COUNTY SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - CAPITAL ASSETS

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

	Balances June 30, 2016	Additions	Reclassifications Transfers and Dispositions	Balances June 30, 2017
<u>GOVERNMENTAL ACTIVITIES</u>				
Land and Improvements	\$ 233,514	\$ -	\$ -	\$ 233,514
Work-In-Progress	4,990,512	-	-	-
Depreciable Capital Assets:				
Buildings and Improvements	4,625,682	2,688,812	-	12,305,006
Equipment	142,254	9,780	-	152,034
Transportation Equipment	340,028	-	-	340,028
Food Service Equipment	45,423	-	-	45,423
Total Capital Assets	10,377,413	2,698,592	-	13,076,005
Less Accumulated Depreciation	(1,802,832)	(140,563)	-	(1,943,395)
<u>GOVERNMENTAL ACTIVITIES</u>				
CAPITAL ASSETS, NET	<u>\$ 8,574,581</u>	<u>\$ 2,558,029</u>	<u>\$ -</u>	<u>\$ 11,132,610</u>

Depreciation expense was charged to functions/programs as follows:

Instructional	\$ 19,131
Transportation	9,828
Food Service	1,621
Unallocated	<u>109,983</u>
Total for Governmental Activities	<u>\$ 140,563</u>

NOTE 5 - LONG-TERM DEBT

All long-term debt is within Governmental Activities. Changes in the District's long-term debt during the fiscal year are as follows:

	Balance at 06/30/16	Additions	Reductions	Balance at 06/30/17	Amounts Due Within One Year
<u>General Obligation Bonds:</u>					
Series 2014-B	\$ 2,655,000	\$ -	\$ (100,000)	\$ 2,555,000	\$ 100,000
Premium	241,850	-	(12,403)	229,447	12,403
TOTAL	<u>\$ 2,896,850</u>	<u>\$ -</u>	<u>\$ (112,403)</u>	<u>\$ 2,784,447</u>	<u>\$ 112,403</u>

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

General Obligation Bonds Series 2014-B

General Obligation Bonds in the face amount of \$2,695,000, plus premium of \$260,453 amortized over the term of the bonds, were issued in December 2014 to acquire, construct, repair and improve District capital assets and pay costs of issuing the Bonds. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate and in an amount sufficient to pay principal and interest on the Bonds when due. The Bonds require semiannual payments of interest at a net effective interest rate of 3.18%, with principal due on December 1 of each year with the final payment due December 1, 2035. Debt service of the Bonds is recorded in the Bond Redemption Fund. The Bond registrar and paying agent is UMB Bank, N.A. The annual requirements to amortize the Series 2014-B Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	100,000	91,625	191,625
2019	105,000	89,575	194,575
2020	105,000	87,475	192,475
2021	110,000	84,775	194,775
2022	110,000	81,475	191,475
2023-2027	625,000	343,313	968,313
2028-2032	755,000	206,900	961,900
2033-2035	645,000	48,700	693,700
TOTAL	<u>\$ 2,555,000</u>	<u>\$ 1,033,838</u>	<u>\$ 3,588,838</u>

The Bonds maturing: on or before December 1, 2024 are not subject to redemption prior to their respective maturity dates; on or after December 1, 2025 are subject to redemption prior to maturity at the option of the District, in whole or in part, and if in part, in such order of maturity as the District shall determine and by lot within any maturity in such manner as the paying agent shall determine, on December 1, 2024 and on any date thereafter, at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date; on December 1, 2028, December 1, 2030, December 1, 2033 and December 1, 2035 are subject to mandatory sinking fund redemption, prior to maturity, in part, by lot in such manner as the bond registrar shall determine, on December 1 of each year, upon payment of par and accrued interest, without redemption premium, in the amounts set forth below:

<u>Year (Maturing) / Redemption</u>	<u>Principal Amount</u>
(2028) / 2027	\$ 140,000
(2028) / 2028	145,000
(2030) / 2028	150,000
(2030) / 2028	155,000
(2033) / 2028	165,000
(2033) / 2028	170,000
(2033) / 2028	175,000
(2035) / 2028	180,000
(2035) / 2035 (final maturity)	120,000

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2017 there were no outstanding internal balances.

