

**RIO BLANCO COUNTY SCHOOL DISTRICT RE-1
MEEKER, COLORADO**

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



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

CERTIFIED PUBLIC ACCOUNTANTS

Board of Education
Rio Blanco County (Meeker) School District RE-1
Meeker, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and each fiduciary fund type, of the Rio Blanco County (Meeker) School District No. RE-1 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and each fiduciary fund type of the Rio Blanco County (Meeker) School District No. RE-1 as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplemental Information

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

Hays, Maggard & Hood, P.C.

HAYS, MAGGARD & HOOD, P.C.

Glenwood Springs, Colorado

October 26, 2017

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Rio Blanco County (Meeker) School District RE-1 is a public school district located in Rio Blanco County in Northwest Colorado. The District consists of Meeker Elementary, Middle and High School. The District is a political subdivision of the State of Colorado, and serves the town of Meeker, and portions of unincorporated Rio Blanco County.

The discussion and analysis of the Rio Blanco County (Meeker) School District RE-1's financial performance provides an overall review of the District's financial activities. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

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

- Inclusive of the District's proportional share of the State PERA net pension liability, there was an overall decrease in net position of \$2,282,953 from the previous fiscal year.
- General Revenues accounted for \$8,311,443 or 86%, of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, and general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for \$1,320,337 or 14%, of the District's total revenues of \$9,631,780.
- The District had \$11,914,733 in expenses, of which \$1,320,337 were offset by program specific charges for services and sales, grants and contributions.

USING THE BASIC FINANCIAL STATEMENTS

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

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

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

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

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

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

The School District's activities as reflected on the Statement of Net Position and the Statement of Activities consist of the following:

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

Proprietary Activities – The District currently has no Business-type activities, which are those provided on a charge for goods or services basis to recover all expenses of the goods and services provided.

Fiduciary Activities – Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School District's own programs. The accounting use for the fiduciary funds is much like that used for proprietary funds. The District's two fiduciary funds are the Scholarship Fund and the Pupil Activity Fund. The Scholarship Fund is an agency fund which accounts for student scholarships and the Pupil Activity Fund is an agency fund which generally accounts for student generated revenues and expenditures related to non-classroom activities.

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

FUND FINANCIAL STATEMENTS

Fund financial reports provide detailed information about the District's major funds. The District considers all funds as significant, or major, funds. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. Fund financial statements are divided into three broad categories; namely (1) governmental funds; (2) proprietary funds; and, (3) fiduciary funds.

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

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

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

Bond Redemption Fund – The Bond Redemption Fund accounts for property tax collections and transactions related to the District's general obligation indebtedness.

Capital Reserve Project Fund – The Capital Projects Fund accounts for the District's funding for major capital needs.

Proprietary Funds – Proprietary (enterprise) funds use the same basis of accounting as business-type activities. The District currently has no proprietary funds (or business-type) activities.

Fiduciary Funds – Fiduciary (or *Agency*) funds are reported in a separate Statement of Fiduciary Net Position. This type of activity is excluded from governmental funds because the District cannot use these assets to finance its operations, and the District is acting solely as trustee or agent for the benefit of others to whom the resources belong, such as school activity accounts. The District's fiduciary funds are the:

Scholarship Fund – The Scholarship Fund accounts for scholarship funds held in a custodial capacity.

Pupil Activity Fund – The Pupil Activity Fund accounts for student athletic/nonathletic funds held in a custodial capacity.

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS

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

SUPPLEMENTAL INFORMATION

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

THE DISTRICT AS A WHOLE

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the current compared to the prior fiscal year:

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
			<i>(NOT APPLICABLE)</i>			
	2017	2016	2017	2016	2017	2016
ASSETS:						
Current and Other Assets	\$ 8,994	\$ 9,242	\$ -	\$ -	\$ 8,994	\$ 9,242
Capital Assets, Net	28,775	28,752	-	-	28,775	28,752
	37,769	37,994			37,769	37,994
DEFERRED OUTFLOWS:						
Pensions, Net of Accum Amtz	10,775	3,655	-	-	10,775	3,655
	10,775	3,655	-	-	10,775	3,655
LIABILITIES:						
Current & Other Liabilities	823	1,034	-	-	823	1,034
Long-term Liabilities	20,217	21,132	-	-	20,217	21,132
Net Pension Liability	22,113	11,240	-	-	22,113	11,240
	43,153	33,406	-	-	43,153	33,406
DEFERRED INFLOWS:						
Pensions, Net of Accum Amtz	546	1,115	-	-	546	1,115
	546	1,115	-	-	546	1,115
NET POSITION:						
Invested in Capital Assets, Net of Related Debt	12,711	11,435	-	-	12,711	11,435
Restricted	3,714	3,326	-	-	3,714	3,326
Unrestricted	(11,580)	(7,633)	-	-	(11,580)	(7,633)
	\$ 4,845	\$ 7,128	\$ -	\$ -	\$ 4,845	\$ 7,128

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

The District's Statement of Net Position also includes the District's proportionate share of the unfunded liability in the Public Employees Retirement Association (PERA) future retiree pension. The related negative unrestricted assets balance merely represents that there are *long-term* obligations, including pensions, in excess of *currently* available resources.

