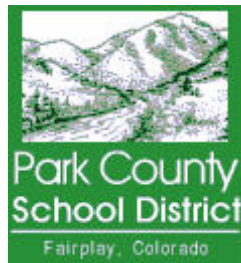


Park County School District RE-2

Financial Report

June 30, 2017



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**Park County School District RE-2
Financial Report
June 30, 2017**

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Annual Financial Report
June 30, 2017**

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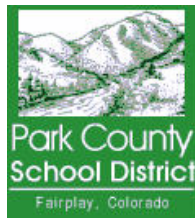
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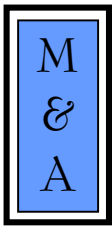
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Park County School District RE-2
Management's Discussion and Analysis



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Park County School District RE-2
Fairplay, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Park County School District RE-2 (the "District"), as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U. S. generally accepted accounting principles; 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 U. S. generally accepted auditing standards. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Park County School District RE-2 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 U. S. generally accepted accounting principles.

Member: American Institute of Certified Public Accountants

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Other Matters

U. S. generally accepted accounting principles require that Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate Share of Net Pension Liability and the Schedule of District Contributions in Section E, 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 U. S. generally accepted auditing standards, 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.

The budgetary comparison schedules in Section E are not a required part of the basic financial statements but is supplementary information required by U. S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as whole. The combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements, the individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
December 21, 2017**

**Park County School District RE-2
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2017**

As management of the Park County School District RE-2 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

Financial Highlights

- The assets of the District exceeded its liabilities by \$15,038,986 at the close of the most recent fiscal year end. The District's entire net assets is invested in capital assets. Like many Colorado School Districts, unrestricted net assets are negative due to a large net pension liability relating to the District's share of PERA.
- At the end of the current fiscal year, total fund balance for the General Fund was \$3,162,880 or 59% of total General Fund expenditures of \$5,362,640. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education. The District's fund balance, excluding this additional fund, totaled \$3,083,795, which was an increase of \$254,640.
- The District's total net position (including charter schools) decreased by \$3,074,095.
- The District's debt decreased a net amount of \$690,303 from June 30, 2016 and was the result of payments for scheduled debt.

Overview of the Financial Statements

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

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private-sector businesses.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

The only category reported in the government-wide financial statements is as follows:

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, transportation, support services, food service and student activities. Such services include activities relating to building maintenance, technology and administration.

The government-wide financial statement includes not only the Park County School District RE-2 itself, but also the Lake George and Guffey Charter Schools as component units to the District. These Charter Schools function as schools of the District, and therefore, have been included as an integral part of the District.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Reserve Fund, Student Activity Fund, Food Service Fund and Bond Redemption Fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on pages C3 through C6.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary funds is much like that used for proprietary funds. The fiduciary funds used by the District account for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education. The basic fiduciary fund financial statement can be found on page C7 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Overview of the Financial Statements (continued)

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. This information can be found in Sections E and F of this report.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceed liabilities by \$15,038,986 at the close of the most recent fiscal year.

Park County School District RE-2 Summary of Net Position:

	Governmental Activities		Component Units		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Assets:						
Current and other assets	\$ 7,284,934	6,861,581	732,244	557,308	8,017,178	7,418,889
Capital assets	34,527,171	35,483,785	201,931	203,450	34,729,102	35,687,235
Total Assets	41,812,105	42,345,366	934,175	760,758	42,746,280	43,106,124
Deferred outflows						
of resources:						
Pension related deferred outflow	6,777,833	1,103,076	2,125,635	419,549	8,903,468	1,522,625
Total deferred outflows						
of resources	6,777,833	1,103,076	2,125,635	419,549	8,903,468	1,522,625
Liabilities:						
Other liabilities	634,366	636,379	156,238	172,706	790,604	809,085
Long-term liabilities	29,794,591	22,004,172	5,468,795	2,909,962	35,263,386	24,914,134
Total Liabilities	30,428,957	22,640,551	5,625,033	3,082,668	36,053,990	25,723,219
Deferred inflows						
of resources:						
Pension related deferred inflow	377,902	600,117	178,870	192,332	556,772	792,449
Total deferred inflows						
of resources	377,902	600,117	178,870	192,332	556,772	792,449
Net position:						
Net invested in capital assets	22,572,548	22,808,797	-	-	22,572,548	22,808,797
Restricted	3,415,300	3,313,890	369,080	319,914	3,784,380	3,633,804
Unrestricted	(8,204,769)	(5,914,913)	(3,113,173)	(2,414,608)	(11,317,942)	(8,329,520)
Total net position	\$ 17,783,079	20,207,774	(2,744,093)	(2,094,694)	15,038,986	18,113,081

Government-wide Financial Analysis (continued):

The following is summary information reflecting the changes in District Net Position:

Park County School District RE-2 Changes in Net Position:

	Governmental Activities		Component Units		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 76,700	68,454	14,783	13,092	91,483	81,546
Operating grants and contributions	808,564	1,056,747	500,573	360,887	1,309,137	1,417,634
Capital grants and contributions	27,269	619,101	27,478	189,008	54,747	808,109
<i>General revenues:</i>						
Property taxes	4,364,791	4,769,622	1,290,953	1,128,139	5,655,744	5,897,761
Specific ownership taxes	730,237	742,926	-	-	730,237	742,926
State equalization revenue	1,086,247	788,175	-	-	1,086,247	788,175
Investment earnings	28,196	7,683	5,062	2,280	33,258	9,963
Other	237,503	447,507	-	-	237,503	447,507
Total Revenues	7,359,507	8,500,215	1,838,849	1,693,406	9,198,356	10,193,621
Expenses:						
Direct instruction	6,232,589	4,019,550	1,549,798	1,030,496	7,782,387	5,050,046
Indirect instruction	546,587	237,814	1,148	15,024	547,735	252,838
Transportation	352,819	226,508	6,753	6,003	359,572	232,511
Custodial maintenance	604,303	1,117,662	272,837	214,197	877,140	1,331,859
Support services	399,205	319,258	26,974	19,667	426,179	338,925
General administration	864,051	721,641	467,291	288,309	1,331,342	1,009,950
Community service	1,513	305	677	631	2,190	936
Student activities	46,102	60,674	98,784	2,115	144,886	62,789
Interest	471,680	507,268	-	-	471,680	507,268
Food services	265,353	264,734	63,987	15,166	329,340	279,900
Gain on disposal of capital assets	-	(29,000)	-	-	-	(29,000)
Total Expenses	9,784,202	7,446,414	2,488,249	1,591,608	12,272,451	9,038,022
Change in net position before transfers and special items	(2,424,695)	1,053,801	(649,400)	101,798	(3,074,095)	1,155,599
Change in net position after transfers and special items	(2,424,695)	1,053,801	(649,400)	101,798	(3,074,095)	1,155,599
Net position - July 1	20,207,774	19,153,973	(2,094,693)	(2,196,491)	18,113,081	16,957,482
Net position - June 30	\$ 17,783,079	20,207,774	(2,744,093)	(2,094,693)	15,038,986	18,113,081