OURAY COUNTY SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 - DEFINED BENEFIT 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 the Colorado Public Employees' Retirement Association (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 (CAFR) 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. Section 24-51-602, 604, 1713 and 1714.

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

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

It is possible for employees participating in the SCHDTF to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer; therefore the DPS Benefit Structure is shown below, where the lifetime retirement benefit for all eligible retiring employees under the DPS Benefit Structure is the greater of the:

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

In all cases the service retirement benefit is limited to 100% of the highest average salary and cannot exceed the maximum benefit allowed by the 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 benefits earned. If eligible, the member may receive a match of either 50% or 100% 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.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 - DEFINED BENEFIT PENSION PLAN - continued

Benefits Provided - continued

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

Disability benefits are available for eligible employees once they reach 5 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 show above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions

Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq.* Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized below:

For contributions made during the Year Ended:	December 31, 2017	December 31, 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. Sec 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Sec 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Sec 24-51-411	5.00%	4.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	18.13%

Note: Rates are expressed as a percentage of salary as defined in C.R.S. Sec 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 \$315,888 during the year ended June 30, 2017.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - 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 \$10,670,384 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was 0.0358380852%, which was a decrease of 0.0069834697 % from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,917,977. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 133,397	\$ 94
Changes of assumptions or other inputs	3,462,318	48,118
Net difference between projected and actual earnings on pension plan investments	356,795	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	21,035	464,221
Contributions subsequent to the measurement date	164,765	-
TOTAL	\$ 4,138,310	\$ 512,433

The amount of \$164,765 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of 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 for changes in proportion and differences between contributions recognized and proportionate share of contributions will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>	<u>Outflows</u>	<u>Inflows</u>
2018	\$ 10,528	\$ 135,857
2019	7,174	195,858
2020	3,333	132,506

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

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	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

Actuarial Cost Method	Entry Age
Price Inflation	2.40 percent
Real Wage Growth	1.10 percent
Wage Inflation	3.50 percent
Salary Increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	5.26 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The assumptions in the table above were used in the December 31, 2015 valuation. However since PERA’s Board approved revised assumptions on November 18, 2016, the assumptions listed in this table were included in the roll-forward of the total pension liability from December 31, 2015 to December 31, 2016.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

Actuarial Assumptions - continued

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Tables 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 mortality and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

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

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

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - continued

Actuarial Assumptions - continued

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

- Investment rate of return assumption decreased from 7.5 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 current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
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	100.00%	

In settling 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%.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

Actuarial Assumptions - continued

Discount Rate

The discount rate used to measure the total pension liability was 5.26%. 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.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

Actuarial Assumptions - continued

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

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Sensitivity of the Net Pension Liability	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate Share of the Net Pension Liability	\$13,417,665	\$10,670,384	\$8,432,823

Pension Plan Fiduciary Net Position

Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report at www.copera.org/investments/pera-financial-reports.

NOTE: Following the 2017 legislative session, Governor Hickenlooper signed into law HB 17-1176, which modifies the current working after retirement provisions through June 30, 2023. Current provisions allow a service retiree from any division to work for a PERA employer for limited periods and to receive a salary without reduction in benefits under certain circumstances. This modification applies to service retirees who are teachers, school bus drivers, or school food service cooks hired by rural school districts in the School Division that are deemed to have a critical need to fill vacant positions. These retirees may receive salary without a reduction in benefits for any length of employment in a calendar year as long as certain criteria are met. PERA submitted a fiscal note to the legislature estimating the increase in the unfunded actuarial accrued liability for the SCHDTF due to this bill would be \$85.3 million.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN: Voluntary Investment Program

Plan Description

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District currently has no matching contributions for covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2017, 2016 and 2015, program members contributed \$9,630, \$16,015 and \$20,890, respectively.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS: Health Care Trust Fund

Plan Description

The District contributes to the Health Care 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 administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at: www.copera.org/investments/pera-financial-reports.