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

THE DISTRICT AS A WHOLE -- CONTINUED

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

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>REVENUES:</u>						
Program Revenues:						
Charges for Services & Sales	\$ 163	\$ 161	\$ -	\$ -	\$ 163	\$ 161
Operating Grants & Contributions	729	405	-	-	729	405
Capital Grants and Contributions	428	351	-	-	428	351
Total Program Revenues	1,320	917	-	-	1,320	917
General Revenues:						
Property & Ownership Taxes	6,510	7,648	-	-	6,510	7,648
Grants and Entitlements	1,523	232	-	-	1,523	232
Federal Mineral & Forest Leasing	213	299	-	-	213	299
Interest & Investment Earnings	51	19	-	-	51	19
Gain on Asset Sale/Disposition	-	-	-	-	-	-
Other General Revenues	15	18	-	-	15	18
Total General Revenues	8,312	8,216	-	-	8,312	8,216
Total Revenues	9,632	9,133	-	-	9,632	9,133
<u>PROGRAM EXPENSES:</u>						
Instruction	4,948	4,543	-	-	4,948	4,543
Support Services:						
Students	75	57	-	-	75	57
Instructional Staff	168	146	-	-	168	146
General Administration	397	359	-	-	397	359
School Administration	538	562	-	-	538	562
Business Support Services	114	103	-	-	114	103
Operations and Maintenance	708	629	-	-	708	629
Student Transportation	235	206	-	-	235	206
Central Support Services	9	4	-	-	9	4
Food Services	268	242	-	-	268	242
Risk Management	117	107	-	-	117	107
Facilities Non-capitalized Expenses	19	2	-	-	19	2
Unallocated PERA Actuarial Adj.	3,174	107	-	-	3,174	107
Interest and Fiscal Charges	1,145	1,041	-	-	1,145	1,041
Total (Expenses)	11,915	8,108	-	-	11,915	8,108
Increase (Decrease) in Net Position	\$ (2,283)	\$ 1,025	\$ -	\$ -	\$ (2,283)	\$ 1,025

Most of the District's revenues come from the Public School Finance Act of 1994 (SFA), which is comprised of general property taxes, specific ownership taxes and state equalization based on the statewide formula for pupil funding. In fiscal year 2017, approximately 18% of SFA funding came from state equalization and 82% from taxes. For the fiscal year 2017, the net position of the District's governmental activities decreased by \$2,283 thousand. The District currently has no business-type activities.

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

THE DISTRICT AS A WHOLE -- NET COST OF SERVICES

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

<i>(In Thousands)</i>	Fiscal Year 2017		Fiscal Year 2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,948	\$ 4,211	\$ 4,948	\$ 4,199
Support Services:				
Students	75	72	57	57
Instructional Staff	168	168	146	142
General Administration	397	397	359	359
School Administration	538	538	562	562
Business Support Services	114	114	103	103
Operations and Maintenance	708	693	629	609
Student Transportation	235	188	206	138
Central Support Services	9	9	4	4
Food Services	268	31	242	38
Risk Management	117	117	107	107
Facilities Non-capitalized Expenses	19	(262)	2	(274)
Unallocated PERA Actuarial Adj.	3,174	3,174	107	107
Interest and Fiscal Charges	1,145	1,145	1,041	1,041
Total Expenses	\$ 11,915	\$ 10,595	\$ 8,108	\$ 7,192

The dependence on general revenues for governmental activities is apparent, whereas approximately 85% and 85% of instruction activities were supported through taxes and other general revenues in 2017 and 2016, respectively. In these years, overall general revenues support was 89% in 2017 and 89% in 2016. The community as a whole is the primary support for District students.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

THE DISTRICT'S FUNDS

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

Governmental Funds –

The *General Fund* had an overall decrease in fund balance of \$296,360. The ending fund balance of \$ 4,298,085 is the amount available for future spending.