Financial Analysis of the District's Funds

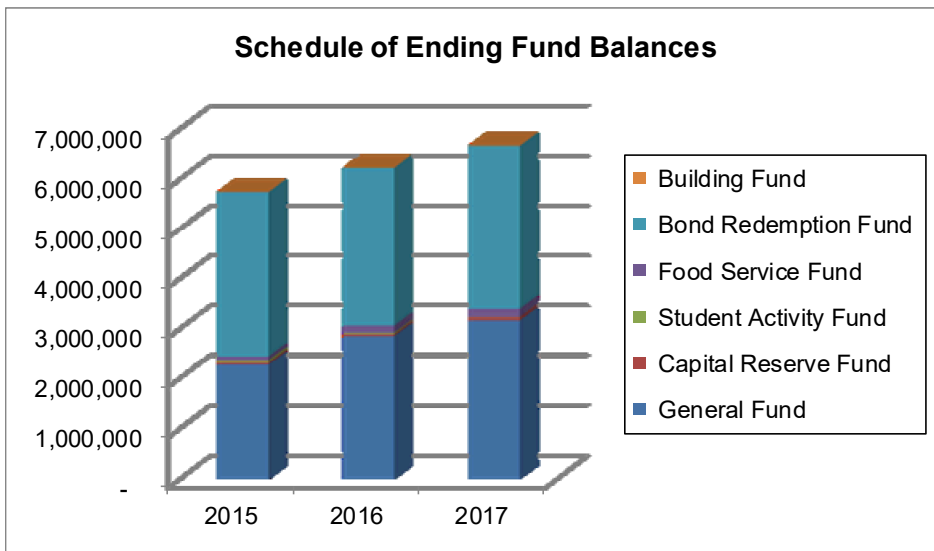
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,659,317. The fund balance increased \$438,625 from the prior year ending fund balances.

Fund Balance Trending:ss

The following graph provides a view of the District's ending governmental fund balances for the last three fiscal years:



Financial Analysis of the District's Funds (continued)

Budget Variances in the General Fund: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

One of the most important variances to discuss is budgeted versus actual revenues and expenditures in the General Fund. The District had a favorable comparison to the final budget by \$355,025. Excluding the budgeted contingency, the District had a favorable variance of \$162,500.

Capital Assets: The District's capital assets, net of accumulated depreciation, totaled \$34,527,171 as of June 30, 2017. The District capitalizes assets, including buildings and improvements, vehicles, and equipment with an original cost greater than \$5,000 and useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in Section D.

Long-term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$29,651,085, and are comprised of bonds, net pension liability and leases payable. This is a net change of \$7,790,419 from the prior year, primarily due to change in net pension liability.

Additional information, as well as a detailed classification of all of the District's total long-term liabilities, can be found in the Notes to the Financial Statements in Section D.

Economic Factors

The Public School Finance Act is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes in to account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, amongst other factors. The purpose of this act 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 School Finance Act is derived by the following formula:

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

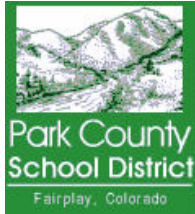
Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2017 totaled \$3,162,880.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Park County School District RE-2, Business Service, P.O. Box 189, Fairplay, Colorado 80440.

Park County School District RE-2

Basic Financial Statements



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PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Net Position
June 30, 2017

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS			
Current assets:			
Cash and cash equivalents	6,742,659	6,742,659	716,527
Accounts, taxes, and interest receivable	419,569	419,569	15,717
Due from other governments	119,277	119,277	-
Inventory	3,429	3,429	-
Total current assets	<u>7,284,934</u>	<u>7,284,934</u>	<u>732,244</u>
Capital assets:			
Land	-	-	150,000
Buildings and improvements	38,406,940	38,406,940	51,931
Equipment	200,408	200,408	-
Vehicles	947,006	947,006	-
Less: Accumulated depreciation	(5,027,183)	(5,027,183)	-
Total net capital assets	<u>34,527,171</u>	<u>34,527,171</u>	<u>201,931</u>
Total assets	<u>41,812,105</u>	<u>41,812,105</u>	<u>934,175</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	6,777,833	6,777,833	2,125,635
Total deferred outflows of resources	<u>6,777,833</u>	<u>6,777,833</u>	<u>2,125,635</u>
LIABILITIES			
Current liabilities:			
Accounts, retainage, arbitrage & deposits payable	4,395	4,395	27,284
Accrued compensation	588,418	588,418	128,954
Accrued interest	38,124	38,124	-
Unearned revenue	3,429	3,429	-
Total current liabilities	<u>634,366</u>	<u>634,366</u>	<u>156,238</u>
Noncurrent liabilities:			
Compensated absences	143,506	143,506	-
Due within one year	742,097	742,097	-
Due in more than one year	11,212,526	11,212,526	-
Net pension liability	17,696,462	17,696,462	5,468,795
Total noncurrent liabilities	<u>29,794,591</u>	<u>29,794,591</u>	<u>5,468,795</u>
Total liabilities	<u>30,428,957</u>	<u>30,428,957</u>	<u>5,625,033</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	377,902	377,902	178,870
Total deferred inflows of resources	<u>377,902</u>	<u>377,902</u>	<u>178,870</u>
NET POSITION			
Net investment in capital assets	22,572,548	22,572,548	201,931
Restricted for:			
TABOR	152,000	152,000	62,212
Personnel costs	-	-	306,868
Debt service	3,263,300	3,263,300	-
Unrestricted	(8,204,769)	(8,204,769)	(3,315,104)
Total net position	<u>17,783,079</u>	<u>17,783,079</u>	<u>(2,744,093)</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Activities
For the Year Ended June 30, 2017

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
				Governmental Activities	Total		
Functions/Programs:							
Governmental Activities:							
Current:							
Direct instruction	6,232,589	-	621,231	16,966	(5,594,392)	(5,594,392)	-
Indirect instruction	546,587	-	-	-	(546,587)	(546,587)	-
Transportation	352,819	-	56,594	-	(296,225)	(296,225)	-
Custodial and maintenance	604,303	-	-	10,303	(594,000)	(594,000)	-
Support services	399,205	-	-	-	(399,205)	(399,205)	-
General administration	864,051	-	-	-	(864,051)	(864,051)	-
Community service	1,513	-	44,451	-	42,938	42,938	-
Student activities	46,102	-	-	-	(46,102)	(46,102)	-
Food service	265,353	76,700	86,288	-	(102,365)	(102,365)	-
Interest on long-term debt	471,680	-	-	-	(471,680)	(471,680)	-
Total governmental activities	<u>9,784,202</u>	<u>76,700</u>	<u>808,564</u>	<u>27,269</u>	<u>(8,871,669)</u>	<u>(8,871,669)</u>	<u>-</u>
Total Primary Government	<u>9,784,202</u>	<u>76,700</u>	<u>808,564</u>	<u>27,269</u>	<u>(8,871,669)</u>	<u>(8,871,669)</u>	<u>-</u>
Component Units:							
Guffey Charter School	578,862	1,788	102,222	4,139	-	-	(470,713)
Lake George Charter School	1,909,388	12,995	358,888	23,340	(1,514,165)	-	(1,514,165)
Total component units	<u>2,488,250</u>	<u>14,783</u>	<u>461,110</u>	<u>27,479</u>	<u>(1,514,165)</u>	<u>-</u>	<u>(1,984,878)</u>
General revenues:							
Property taxes, levied for general purposes				3,102,639	3,102,639	-	-
Property taxes, levied for debt				1,262,152	1,262,152	-	-
Specific ownership taxes				730,237	730,237	-	-
State equalization revenue				1,086,247	1,086,247	-	-
Per pupil funding				-	-	-	1,290,953
Grants and contributions not restricted to specific programs				237,503	237,503	-	39,463
Interest and investment earnings				28,196	28,196	-	5,062
Total general revenues, transfers, and special item				<u>6,446,974</u>	<u>6,446,974</u>	<u>-</u>	<u>1,335,478</u>
Change in net position				(2,424,695)	(2,424,695)	-	(649,400)
Net position, beginning				<u>20,207,774</u>	<u>20,207,774</u>	<u>-</u>	<u>(2,094,693)</u>
Net position, ending				<u>17,783,079</u>	<u>17,783,079</u>	<u>-</u>	<u>(2,744,093)</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Balance Sheet
Governmental Funds
June 30, 2017