Funding Policy

The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. The District's contributions to HCTF for the years ending June 30, 2017, 2016, and 2015 were \$17,641, \$17,882, and \$17,336, respectively, equal to their required contributions for each year.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District is a member of the Colorado School Districts Self-Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program with member school districts, boards of cooperative educational services and charter schools.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 - RISK MANAGEMENT - continued

The District pays an annual premium to the Pool for its property, casualty and liability insurance coverage. The Pool has reinsurance coverage for its property, automobile and general liability policies, errors and omissions and employment practices liability policies, referred to as school entity liability. The District carries commercial insurance for other risks of loss, including workers compensation and employee health insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

In the ordinary course of operations, the District can be involved in various litigation. In the opinion of management, any liability from claims or proceedings in excess of the amount covered by insurance would not have a material adverse effect on the District's net position, changes in position or cash flows.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of the financial statements, the District was not aware of any amounts to be refunded to the Colorado Department of Education. The District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the District.

The District was not subject to any claims at the date of the financial statements. The District believes that any potential claims against the District, not covered by insurance, would not materially affect the financial statements of the District.

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

The District is a member of the Uncomphahgre Board of Cooperative Educational Services (UnBOCES). The UnBOCES is a jointly governed organization of five regional school districts, including the Ouray County School District, with each member district appointing a member to the UnBOCES board of directors whom are in control of budgeting and finance. The UnBOCES does not meet the criteria for inclusion within the reporting entity of the District due to the lack of an ongoing financial interest. The UnBOCES financial statements can be obtained directly by contacting them via their website: www.unboces.org.

NOTE 14 - STUDENT ACTIVITIES AGENCY FUND BUDGET AND ACTUAL

The District prepares a budget for the Student Activities Agency Fund; however, there is not a Statement of Revenues, Expenditures and Changes in Fund Balance because Agency Funds do not recognize revenues, expenditures or fund balance in accordance with GAAP. Budget and actual amounts for the Student Activities Agency Fund are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Beginning Budgetary Basis	\$ 121,858	\$ 121,858	\$ -
Receipts	53,142	135,178	82,036
Disbursements	<u>(175,000)</u>	<u>(131,043)</u>	<u>43,957</u>
Ending Budgetary Basis	<u>\$ -</u>	<u>\$ 125,993</u>	<u>\$ 125,993</u>

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 15 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Compliance Requirements

The District appears to be in compliance with material legal, contractual and accounting provisions, as prescribed by Federal and State laws and statutes.

B. TABOR Amendment – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments. The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments. In November 1998 the District's electorate passed a ballot issue allowing the District to collect, retain and expend revenues not withstanding any of TABOR'S limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service and expenditures of Federal Awards). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The total emergency reserve was \$83,000 as of June 30, 2017.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

C. The following budgetary items may not be in compliance with Colorado Revised Statutes:

- 1) Food Service fund expenditures exceeded appropriations by \$6,729 and ended the fiscal year with a deficit fund balance of (\$11,843).
- 2) Capital Reserve fund budgetary beginning fund balances exceeded actual available beginning fund balances by \$11,474; however, there were no expenditures in excess of available reserves.
- 3) Building fund budgetary beginning fund balances exceeded actual available beginning fund balances by \$1,655,433; however, there were no expenditures in excess of available reserves.