The *Food Service Fund* had an overall decrease in fund balance of \$4,380. The ending fund balance of \$19,252 is the amount available for future spending.

The *Bond Service Redemption* had an overall increase in fund balance of \$357,546. The ending fund balance of \$3,516,449 is the amount available for future spending.

The *Capital Reserve Projects Fund* had an overall increase in fund balance of \$84,705. The ending fund balance of \$511,328 is the amount available for future spending.

Fiduciary (Agency) Funds –

The *Scholarship Fund* ended the year with \$283,023 available for future spending.

The *Pupil Activity Fund* ended the year with \$190,465 available for future spending.

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

GENERAL FUND BUDGETING HIGHLIGHTS

The District's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(F)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District uses a line-item based budget which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. During the course of the current fiscal year, the District amended its budget as needed.

For the General Fund, actual revenues and other financing sources in the amount of \$6,828,673 were above budgetary expectations of \$6,685,843 by \$142,830.

The District's General Fund actual expenditures and other financing uses of \$7,125,033 were \$446,198 below budgeted expenditures of \$7,571,231. These major differences between budgeted amounts and actual expenditures were primarily due to excess amounts budgeted for operations and maintenance, transportation, instructional expenditures and general administration supporting services.

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

CAPITAL ASSETS

At the end of fiscal year 2017, the District had a total of \$28,774,811 invested in capital assets for *governmental activities*. Additional information on the District's capital assets can be found in *Note 4* of the financial statements.

The following reflects the balances of fiscal year 2017 compared to fiscal year 2016:

<i>(In Thousands)</i>	Governmental Activities	
	2017	2016
<i>Net of Depreciation:</i>		
Land	\$ 725	\$ 725
Construction in Progress	56	578
Buildings & Improvements	27,712	27,261
Transportation Equipment	168	98
Food Service Equipment	5	5
Other Equipment	109	85
	\$ 28,775	\$ 28,752

DEBT ADMINISTRATION

At June 30, 2017 the School District's governmental activities had \$15,935,000 in outstanding general obligations bonds, \$90,000 of capital appreciation bonds plus \$1,668,762 interest thereon, deferred premiums on the outstanding bonds in the net amount of \$2,419,098, capital leases of \$38,611, and accrued compensated absences of \$224,108. Other long-term obligations consist of the District's proportionate share of the aforementioned State PERA Net Pension Liability (see Note 1 & 10) in the amount of \$22,112,620. The bonds are being paid from a mill levy in the Bond Redemption fund while other long-term obligations are satisfied from the General Fund.

Additional information can be found in *Note 5* of the financial statements.

**RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

For the Fiscal Year Ended June 30, 2017

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

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

$$\textit{Total Program Funding} = \textit{local property taxes} + \textit{general specific ownership taxes} + \textit{state equalization}$$

The United States and the State of Colorado have experienced unprecedented economic decline. One impact of this budget crisis is the reduction in the State of Colorado's general fund revenues. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District's revenues are directly impacted. The District has implemented many cost-savings measures, as well as planning for utilization of existing fund balances, to maintain faculty staffing levels. The Board and Administration continue to carefully review spending to maintain a careful balance between education and fiscal responsibility.

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Rio Blanco County (Meeker) School District RE-1
Attn: Finance Director
P.O. Box 1089
Meeker, CO 81641

GOVERNMENT - WIDE FINANCIAL STATEMENTS

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF NET POSITION
June 30, 2017

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 8,764,206
Cash w/ County Treasurer	9,749
Receivables:	
Property Taxes	88,480
Intergovernmental	122,607
Other Receivables	6,152
Inventory	<u>2,912</u>
Total Current Assets	<u>8,994,106</u>
Capital Assets:	
Capital Assets, Non-depreciable	781,440
Capital Assets, Net of Depreciation	<u>27,993,371</u>
Total Capital Assets	<u>28,774,811</u>
TOTAL ASSETS	<u>37,768,917</u>
DEFERRED OUTFLOWS:	
Deferred Charge on Refunding	2,239,879
Pensions, Net of Accumulated Amortization	<u>8,534,892</u>
TOTAL DEFERRED OUTFLOWS	<u>10,774,771</u>
LIABILITIES:	
Accounts Payable	12,388
Accrued Salaries and Benefits	576,747
Accrued Interest Payable	70,122
Unearned Revenues	5,557
Long-term Debt:	
Portion Due or Payable within One Year, Net	158,160
Portion Due or Payable After One Year, Net	20,217,419
Net Pension Liability	<u>22,112,620</u>
TOTAL LIABILITIES	<u>43,153,013</u>
DEFERRED INFLOWS:	
Pensions, Net of Accumulated Amortization	<u>546,007</u>
TOTAL DEFERRED INFLOWS	<u>546,007</u>
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	12,711,200
<i>Restricted for:</i>	
Debt Service	3,516,449
Emergencies	197,000
Unrestricted	<u>(11,579,981)</u>
TOTAL NET POSITION	<u>\$ 4,844,668</u>