ASSETS	General Fund	Student Activity Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets:						
Cash and cash equivalents	3,339,805	3,635	165,660	3,170,077	63,481	6,742,658
Accounts, taxes, and interest receivable	307,143	-	448	82,604	-	390,195
Inventories	-	-	3,429	-	-	3,429
Due from other governments	108,658	-	-	10,619	-	119,277
Total assets	<u>3,755,606</u>	<u>3,635</u>	<u>169,537</u>	<u>3,263,300</u>	<u>63,481</u>	<u>7,255,559</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other current payables	4,308	-	87	-	-	4,395
Accrued compensation	588,418	-	-	-	-	588,418
Unearned revenue	-	-	3,429	-	-	3,429
Total liabilities	<u>592,726</u>	<u>-</u>	<u>3,516</u>	<u>-</u>	<u>-</u>	<u>596,242</u>
Non-spendable	-	-	3,429	-	-	3,429
Spendable:						
Restricted for emergencies	152,000	-	-	-	-	152,000
Restricted for debt service	-	-	-	3,263,300	-	3,263,300
Committed	-	3,635	162,592	-	-	166,227
Assigned for other purposes	-	-	-	-	63,481	63,481
Assigned for risk management	79,085	-	-	-	-	79,085
Unassigned:						
General Fund	2,931,795	-	-	-	-	2,931,795
Total fund balances	<u>3,162,880</u>	<u>3,635</u>	<u>166,021</u>	<u>3,263,300</u>	<u>63,481</u>	<u>6,659,317</u>
Total liabilities and fund balances	<u>3,755,606</u>	<u>3,635</u>	<u>169,537</u>	<u>3,263,300</u>	<u>63,481</u>	<u>7,255,559</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Governmental Funds Total Fund Balance	6,659,317
Add:	
Rounding	
Property taxes receivables collected 60 days after year-end are not available to pay for the current period's expenditures, and, therefore, are not reflected in the funds.	29,374
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	39,554,354
Less:	
Accumulated depreciation is not recognized in the governmental funds because capital assets used in governmental activities are not financial resources.	(5,027,182)
Accrued interest payable on long-term liabilities is recognized when due and, therefore, is not reported in the funds.	(38,124)
Changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.	
Unamortized Pension-related Deferred Outflows	6,777,833
Unamortized Pension-related Deferred Inflows	(377,902)
Long-term liabilities, including bonds payable, leases payable, compensated absences, and early retirement are not due and payable in the current period and, therefore, are not reported in the funds. The following liabilities are reported in the government-wide Statement of Net Position:	
Bonds payable	(11,876,698)
Leases payable	(77,925)
Compensated absences	(143,506)
Net pension liability	(17,696,462)
	17,783,079
Governmental Activities Net Position	17,783,079

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Student Activity Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Fund	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	3,117,815	-	-	1,262,450	-	4,380,265
Specific ownership taxes	730,237	-	-	-	-	730,237
State intergovernmental revenue	1,577,404	-	3,699	-	-	1,581,103
Federal intergovernmental revenue	268,497	-	82,589	-	-	351,086
Investment income	25,807	-	45	2,343	2	28,197
Other	212,471	12,943	76,701	-	1,981	304,096
Total revenues	<u>5,932,231</u>	<u>12,943</u>	<u>163,034</u>	<u>1,264,793</u>	<u>1,983</u>	<u>7,374,984</u>
EXPENDITURES						
Direct instruction	3,444,406	-	-	-	-	3,444,406
Indirect instruction	216,871	-	-	-	-	216,871
Transportation	213,212	-	-	-	-	213,212
Custodial and maintenance	479,896	-	-	-	-	479,896
Support services	302,464	-	-	-	-	302,464
General administration	666,812	-	-	-	-	666,812
Community service	1,348	-	-	-	-	1,348
Food service	-	-	266,294	-	-	266,294
Student activities	-	46,102	-	-	-	46,102
Debt service:						
Principal	-	-	-	690,303	30,062	720,365
Interest	-	-	-	470,784	3,111	473,895
Other	-	-	-	2,296	-	2,296
Capital outlay	37,631	-	-	-	64,767	102,398
Total expenditures	<u>5,362,640</u>	<u>46,102</u>	<u>266,294</u>	<u>1,163,383</u>	<u>97,940</u>	<u>6,936,359</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>569,591</u>	<u>(33,159)</u>	<u>(103,260)</u>	<u>101,410</u>	<u>(95,957)</u>	<u>438,625</u>
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	(253,629)	10,500	121,529	-	121,600	-
Total other financing sources (uses)	<u>(253,629)</u>	<u>10,500</u>	<u>121,529</u>	<u>-</u>	<u>121,600</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	315,962	(22,659)	18,269	101,410	25,643	438,625
FUND BALANCES, BEGINNING	<u>2,846,918</u>	<u>26,295</u>	<u>147,751</u>	<u>3,161,890</u>	<u>37,838</u>	<u>6,220,692</u>
FUND BALANCES, ENDING	<u><u>3,162,880</u></u>	<u><u>3,636</u></u>	<u><u>166,020</u></u>	<u><u>3,263,300</u></u>	<u><u>63,481</u></u>	<u><u>6,659,317</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2017

Governmental Funds Change in Fund Balances	438,625
Rounding	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as expenditures in the governmental funds.	63,431
Retirement of principal outstanding on the District's debt, including capital leases, is a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reductions against long-term liabilities.	720,365
Accrued compensated absences 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. This is the change in accrued compensated absences during the year.	(19,502)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due. In the Statement of Activities, however, interest is recognized as it accrues, regardless of when it is due. Deferred refunding costs and discounts on bonds are reported in governmental funds as other financing uses. However, in the Statement of Activities, these amounts are amortized and are included with interest expense. This amount represents the change in the interest accrual and the amortization of deferred refunding costs and bond discounts.	2,215
The District is paying off its obligation for early retirement to past employees. This represents the change in the liability for early retirement.	24,708
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense for the year.	(1,020,043)
Difference between employer contributions to pension plan and changes in pension liability and amortization of pension-related deferrals.	<u>(2,619,019)</u>
Governmental Activities Change in Net Position	<u><u>(2,424,695)</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	<u>Scholarship Fund</u>	<u>Student Activity Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	4,928	120,649	125,577
Total assets	<u>4,928</u>	<u>120,649</u>	<u>125,577</u>
LIABILITIES			
Due to student activities and other organizations	<u>4,928</u>	<u>120,649</u>	<u>125,577</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2017