OURAY COUNTY SCHOOL DISTRICT R-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 16 - SUBSEQUENT EVENTS

Management of the District has evaluated events subsequent to June 30, 2017 through the issuance date of the auditor's report. There has been no material event noted during this period that would either impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE
GENERAL FUND AND SPECIAL REVENUE FUNDS

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
General Property Taxes	\$ 1,203,228	\$ 1,203,228	\$ 1,193,464	\$ (9,764)
Specific Ownership Taxes	45,992	45,992	124,988	78,996
Delinquent Taxes and interest	8,000	8,000	1,162	(6,838)
Tuitions	20,000	20,000	24,275	4,275
Interest and Other Revenues	26,500	26,500	23,945	(2,555)
Intergovernmental:				
Local Government Sources	19,688	19,688	9,480	(10,208)
State Sources	1,383,869	1,383,869	1,353,503	(30,366)
Federal Sources	60,659	60,659	62,135	1,476
Total Revenues	<u>2,767,936</u>	<u>2,767,936</u>	<u>2,792,952</u>	<u>25,016</u>
EXPENDITURES:				
Instructional	1,897,015	1,897,015	1,787,392	109,623
Supporting Services:				
Student Based	27,212	27,212	22,042	5,170
Instructional Staff	208,751	208,751	208,541	210
General Administration	166,333	166,333	136,634	29,699
School Administration	299,630	299,630	294,774	4,856
Business Support Services:				
Operations and Maintenance	227,440	227,440	213,023	14,417
Transportation	54,669	54,669	51,988	2,681
Insurance	68,497	68,497	63,119	5,378
Appropriated Reserves	627,260	627,260	-	627,260
Total Expenditures	<u>3,576,807</u>	<u>3,576,807</u>	<u>2,777,513</u>	<u>799,294</u>
Excess of Revenues Over (Under) Expenditures	(808,871)	(808,871)	15,439	824,310
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	(122,000)	(122,000)	(122,000)	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(930,871)	(930,871)	(106,561)	824,310
FUND BALANCE – BEGINNING	<u>930,871</u>	<u>930,871</u>	<u>982,374</u>	<u>51,503</u>
FUND BALANCE – ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,813</u>	<u>\$ 875,813</u>

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

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2017

	FOOD SERVICE (Special Revenue) FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Charges for Services	\$ 29,650	\$ 29,650	\$ 30,413	\$ 763
Intergovernmental:				
State Sources	700	700	799	99
Federal Sources	20,500	20,500	24,524	4,024
Total Revenues	<u>50,850</u>	<u>50,850</u>	<u>55,736</u>	<u>4,886</u>
EXPENDITURES:				
Food Services:				
Salaries	42,700	42,700	40,932	1,768
Employee Benefits	19,915	19,915	21,316	(1,401)
Purchased Services	800	800	957	(157)
Supplies and Materials:				
Purchased Food	24,000	24,000	26,443	(2,443)
Donated Commodities	-	-	4,092	(4,092)
Supplies	2,639	2,639	4,790	(2,151)
Capital Outlay	3,000	3,000	1,253	1,747
Total Expenditures	<u>93,054</u>	<u>93,054</u>	<u>99,783</u>	<u>(6,729)</u>
Excess of Revenues Over (Under) Expenditures	(42,204)	(42,204)	(44,047)	(1,843)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>40,000</u>	<u>40,000</u>	<u>30,000</u>	<u>(10,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(2,204)	(2,204)	(14,047)	(11,843)
FUND BALANCE – BEGINNING	<u>2,204</u>	<u>2,204</u>	<u>2,204</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,843)</u>	<u>\$ (11,843)</u>

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

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – STUDENT ACTIVITY FUND
For the Fiscal Year Ended June 30, 2017

	STUDENT ACTIVITY FUND			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES:				
Charges for Services	\$ 7,450	\$ 7,450	\$ 6,816	\$ (634)
Interest and Other Revenues	3,500	3,500	-	(3,500)
Total Revenues	<u>10,950</u>	<u>10,950</u>	<u>6,816</u>	<u>(4,134)</u>
EXPENDITURES:				
Student Activities	<u>91,908</u>	<u>91,908</u>	<u>71,417</u>	<u>20,491</u>
Total Expenditures	<u>91,908</u>	<u>91,908</u>	<u>71,417</u>	<u>20,491</u>
Excess of Revenues Over (Under) Expenditures	(80,958)	(80,958)	(64,601)	16,357
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(10,958)	(10,958)	5,399	16,357
FUND BALANCE – BEGINNING	<u>10,958</u>	<u>10,958</u>	<u>10,958</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,357</u>	<u>\$ 16,357</u>