	Guffey Charter School	Lake George Charter School	Total
Assets:			
Cash and cash equivalents	323,476	393,051	716,527
Accounts, taxes, and interest receivable	-	15,717	15,717
Capital assets	51,931	150,000	201,931
Total Assets	375,407	558,768	934,175
Deferred Outflows:			
Pension related deferred outflow	520,377	1,605,258	2,125,635
Total Deferred Outflows	520,377	1,605,258	2,125,635
Current Liabilities			
Accounts payable	3,487	23,797	27,284
Accrued compensation	58,497	70,457	128,954
Total Current Liabilities	61,984	94,254	156,238
Noncurrent Liabilities:			
Net pension liability	1,318,629	4,150,166	5,468,795
Total Noncurrent Liabilities	1,318,629	4,150,166	5,468,795
Deferred Inflows:			
Pension related deferred inflows	43,486	135,384	178,870
Total Deferred Inflows	43,486	135,384	178,870
Net Position:			
Invested in Capital Assets	51,931	150,000	201,931
Restricted for:			
TABOR	15,000	47,212	62,212
Capital reserve	-	69,000	69,000
Unrestricted	(833,114)	(2,481,990)	(3,315,104)
Total Net Position	(528,315)	(2,215,778)	(2,744,093)
Total liabilities and net position	895,784	2,164,026	3,059,810

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

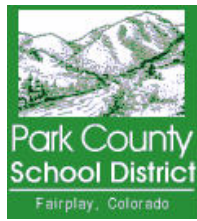
PARK COUNTY SCHOOL DISTRICT RE-2
Combining Statement of Activities
Discretely Presented Component Units
June 30, 2017

	Guffey Charter School	Lake George Charter School	Total
REVENUES			
Property taxes, levied for general purposes	269,887	1,021,066	1,290,953
Grants and contributions not restricted to specific program	33,216	6,247	39,463
Charges for services	1,788	12,995	14,783
Operating grants	102,222	358,889	461,111
Capital grants	4,139	23,340	27,479
Interest and investment earnings	2,097	2,965	5,062
Total revenues	<u>413,349</u>	<u>1,425,502</u>	<u>1,838,851</u>
EXPENDITURES			
Current:			
Direct instruction	365,598	1,184,201	1,549,799
Indirect instruction	1,148	-	1,148
Transportation	2,134	4,619	6,753
Custodial and maintenance	40,949	231,888	272,837
Support services	1,335	25,638	26,973
General administration	160,493	306,798	467,291
Community services	427	250	677
Student Activities	-	98,784	98,784
Food service	6,777	57,210	63,987
Total expenditures	<u>578,861</u>	<u>1,909,388</u>	<u>2,488,249</u>
CHANGE IN NET POSITION	<u>(165,512)</u>	<u>(483,886)</u>	<u>(649,398)</u>
NET POSITION, BEGINNING	<u>(362,803)</u>	<u>(1,731,892)</u>	<u>(2,094,695)</u>
NET POSITION, ENDING	<u><u>(528,315)</u></u>	<u><u>(2,215,778)</u></u>	<u><u>(2,744,093)</u></u>

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

Park County School District RE-2

Notes to the Financial Statements



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Notes to Required Supplementary Information
June 30, 2017

I. Schedule of Employer's Proportionate Share of the Net Pension Liability

A. Changes to assumptions or other inputs

1. 2016 Changes since 2015

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The single equivalent interest rate (the "SEIR") for the SCHDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

2. 2015 Changes since 2014

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

Park County School District RE-2
Notes to Required Supplementary Information
June 30, 2017
(Continued)

I. Schedule of Employer's Proportionate Share of the Net Pension Liability

A. Changes of benefit terms.

No changes during the years presented.

B. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

II. Notes to the Schedule of District Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017

I. Summary of Significant Accounting Policies

The Park County School District RE-2 (the "District") is located within Park County, Colorado. The District provides services to approximately 684 students. This includes students at the District's two charter schools, Guffey Charter School and Lake George Charter School. The District's mission is to *"strive to provide a safe environment, meaningful opportunities and innovative educational programs for all students so that they reach their learning potential, including that they meet or exceed state and District content standards, through partnership between home, school and the community"*. The District operates the following schools:

Elementary Schools

Edith Teter Elementary School
Guffey Charter School
Lake George Charter School

Middle Schools

South Park Middle School

High School

South Park High

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). 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 by GAAP and used by the District are discussed below.

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered to be financially accountable.

Component Units - Charter Schools

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the "Act"), allowing the creation of public, non-sectarian, non-religious, non-home-based schools to operate within a public school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District's Board.

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Lake George / Guffey Charter School. The charter contract was later amended to separate the schools into the Lake George Charter School and the Guffey Charter School.

Lake George and Guffey Charter Schools are included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. Both schools have been consolidated and are discretely presented component units to the District.

Individual financial statements can be obtained from: Guffey Community Charter School, 1459 Main St., Guffey CO 80820 and Lake George Charter School, P.O. Box 420, Lake George, CO 80827.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements

The District's basic financial statements include both District-wide (financial activities of the overall District and its component units, except for fiduciary activities) and fund financial statements (reporting the District's major funds). Both the District-wide and fund financial statements categorize primary activities as governmental. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

1. District-wide Financial Statements

In the District-wide Statement of Net Position, the governmental activities and component unit activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The District-wide Statement of Activities reports the gross and net cost of the District's functions. The functions are also supported by general governmental revenues (property taxes, intergovernmental revenue, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs by function are normally covered by general revenue (property taxes, interest income, etc.).

The District-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following major governmental funds:

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

The *Insurance Reserve Fund* accounts for insurance programs maintained by the District. This fund has been consolidated and reported within the District's General Fund.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund. The District reports the following special major revenue funds:

The *Student Activity Fund* accounts for the revenues and expenditures of funds used in student sports, clubs, and extracurricular activities. The primary source of funding is fees related to participation in the particular revenue.

The *Food Service Fund* accounts for the activities of the District's school lunch programs.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District reports the following capital projects funds:

The *Capital Reserve Fund* accounts for acquisitions of capital items.

The *Bond Redemption Fund* accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The District reports the following fiduciary funds:

The *Scholarship Fund* accounts for assets held by the District as an agent for student scholarships.

The *Student Activity Agency Fund* accounts for assets held by the District as an agent for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

Governmental in the government-wide financial statements and fiduciary financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue on the fund financial statements.

5. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

6. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements.

7. Pensions

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

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. Another item is the collective deferred outflows related to the District's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension liability in future periods. See Note IV G.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants. See Note IV G.

9. Capital Assets

Capital assets, which include buildings and improvements, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities and proprietary fund financial statements.

Buildings and improvements, equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 - 40
Equipment	3 - 7
Vehicles	3 - 10

10. Compensated Absences and Early Retirement

Earned but unused sick and personal leave and early retirement benefits are accrued when incurred in the government-wide financial statements.

11. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Fund Equity

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balances classifications refer to Note IV.H.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Restricted and Unrestricted Resources

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

II. Reconciliation of District-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the District-wide Statement of Activities.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2017.

1. The proposed budget was submitted to the Board of Education by May 31 of the year proceeding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenues gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. The District has reserved \$152,000 of its June 30, 2017 year-end General Fund balance for emergencies as required under TABOR.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 3, 1998, the District's electorate approved to: "allow the District to collect, keep, and expend revenue from any sources received without regard to any spending, revenue raising, or other limitation on Article X, Section 20 of the Colorado constitution or other laws of the State."

The District believes it is in compliance with the requirements of the TABOR Amendment. However, the TABOR Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances for accounts over \$250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$1,416,824 at year end.

The District's investment policy permits investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Local Government Investment Pools
- Money Market Mutual Funds
- Securities specifically approved by the District

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At June 30, 2017, the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colotrust	\$ 2,281,403

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The District is governed by the deposit and investment limitations of state law. The deposits and investment balances at June 30, 2017, are as follows:

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking Accounts		440,017	440,017	-
Savings Accounts		976,807	976,807	-
<i>Investments:</i>				
Investment Pool	AAAm	2,281,403	2,281,403	-
Cash with Fiscal Agent	Not Rated	3,170,077	3,170,077	-
		<u>\$ 6,868,236</u>	<u>6,868,236</u>	<u>-</u>

The investment pool represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2017, are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

Credit Risk. State law specifies instruments in which local governments may invest including obligations of the United States, certain U.S. governmental agency securities, local government investment pools, and commercial paper among other items. The District's general investment policy is to invest surplus funds in accordance with state law to ensure the preservation of capital, to ensure that adequate funds are available at all times to meet the financial obligations of the District when due, and to realize rates of return on invested funds which are comparable to market levels.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. The District places no limit on the amount it may invest in any one issuer.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the District's governmental funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Governmental Funds</u>
Receivables:				
Taxes	\$ 289,174	-	82,604	371,778
Accounts	33,686	448	-	34,134
Intergovernmental	108,658	-	10,619	119,277
Gross receivables	<u>431,518</u>	<u>448</u>	<u>93,223</u>	<u>525,189</u>
Net Receivables	<u>\$ 431,518</u>	<u>448</u>	<u>93,223</u>	<u>525,189</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings and improvements	38,406,940	-	-	38,406,940
Vehicles	921,206	25,800	-	947,006
Equipment	162,777	37,631	-	200,408
Total capital assets being depreciated	<u>39,490,923</u>	<u>63,431</u>	<u>-</u>	<u>39,554,354</u>
Total capital assets - Cost	<u>39,490,923</u>	<u>63,431</u>	<u>-</u>	<u>39,554,354</u>
Less: accumulated depreciation for:				
Buildings and improvements	(3,058,925)	(961,221)	-	(4,020,146)
Vehicles	(787,869)	(50,488)	-	(838,357)
Equipment	(160,343)	(8,337)	-	(168,680)
Total accumulated depreciation	<u>(4,007,137)</u>	<u>(1,020,046)</u>	<u>-</u>	<u>(5,027,183)</u>
Governmental activities capital assets, net	<u>\$ 35,483,786</u>	<u>(956,615)</u>	<u>-</u>	<u>34,527,171</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The District had the following capital outlay and depreciation expense for the following functions and business-type activities:

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	\$ -	961,221
Indirect instruction	-	2,705
Transportation	25,800	47,783
General administration	37,631	8,337
Total governmental activities	\$ 63,431	1,020,046

D. Interfund Receivables, Payables, and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers for fiscal year 2017 were as follows:

	Transfer In	Transfer (out)	Reason
General Fund	\$ -	(253,629)	Provide funding
Student Activity Fund	10,500	-	Additional funding
Capital Reserve Fund	121,600	-	Additional funding
Food Service Fund	121,529	-	Transfer of food service salaries
	\$ 253,629	(253,629)	

E. Operating Leases

The District is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements. All operating leases are annually appropriable.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt

1. General Obligation Bonds, Series 2010

On November 3rd, 2009 the District's electorate approved an increase in District General Obligation Debt of \$16,000,000 with a commensurate increase in property taxes of \$1,470,000 annually for the replacement of the District's Elementary School, Middle School, High School, and Lake George Charter building along with various other District facilities. Approval was contingent upon an award of a Building Excellent Schools Today ("BEST") grant by the Colorado Department of Education. As a result of the ballot question being approved, the following transactions occurred:

- i. On February 24, 2010 approved a resolution authorizing the District to enter into a "site lease" whereby the District's school property was leased to Zion's First National Bank solely in its capacity as Trustee. The Term expires on March 16, 2050 or completion of several other events. The Site Lease does not require any ongoing rent payments.
- ii. On March 16, 2010 the District issued a General Obligation Bond, Series 2010 for \$15,060,382. The proceeds were provided to the State of Colorado and matched with grant proceeds of \$15,060,382 for construction of school facilities on the "site lease" (see Note V.G.1, below). The bond includes payments on June 1st and March 1st totaling \$1,102,881 annually. The final maturity date for the bond shall be December 1, 2029. The bond carries an interest rate of 3.84% and is subject to optional redemption in whole on June 1, 2021 with a redemption premium of 3%.

2. General Obligation Bonds, Series 2010 (continued)

- iii. On March 16, 2010, Zion's Bank in its capacity as Trustee signed an agreement to lease to the State of Colorado the site property along with any improvements on the property.
- iv. On March 16, 2010, the District entered into a sublease with the State of Colorado for the site property. The sublease requires the District to provide the proceeds of its General Obligation Bond, Series 2010 as base rent. The agreement also requires the District to complete construction of the District's buildings in accordance with agreed upon specifications. The construction is paid from State funds including the District's General Obligation Bond Series 2010.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

3. General Obligation Bonds, Series 2010

On December 16, 2010 the Lake George Charter School participated in the BEST Program as detailed in the previous note. As a result, the Series 2010D-F Bonds were issued for \$939,550. The bonds carry a coupon interest rate of 4.082% and require annual principal payments on December 1 and semiannual interest payments on June 1 and December 1. The bonds mature on December 1, 2030.

4. 2011 Capital Lease Agreement

The District entered into a lease purchase agreement in 2011 for the purpose of acquiring a school bus. The original amount of the lease was \$102,900 at an interest rate of 3.49%. The lease requires quarterly payments of \$5,629. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments. The lease terminated when the last payment was made on August 19, 2016.

Capital lease obligations are liquidated by the Capital Reserve Fund.

5. 2015 Capital Lease Agreement

The District entered into a lease purchase agreement in 2015 for the purpose of acquiring a school bus. The original amount of the lease was \$127,425 at an interest rate of 2.97%. The lease requires annual payments of \$27,543.75. The lease is subject to the District's annual appropriation of funds to pay the annual lease payments and terminates when the last payment is made, anticipated to be July 15, 2019.

Capital lease obligations are liquidated by the Capital Reserve Fund.

6. Schedule of Future Debt Payments

The District's future annual debt service requirements are as follows:

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 742,096	446,022	1,188,118
2018	770,453	417,133	1,187,586
2019	799,896	387,138	1,187,035
2020	802,923	355,995	1,158,918
2021	833,840	324,482	1,158,322
2022 - 2026	4,676,277	1,105,568	5,781,845
2027 - 2031	3,329,137	199,906	3,529,043
Totals	<u>\$ 11,954,623</u>	<u>3,236,244</u>	<u>15,190,868</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

7. Compensated Absences and Early Retirement

The District has a policy for the accumulation of sick and personal leave payouts. This policy is subject to certain limits, which are established by the Board, and are based on the employee's length of service with the District.

After the completion of twenty-four years of full-time service (but prior to twenty-seven years), twenty years of which must be consecutive, employees are eligible to retire and receive 125% of their highest annual salary over the five-year period subsequent to retirement.

The estimated liability for compensated absences and early retirement for all employees is recorded in governmental activities in the Statement of Net Position. These liabilities for governmental activities are generally liquidated by the General Fund.

8. Line of Credit

The District entered into a credit arrangement (the "Credit Agreement") with Colorado East Bank & Trust in October 2016 with a maturity date of June 30, 2017.

The Credit Agreement provided for a line of credit not to exceed \$800,000. Amounts drawn on the line of credit bear interest at 4.4%. The Credit Agreement is secured by the assignment of District taxes. During 2017, the District made aggregate draws of \$300,000 against the line of credit and repaid \$301,485 pursuant to the terms of the credit agreement. No principal balance was outstanding on the line of credit as of June 30, 2017.

9. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year June 30, 2017:

	Balance July 1, 2016	Additions	(Reductions)	Balance June 30, 2017	Due in one Year
Governmental Activities:					
General obligation bonds	\$ 12,567,001	-	(690,303)	11,876,698	716,883
Capital leases	107,987	-	(30,062)	77,925	25,214
Compensated absences	135,313	8,193	-	143,506	-
Early retirement	13,399	-	(13,399)	-	-
Net pension liability	9,180,472	8,515,990	-	17,696,462	-
Total	\$ 22,004,172	8,524,183	(733,764)	29,794,591	742,097

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

10. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issue appears remote. Accordingly, the escrow account and refunded bond are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2017.

11. Trust Agreement

Colorado State Statutes require that all property taxes levied for the purpose of satisfying bonded indebtedness be administered by at least one third party custodian designated by the District. The third-party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with American National Bank in order to meet this requirement.

IV. Detailed Notes on All Funds (continued)

G. 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 17,696,463 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, 2017. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District proportion was 0.0594%, as compared to its proportion of 0.0600% measured as of December 31, 2015.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

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

For the year ended June 30, 2017, the District recognized pension expense of \$3,133,403. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	221,233	155
Changes of assumptions or other inputs	5,742,133	79,802
Net difference between projected and actual earnings on pension plan investments	591,733	-
Changes in proportionate share of contributions	-	294,892
Difference between actual and reported contributions recognized	928	3,053.00
Contributions subsequent to the measurement date	221,806	-
Total	<u>\$ 6,777,833</u>	<u>\$ 377,902</u>

Contributions subsequent to the measurement date of December 31, 2016 , which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amortization</u>
2018	2,381,735
2019	2,512,753
2020	1,276,202
2021	7,435
	<u>\$ 6,178,125</u>

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 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; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% increase (6.26%)
Proportionate share of net pension liability	\$ 22,252,732	\$ 17,696,462	13,985,545

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

H. Fund Balance Disclosure

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portions of loans receivable, etc.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. At June 30, 2017, the District reported \$152,000 of restricted equity for emergencies as required by TABOR and \$3,263,300 has been restricted for the payment of general obligation debt.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the School Board of the District. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review, and/or make changes to each department's budget. The budget is formally presented to the School Board of the District via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after School Board approval, must be presented via a public process and again approved by the School Board of the District.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board of the District, or its management designees.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Fund Balance Disclosure (continued)

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy; however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the School Board of the District.

V. Other Information

A. Defined Benefit Pension Plan

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

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

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

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

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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

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

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

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

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

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

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

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

	For the Year Ended December 31,	
	2016	2017
Employer Contribution Rate	10.15%	10.15%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 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. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as presented in C.R.S. 24-51-411	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	18.63%

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 \$514,384 for the year ended June 30, 2017.

B. Post Employment HealthCare Benefits

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

Funding Policy. The District is required to contribute at a rate of 1.02% of covered 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 CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contributions to HCTF for the years ended June 30, 2017, 2016, and 2015 were \$30,039, \$29,604, and \$30,279, respectively, equal to their required contributions for each year.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

V. Other Information (continued)

C. Defined Contribution Pension Plan

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

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the year ended June 30, 2017, 2016 and 2015.

D. Contingencies

1. General Legal Matters

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2017.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance on ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2017.

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2017.

Park County School District RE-2
Notes to the Financial Statements
June 30, 2017
(Continued)

V. Other Information (continued)

E. Jointly Governed Organization - BOCES

The District, together with nine other school districts, participates in the Mountain Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Services by BOCES are charged to each district based upon individual needs and the student population.

The Board of the BOCES consists of one member of the Board of Education of each participating district. Each district has equal voting rights in the decisions of the BOCES.

The BOCES has issued its own audited financial statements for the year ended June 30, 2016, the latest available data. The following summary information is presented:

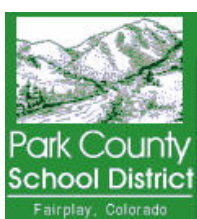
Assets	\$ 6,805,657
Liabilities	<u>(9,747,907)</u>
Net Position	<u>\$ (2,942,250)</u>
Expenses	\$ (11,087,857)
Program Revenues	10,838,207
General Revenues	<u>209,195</u>
Change in Net Position	<u>(40,455)</u>
Net Position - Beginning	<u>(2,901,795)</u>
Net Position - Ending	<u>\$ (2,942,250)</u>

For the years ended June 30, 2017 and 2016, the District made operating contributions of \$60,168 and \$33,926, respectively, to BOCES.

F. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and error and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

Park County School District RE-2
Required Supplementary Information



High Altitude, High Attitude, High Achievement

Park County School District RE-2
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2017
(With Comparative Actual Amounts For the Year Ended June 30, 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Taxes:					
Property taxes	3,361,705	3,361,705	3,117,815	(243,890)	3,165,606
Specific ownership taxes	600,000	600,000	730,237	130,237	742,926
State intergovernmental revenue	1,151,643	1,209,589	1,577,404	367,815	2,034,654
Federal intergovernmental revenue	223,010	265,498	268,497	2,999	225,998
Investment income	1,605	1,605	25,805	24,200	4,148
Other	242,800	416,863	212,471	(204,392)	483,924
Total revenues	<u>5,580,763</u>	<u>5,855,260</u>	<u>5,932,229</u>	<u>76,969</u>	<u>6,657,256</u>
EXPENDITURES					
Direct instruction	3,288,437	3,387,128	3,444,406	(57,278)	3,400,733
Indirect instruction	194,120	234,600	216,871	17,729	206,945
Transportation	217,372	217,372	213,212	4,160	186,301
Custodial and maintenance	577,093	577,093	479,896	97,197	1,104,811
Support services	489,591	494,202	302,462	191,740	316,223
General administration	651,110	682,794	666,812	15,982	670,930
Community service	2,309	2,309	1,348	961	1,030
Capital outlay	-	-	37,631	(37,631)	-
Contingency	88,731	192,525	-	192,525	-
Total expenditures	<u>5,508,763</u>	<u>5,788,023</u>	<u>5,362,638</u>	<u>425,385</u>	<u>5,886,973</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>72,000</u>	<u>67,237</u>	<u>569,591</u>	<u>502,354</u>	<u>770,283</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(80,500)	(106,300)	(253,629)	(147,329)	(195,075)
Total other financing sources (uses)	<u>(80,500)</u>	<u>(106,300)</u>	<u>(253,629)</u>	<u>(147,329)</u>	<u>(195,075)</u>
NET CHANGE IN FUND BALANCES	<u>(8,500)</u>	<u>(39,063)</u>	<u>315,962</u>	<u>355,025</u>	<u>575,208</u>
FUNDS BALANCES, BEGINNING			<u>2,846,918</u>		<u>2,271,710</u>
FUND BALANCES, ENDING			<u>3,162,880</u>		<u>2,846,918</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Student Activity Fund
For the Year Ended June 30, 2017
(With Comparative Actual Amounts For the Year Ended June 30, 2016)