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

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2017

	CAPITAL RESERVE FUND			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES:				
Other Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Administration – Capital Outlay	20,000	20,000	9,780	10,220
Transportation – Capital Outlay	50,000	50,000	-	50,000
Facilities – Capital Outlay	40,635	40,635	-	40,635
Total Expenditures	110,635	110,635	9,780	100,855
Excess of Revenues Over (Under) Expenditures	(110,635)	(110,635)	(9,780)	100,855
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	22,000	22,000	22,000	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(88,635)	(88,635)	12,220	100,855
FUND BALANCE – BEGINNING	88,635	88,635	77,161	(11,474)
FUND BALANCE – ENDING	\$ -	\$ -	\$ 89,381	\$ 89,381

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AND

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

OURAY COUNTY SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017

	<u>Reporting Fiscal Year / (Measurement Date)</u>		
	<u>2017 / (2016)</u>	<u>2016 / (2015)</u>	<u>2015 / (2014)</u>
<u>Colorado PERA:</u>			
District's proportion of the Net Pension Liability	0.0358380852 %	0.0428215549%	0.0391249321%
District's proportionate share of the Net Pension Liability	\$ 10,670,384	\$ 6,549,255	\$ 5,302,743
District's covered-employee payroll	\$ 1,729,489	\$ 1,753,123	\$ 1,699,573
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	616.9%	373.5%	312.0%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%

NOTE: 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 is presenting information for those years for which information is available.

OURAY COUNTY SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
JUNE 30, 2017

	<u>Reporting Fiscal Year</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Colorado PERA:</u>			
Statutory Required Contribution	\$ 317,978	\$ 309,924	\$ 304,465
District Contributions in relation to the statutorily required contribution	<u>(317,978)</u>	<u>(309,924)</u>	<u>(304,465)</u>
District contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,729,489	\$ 1,753,123	\$ 1,699,573
District's contributions as a percentage of covered-employee payroll	18.39%	17.68%	17.9%

NOTE: 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 is presenting information for those years for which information is available.

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

OURAY COUNTY SCHOOL DISTRICT R-1
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from Local Sources:			
Current Property Taxes	\$ 1,203,228	\$ 1,193,464	\$ (9,764)
Specific Ownership Taxes	45,992	124,988	78,996
Delinquent Taxes and Interest	8,000	1,162	(6,838)
Tuitions	20,000	24,275	4,275
Interest & Other Revenues	26,500	23,945	(2,555)
Total Revenue from Local Sources	1,303,720	1,367,834	64,114
Revenue from Intermediate Sources:			
Mineral and Forest Leasing	19,688	9,480	(10,208)
Total Revenue from Intermediate Sources	19,688	9,480	(10,208)
Revenue from State Sources:			
State Equalization	1,349,969	1,314,625	(35,344)
State Transportation	6,500	6,101	(399)
Grants and Contributions	27,400	32,777	5,377
Total Revenue from State Sources	1,383,869	1,353,503	(30,366)
Revenue from Federal Sources:			
Title I	24,487	24,487	-
Title IIA	5,988	11,401	5,413
Ready Schools	7,527	7,527	-
Carl Perkins	4,707	4,145	(562)
Small Rural Schools Achievement	17,950	14,575	(3,375)
Total Revenue from Federal Sources	60,659	62,135	1,476
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,767,936	\$ 2,792,952	\$ 25,016

OURAY COUNTY SCHOOL DISTRICT R-1
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
<i>INSTRUCTION:</i>			
Salaries	\$ 1,224,437	\$ 1,168,052	\$ 56,385
Employee Benefits	464,528	431,531	32,997
Purchased Services	124,600	119,961	4,639
Supplies and Materials	46,280	36,964	9,316
Capital Outlay	30,200	23,798	6,402
Other Expenditures	6,970	7,086	(116)
<i>TOTAL INSTRUCTION</i>	<u>1,897,015</u>	<u>1,787,392</u>	<u>109,623</u>
<i>GENERAL SUPPORT SERVICES:</i>			
Student Based:			
Purchased Services	26,212	21,709	4,503
Supplies and Materials	1,000	333	667
Subtotal	<u>27,212</u>	<u>22,042</u>	<u>5,170</u>
Instructional Staff:			
Salaries	166,277	166,981	(704)
Employee Benefits	17,224	16,954	270
Purchased Services	2,250	190	2,060
Supplies and Materials	18,300	19,321	(1,021)
Capital Outlay	4,500	5,000	(500)
Other Expenditures	200	95	105
Subtotal	<u>208,751</u>	<u>208,541</u>	<u>210</u>
General Administration:			
Salaries	65,960	68,650	(2,690)
Employee Benefits	26,123	20,275	5,848
Purchased Services	40,400	33,643	6,757
Supplies and Materials	2,000	1,804	196
Capital Outlay	200	-	200
Other Expenditures	31,650	12,262	19,388
Subtotal	<u>166,333</u>	<u>136,634</u>	<u>29,699</u>
School Administration:			
Salaries	209,399	207,879	1,520
Employee Benefits	85,881	85,521	360
Purchased Services	900	36	864
Supplies	2,300	1,338	962
Other Expenditures	1,150	-	1,150
Subtotal	<u>299,630</u>	<u>294,774</u>	<u>4,856</u>
<i>TOTAL GENERAL SUPPORT</i>	<u>\$ 701,926</u>	<u>\$ 661,991</u>	<u>\$ 39,935</u>

(continued on next page)

OURAY COUNTY SCHOOL DISTRICT R-1
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

<i>(continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>BUSINESS SUPPORT SERVICES:</i>			
Operation and Maintenance:			
Salaries	\$ 75,500	\$ 72,711	\$ 2,789
Employee Benefits	31,300	30,623	677
Purchased Services	50,640	43,440	7,200
Supplies and Materials	65,000	66,049	(1,049)
Capital Outlay	5,000	200	4,800
Subtotal	<u>227,440</u>	<u>213,023</u>	<u>14,417</u>
Student Transportation:			
Salaries	13,000	14,453	(1,453)
Employee Benefits	2,169	3,173	(1,004)
Purchased Services	25,000	23,000	2,000
Supplies and Materials	14,500	11,146	3,354
Capital Outlay	-	205	(205)
Other Objects	-	11	(11)
Subtotal	<u>54,669</u>	<u>51,988</u>	<u>2,681</u>
<i>TOTAL BUSINESS SUPPORT</i>	<u>282,109</u>	<u>265,011</u>	<u>17,098</u>
<i>INSURANCE:</i>			
Purchased Services	<u>68,497</u>	<u>63,117</u>	<u>5,378</u>
<i>TOTAL INSURANCE</i>	<u>68,497</u>	<u>63,119</u>	<u>5,378</u>
<i>APPROPRIATED RESERVES</i>	<u>627,260</u>	<u>-</u>	<u>627,260</u>
<i>OTHER FINANCING USES – Transfers Out</i>	<u>122,000</u>	<u>122,000</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 3,698,807</u></u>	<u><u>\$ 2,899,513</u></u>	<u><u>\$ 799,294</u></u>

OURAY COUNTY SCHOOL DISTRICT R-1
COMBINING BALANCE SHEET
GENERAL FUND (FUND 10: GENERAL AND FUND 18: INSURANCE RESERVE FUND)
For the Fiscal Year Ended June 30, 2017