	<u>2017</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
REVENUES				
Interest income	60	-	(60)	-
Other	45,000	12,943	(32,057)	31,183
Total revenues	<u>45,060</u>	<u>12,943</u>	<u>(32,117)</u>	<u>31,183</u>
EXPENDITURES				
Current:				
Student activities	72,400	46,102	26,298	60,674
Total expenditures	<u>72,400</u>	<u>46,102</u>	<u>26,298</u>	<u>60,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(27,340)</u>	<u>(33,159)</u>	<u>(5,819)</u>	<u>(29,491)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	10,500	10,500	-	10,500
Total other financing sources (uses)	<u>10,500</u>	<u>10,500</u>	<u>-</u>	<u>10,500</u>
NET CHANGE IN FUND BALANCES	<u>(16,840)</u>	<u>(22,659)</u>	<u>(5,819)</u>	<u>(18,991)</u>
FUND BALANCES, BEGINNING		<u>26,294</u>		<u>45,285</u>
FUND BALANCES, ENDING		<u>3,635</u>		<u>26,294</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Net
Position - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2017
(With Comparative Actual Amounts For the Year Ended June 30, 2016)

	<u>2017</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
REVENUES				
Food and Ala carte sales	52,500	63,702	11,202	58,781
Federal aid:				
USDA Commodity contribution	89,000	82,589	(6,411)	130,311
State reimbursement	13,600	3,699	(9,901)	5,460
Transfers in	-	121,529	121,529	119,575
Interest income	300	45	(255)	38
Capital contributions	8,000	13,000	5,000	9,673
Total revenues	<u>163,400</u>	<u>284,564</u>	<u>121,164</u>	<u>323,838</u>
EXPENDITURES				
Salaries and employee benefits	123,115	121,529	1,586	119,575
Purchased services	1,560	1,611	(51)	900
Supplies	10,500	11,456	(956)	4,999
Food costs:				
Purchased food	132,000	110,638	21,362	110,516
Donated commodities	9,000	12,260	(3,260)	9,391
Property	19,000	8,801	10,199	12,453
Contingency	66,325	-	66,325	-
Total expenditures	<u>361,500</u>	<u>266,295</u>	<u>95,205</u>	<u>257,834</u>
CHANGE IN NET POSITION	<u>(198,100)</u>	18,269	<u>216,369</u>	66,004
NET POSITION, BEGINNING		<u>147,752</u>		<u>81,748</u>
NET POSITION, ENDING		<u>166,021</u>		<u>147,752</u>

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

Park County School District RE-2
Schedule of Employer's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0594%	0.0600%	0.6250%	0.6250%
District's proportionate share of the net pension liability	17,696,463	9,180,472	8,466,029	8,481,733
District's covered payroll	\$ 2,945,032	\$ 2,902,338	\$ 2,662,350	\$ 2,739,281
District's proportionate share of the net pension liability as a percentage of its covered payroll	600.9%	316.31%	317.99%	309.63%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%	64.07%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

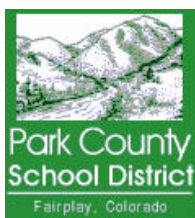
**Park County School District RE-2
Schedule of District Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 483,637	\$ 453,335	\$ 429,942	\$ 416,316
Contributions in relation to the contractually required contribution	<u>\$ (483,637)</u>	<u>\$ (453,335)</u>	<u>\$ (429,942)</u>	<u>\$ (416,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,945,032	\$ 2,902,338	\$ 2,662,350	\$ 2,739,281
Contributions as a percentage of covered payroll	16.42%	15.62%	16.15%	15.20%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

Park County School District RE-2

Supplementary Information



High Altitude, High Attitude, High Achievement

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2017
(With Comparative Actual Amounts For the Year Ended June 30, 2016)

	<u>2017</u>		<u>2016</u>	
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual Amounts</u>
REVENUES				
Taxes:				
Property taxes	1,662,929	1,262,450	(400,479)	1,656,763
Interest Income	-	2,343	2,343	3,499
Total revenues	<u>1,662,929</u>	<u>1,264,793</u>	<u>(398,136)</u>	<u>1,660,262</u>
EXPENDITURES				
Debt service:				
Principal	1,161,888	690,303	471,585	1,284,708
Interest	478,554	470,784	7,770	508,031
Fiscal charges	2,000	2,296	(296)	3,776
Contingency	1,905,539	-	1,905,539	-
Total expenditures	<u>3,547,981</u>	<u>1,163,383</u>	<u>2,384,598</u>	<u>1,796,515</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,885,052)</u>	<u>101,410</u>	<u>1,986,462</u>	<u>(136,253)</u>
NET CHANGE IN FUND BALANCES	<u>(1,885,052)</u>	<u>101,410</u>	<u>1,986,462</u>	<u>(136,253)</u>
FUND BALANCES, BEGINNING		<u>3,161,890</u>		<u>3,298,143</u>
FUND BALANCES, ENDING		<u><u>3,263,300</u></u>		<u><u>3,161,890</u></u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Reserve Fund
For the Year Ended June 30, 2017
(With Comparative Actual Amounts For the Year Ended June 30, 2016)

	2017			Final Budget Variance Positive (Negative)	2016
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Other local income	20	20	1,984	1,964	-
Total revenues	<u>20</u>	<u>20</u>	<u>1,984</u>	<u>1,964</u>	<u>-</u>
EXPENDITURES					
Land Improvements	1,800	1,800	1,800	-	1,800
Equipment	30,000	30,000	26,469	3,531	28,982
Vehicles	-	25,800	25,800	-	-
Furniture and fixtures	2,500	2,500	50	2,450	-
Technology equipment	25,000	25,000	10,649	14,351	14,568
Principal retirement	25,000	25,000	30,062	(5,062)	46,862
Interest and fiscal charges	-	-	3,111	(3,111)	3,230
Contingency	1,038	1,038	-	1,038	-
Total expenditures	<u>85,338</u>	<u>111,138</u>	<u>97,941</u>	<u>13,197</u>	<u>95,442</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(85,318)</u>	<u>(111,118)</u>	<u>(95,957)</u>	<u>15,161</u>	<u>(95,442)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	29,000
Transfers in (out)	95,800	95,800	121,600	25,800	65,000
Total other financing sources (uses)	<u>95,800</u>	<u>95,800</u>	<u>121,600</u>	<u>25,800</u>	<u>94,000</u>
NET CHANGE IN FUND BALANCES	<u>10,482</u>	<u>(15,318)</u>	<u>25,643</u>	<u>40,961</u>	<u>(1,442)</u>
FUND BALANCES, BEGINNING			<u>37,838</u>		<u>39,280</u>
FUND BALANCES, ENDING			<u>63,481</u>		<u>37,838</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Scholarship Fund
For the Year Ended June 30, 2017
(With Comparative Actual Amounts For the Year Ended June 30, 2016)