	<u>GENERAL (FUND 10)</u>	<u>INSURANCE RESERVE (FUND 18)</u>	<u>TOTAL GENERAL FUND</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,045,320	\$ 158	\$ 1,045,478
Receivables:			
Taxes	53,787	-	53,787
County Treasurer	6,206	-	6,206
Intergovernmental Grants	<u>36,179</u>	<u>-</u>	<u>36,179</u>
 TOTAL ASSETS	 <u>\$ 1,141,492</u>	 <u>\$ 158</u>	 <u>\$ 1,141,650</u>
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 7,691	\$ 158	\$ 7,849
Accrued Salaries and Benefits	257,463	-	257,463
Unearned Grant Revenue	<u>525</u>	<u>-</u>	<u>525</u>
 Total Liabilities	 <u>265,679</u>	 <u>158</u>	 <u>265,837</u>
 Fund Balances:			
Reserved for Emergencies	83,000	-	83,000
Unreserved	<u>792,813</u>	<u>-</u>	<u>792,813</u>
 Total Fund Balances	 <u>875,813</u>	 <u>-</u>	 <u>875,813</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,141,492</u>	 <u>\$ -</u>	 <u>\$ 1,141,650</u>

OURAY COUNTY SCHOOL DISTRICT R-1
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND (FUND 10: GENERAL AND FUND 18: INSURANCE RESERVE FUND)
For the Year Ended June 30, 2017

	<u>GENERAL (FUND 10)</u>	<u>INSURANCE RESERVE (FUND 18)</u>	<u>TOTAL GENERAL FUND</u>
REVENUES:			
Local Sources	\$ 1,367,834	\$ -	\$ 1,367,834
Intermediate Sources	9,480	-	9,480
State Sources	1,353,503	-	1,353,503
Federal Sources	<u>62,135</u>	<u>-</u>	<u>62,135</u>
Total Revenues	<u>2,792,952</u>	<u>-</u>	<u>2,792,952</u>
EXPENDITURES:			
Instructional	1,787,392	-	1,787,392
Supporting Services:			
Student Based	22,042	-	22,042
Instructional Staff	208,541	-	208,541
General Administration	136,634	-	136,634
School Administration	294,774	-	294,774
Business Support Services:			
Operations and Maintenance	213,023	-	213,023
Transportation	51,988	-	51,988
Insurance	<u>-</u>	<u>63,119</u>	<u>63,119</u>
Total Expenditures	<u>2,714,394</u>	<u>63,119</u>	<u>2,777,513</u>
Excess of Revenues Over (Under) Expenditures	78,558	(63,119)	15,439
OTHER FINANCING SOURCES (USES):			
Transfers In (Out)	<u>(185,119)</u>	<u>63,119</u>	<u>(122,000)</u>
Excess of Revenues and Other Financings Sources Over (Under) Expenditures and Other Financing (Uses)	(106,561)	-	(106,561)
FUND BALANCES – Beginning	<u>982,374</u>	<u>-</u>	<u>982,374</u>
FUND BALANCES – Ending	<u>\$ 875,813</u>	<u>\$ -</u>	<u>\$ 875,813</u>

OTHER SUPPLEMENTAL INFORMATION

BOND REDEMPTION (DEBT SERVICE) FUND

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Fiscal Year Ended June 30, 2017

	BOND REDEMPTION FUND			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES:				
Local Sources:				
Property Taxes	\$ 171,606	\$ 171,606	\$ 205,489	\$ 33,883
Delinquent Taxes and Interest	-	-	202	202
Interest & Investment Earnings	-	-	31	31
Total Revenues	<u>171,606</u>	<u>171,606</u>	<u>205,722</u>	<u>34,116</u>
EXPENDITURES:				
Debt Service:				
Principal	105,000	105,000	100,000	5,000
Interest	95,448	95,448	93,625	1,823
Contingency	141,505	141,505	-	141,505
Total Expenditures	<u>341,953</u>	<u>341,953</u>	<u>193,625</u>	<u>148,328</u>
Excess of Revenues Over (Under) Expenditures	(170,347)	(170,347)	12,097	182,444
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(170,347)	(170,347)	12,097	182,444
FUND BALANCE – BEGINNING	<u>170,347</u>	<u>170,347</u>	<u>170,347</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,444</u>	<u>\$ 182,444</u>

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

OTHER SUPPLEMENTAL INFORMATION

BUILDING FUND

OURAY COUNTY SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BUILDING FUND
For the Fiscal Year Ended June 30, 2017