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual Amounts</u>
ADDITIONS				
Programs	6	39	33	17
Total additions	<u>6</u>	<u>39</u>	<u>33</u>	<u>17</u>
DEDUCTIONS				
Programs	5,177	146	5,031	10,000
Total deductions	<u>5,177</u>	<u>146</u>	<u>5,031</u>	<u>10,000</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>(5,171)</u>	<u>(107)</u>	<u>5,064</u>	<u>(9,983)</u>
DUE TO STUDENTS, BEGINNING		<u>5,035</u>		<u>15,018</u>
DUE TO STUDENTS, ENDING		<u>4,928</u>		<u>5,035</u>

The accompanying notes are an part of these financial statements.

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Revenues, Expenditures, and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activity Fund
For the Year Ended June 30, 2017
(With Comparative Actual Amounts For the Year Ended June 30, 2016)

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>	<u>Actual Amounts</u>
ADDITIONS				
Programs	140,000	114,521	(25,479)	76,125
Total additions	<u>140,000</u>	<u>114,521</u>	<u>(25,479)</u>	<u>76,125</u>
DEDUCTIONS				
Programs	155,800	86,270	69,530	60,310
Total deductions	<u>155,800</u>	<u>86,270</u>	<u>69,530</u>	<u>60,310</u>
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	<u>(15,800)</u>	28,251	<u>44,051</u>	15,815
DUE TO STUDENT ACTIVITIES, BEGINNING		<u>92,398</u>		<u>76,583</u>
DUE TO STUDENT ACTIVITIES, ENDING		<u>120,649</u>		<u>92,398</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Balance Sheet
June 30, 2017

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
ASSETS			
Assets:			
Cash and cash equivalents	3,260,720	79,085	3,339,805
Accounts, taxes, and interest receivable	307,143	-	307,143
Due from other governments	108,658	-	108,658
	<u>3,676,521</u>	<u>79,085</u>	<u>3,755,606</u>
Total assets	<u>3,676,521</u>	<u>79,085</u>	<u>3,755,606</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and other current payables	4,308	-	4,308
Accrued compensation	588,418	-	588,418
	<u>592,726</u>	<u>-</u>	<u>592,726</u>
Total liabilities	<u>592,726</u>	<u>-</u>	<u>592,726</u>
Fund balances:			
Reserved for:			
TABOR	152,000	-	152,000
Risk management	-	79,085	79,085
Unreserved	2,931,795	-	2,931,795
	<u>3,083,795</u>	<u>79,085</u>	<u>3,162,880</u>
Total fund balances	<u>3,083,795</u>	<u>79,085</u>	<u>3,162,880</u>
Total liabilities and fund balances	<u>3,676,521</u>	<u>79,085</u>	<u>3,755,606</u>

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

PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Combined General Fund
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Total</u>
REVENUES			
Taxes:			
Property taxes	3,117,815	-	3,117,815
Specific ownership taxes	730,237	-	730,237
State intergovernmental revenue	1,577,404	-	1,577,404
Federal intergovernmental revenue	268,497	-	268,497
Investment income	25,802	5	25,807
Other	186,508	25,963	212,471
Total revenues	<u>5,906,263</u>	<u>25,968</u>	<u>5,932,231</u>
EXPENDITURES			
Direct instruction	3,444,406	-	3,444,406
Indirect instruction	216,871	-	216,871
Transportation	213,212	-	213,212
Custodial and maintenance	479,896	-	479,896
Support services	147,818	154,646	302,464
General administration	666,812	-	666,812
Community service	1,348	-	1,348
Capital outlay	37,631	-	37,631
Total expenditures	<u>5,207,994</u>	<u>154,646</u>	<u>5,362,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>698,269</u>	<u>(128,678)</u>	<u>569,591</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(443,629)</u>	<u>190,000</u>	<u>(253,629)</u>
Total other financing sources (uses)	<u>(443,629)</u>	<u>190,000</u>	<u>(253,629)</u>
NET CHANGE IN FUND BALANCES	254,640	61,322	315,962
FUNDS BALANCES, BEGINNING	<u>2,829,155</u>	<u>17,763</u>	<u>2,846,918</u>
FUND BALANCES, ENDING	<u><u>3,083,795</u></u>	<u><u>79,085</u></u>	<u><u>3,162,880</u></u>

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

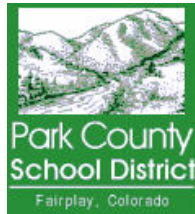
PARK COUNTY SCHOOL DISTRICT RE-2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2017 and 2016

	2017	2016
Governmental funds capital assets:		
Buildings and improvements	38,406,940	38,406,939
Equipment	200,408	162,777
Vehicles	947,006	921,206
Total governmental funds capital assets	39,554,354	39,490,922

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

Park County School District RE-2

Statutory Information



High Altitude, High Attitude, High Achievement



Colorado Department of Education

Auditors Integrity Report

District: 2610 - PARK COUNTY RE-2

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	+		-	=
General Fund	2,829,057	5,462,635	5,207,895	3,083,796
Risk Mgmt Sub-Fund of General Fund	17,763	215,968	154,645	79,085
Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,846,819	5,678,602	5,362,540	3,162,881
Charter School Fund	441,786	1,842,239	1,669,359	614,666
29 Special Revenue Fund	0	0	0	0
Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Food Service Spec Revenue Fund	147,752	284,563	266,294	166,021
Govt Designated-Purpose Grants Fund	0	0	0	0
Pupil Activity Special Revenue Fund	26,294	23,443	46,102	3,635
Full Day Kindergarten Mill Levy Override	0	0	0	0
Transportation Fund	0	0	0	0
Bond Redemption Fund	3,161,890	1,264,793	1,163,383	3,263,300
Certificate of Participation (COP) Debt Service Fund	0	0	0	0
Building Fund	0	0	0	0
Special Building Fund	0	0	0	0
Capital Reserve Capital Projects Fund	37,838	123,584	97,940	63,481
Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	6,662,379	9,217,224	8,605,618	7,273,985
Proprietary				
Other Enterprise Funds	0	0	0	0
3) Risk-Related Activity Fund	0	0	0	0
69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
Other Trust and Agency Funds	0	0	0	0
Private Purpose Trust Fund	5,035	39	146	4,928
Agency Fund	0	0	0	0
Pupil Activity Agency Fund	92,398	114,521	86,270	120,649
GASB 34 Permanent Fund	0	0	0	0
Foundations	0	0	0	0
Totals	97,433	114,560	86,416	125,576

FINAL