	BUILDING FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State Best Grant Revenues	\$ 4,818,649	\$ 4,818,649	\$ 1,682,952	\$ (3,135,697)
Interest and Investment Earnings	-	-	193	193
Total Revenues	4,818,649	4,818,649	1,683,145	(3,135,504)
EXPENDITURES:				
Facilities – Capital Outlay	7,490,624	7,490,624	2,688,812	4,801,812
Total Expenditures	7,490,624	7,490,624	2,688,812	4,801,812
Excess of Revenues Over (Under) Expenditures	(2,671,975)	(2,671,975)	(1,005,667)	1,666,308
OTHER FINANCING SOURCES (USES):				
Operating Transfers In(Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(2,671,975)	(2,671,975)	(1,005,667)	1,666,308
FUND BALANCE – BEGINNING	2,671,975	2,671,975	1,016,542	(1,655,433)
FUND BALANCE – ENDING	\$ -	\$ -	\$ 10,875	\$ 10,875

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

COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS

ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES

AND

BOLDED BALANCE SHEET REPORT



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2580 - OURAY R-1
 Fiscal Year 2016-17
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary			Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	
Cash and Investments (8100-8104,8111)	1,045,478	0	0	16,357	0	-13,068	173,853	54,406	0	0	0	0	126,143	0	1,403,169
Cash with Fiscal Agent (8105)	6,206	0	0	0	0	0	1,034	0	0	0	0	0	0	0	7,241
Taxes Receivable (8121,8122)	53,787	0	0	0	0	0	7,557	0	0	0	0	0	0	0	61,344
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	36,179	0	0	0	0	0	0	48,720	0	0	0	0	0	0	84,899
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories (8171,8172,8173)	0	0	0	0	0	1,301	0	0	0	0	0	0	0	0	1,301
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	1,141,650	0	0	16,357	0	-11,767	182,444	103,126	0	0	0	0	126,143	0	1,557,953

Governmental

Proprietary

Fiduciary

LIABILITIES & FUND EQUITY	Governmental						Proprietary				Fiduciary				Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	7,849	0	0	0	0	76	0	2,870	0	0	0	0	150	0	10,945
Accrued Expenses (7461)	257,463	0	0	0	0	0	0	0	0	0	0	0	0	0	257,463
Grants Deferred Revenue (7482)	525	0	0	0	0	0	0	0	0	0	0	0	0	0	525
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	265,837	0	0	0	0	76	0	2,870	0	0	0	0	150	0	268,933

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	1,301	0	0	0	0	0	0	0	0	1,301
Restricted Fund Balance 6720	0	0	0	0	0	0	182,444	100,256	0	0	0	0	0	0	282,699
TABOR 3% Emergency Reserve 6721	83,000	0	0	0	0	0	0	0	0	0	0	0	0	0	83,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	16,357	0	0	0	0	0	0	0	0	0	0	16,357
Unassigned Fund Balance 6770	792,813	0	0	0	0	-13,144	0	0	0	0	0	0	125,993	0	905,663
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	875,813	0	0	16,357	0	-11,843	182,444	100,256	0	0	0	0	125,993	0	1,289,020

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,141,650	0	0	16,357	0	-11,767	182,444	103,126	0	0	0	0	126,143	0	1,557,953

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



Colorado Department of Education
Auditors Integrity Report
 District: 2580 - OURAY R-1
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	982,374	2,607,833	2,714,294	875,813
18 Risk Mgmt Sub-Fund of General Fund	0	63,120	63,120	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	982,374	2,670,952	2,777,513	875,813
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	2,204	85,737	99,783	-11,843
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	10,958	76,816	71,417	16,357
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	170,347	205,722	193,625	182,444
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	1,016,542	1,683,145	2,688,812	10,875
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	77,161	22,000	9,780	89,381
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	2,259,587	4,744,371	5,840,931	1,163,027
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	121,858	135,178	131,043	125,993
79 GASB 34-Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	121,858	135,178	131,043	125,993

FINAL