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2017

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 4,947,674	\$ 43,851	\$ 546,889	\$ 146,196
Supporting Services:				
General Support Services:				
- Students	74,731	-	3,500	-
- Instructional Staff	167,885	-	-	-
- General Administration	397,515	-	-	-
- School Administration	538,530	-	-	-
Business Support Services:				
- Business Services	114,244	-	-	-
- Operations and Maintenance	707,845	14,655	-	-
Student Transportation	234,900	-	46,553	-
Central Support Services	9,087	-	-	-
Food Services	267,826	104,957	131,977	-
Risk Management	116,674	-	-	-
Facilities Non-capitalized Expenses	18,619	-	-	281,759
Unallocated PERA Actuarial Adjustments	3,173,871	-	-	-
Interest and other Costs of Long-term Debt	1,145,332	-	-	-
Total Governmental Activities	<u>11,914,733</u>	<u>163,463</u>	<u>728,919</u>	<u>427,955</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 11,914,733</u>	 <u>\$ 163,463</u>	 <u>\$ 728,919</u>	 <u>\$ 427,955</u>

GENERAL REVENUES:

- Taxes:
 - Property Taxes, Levied For General Purposes
 - Property Taxes, Levied For Debt Service
 - Specific Ownership Taxes, for General Purposes
- Grants and Entitlements Not Restricted to Specific Programs
- Federal Mineral and Forest Leasing Revenues
- Division of Wildlife
- Unrestricted Interest and Investment Earnings
- Miscellaneous

Total General Revenues

Change in Net Position

NET POSITION–BEGINNING OF YEAR

NET POSITION–END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

Governmental Activities	Business-type Activities	Total
\$ (4,210,738)	<i>(not applicable)</i>	\$ (4,210,738)
(71,231)		(71,231)
(167,885)		(167,885)
(397,515)		(397,515)
(538,530)		(538,530)
(114,244)		(114,244)
(693,190)		(693,190)
(188,347)		(188,347)
(9,087)		(9,087)
(30,892)		(30,892)
(116,674)		(116,674)
263,140		263,140
(3,173,871)		(3,173,871)
<u>(1,145,332)</u>		<u>(1,145,332)</u>
<u>(10,594,396)</u>		<u>(10,594,396)</u>
<u>(10,594,396)</u>		<u>(10,594,396)</u>
4,018,935		4,018,935
2,287,224		2,287,224
203,425		203,425
1,522,651		1,522,651
210,493		210,493
3,180		3,180
50,768		50,768
14,767		14,767
<u>8,311,443</u>		<u>8,311,443</u>
(2,282,953)		(2,282,953)
<u>7,127,621</u>		<u>7,127,621</u>
<u>\$ 4,844,668</u>		<u>\$ 4,844,668</u>

FUND FINANCIAL STATEMENTS

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2017

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Bond Redemption Fund</u>
ASSETS:			
Cash and Cash Equivalents	\$ 4,732,590	\$ 19,386	\$ 3,500,902
Cash w/ County Treasurer	6,488	-	3,261
Receivables:			
Property Taxes, Net	21,894	-	12,286
Intergovernmental	122,607	-	-
Other Receivables	5,266	886	-
Inventory	-	2,912	-
Due from Other Funds	<u>-</u>	<u>1,625</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 4,888,845</u>	 <u>\$ 24,809</u>	 <u>\$ 3,516,449</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 12,388	\$ -	\$ -
Accrued Salaries and Benefits	576,747	-	-
Due to Other Funds	1,625	-	-
Unearned Revenues	<u>-</u>	<u>5,557</u>	<u>-</u>
Total Liabilities	<u>590,760</u>	<u>5,557</u>	<u>-</u>
Fund Balances:			
Non-spendable	-	2,912	-
Restricted			
Debt Service	-	-	3,516,449
Emergencies	197,000	-	-
Committed			
Capital Projects	-	-	-
Food Service	-	16,340	-
Unassigned	<u>4,101,085</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,298,085</u>	<u>19,252</u>	<u>3,516,449</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 4,888,845</u>	 <u>\$ 24,809</u>	 <u>\$ 3,516,449</u>

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

Capital Reserve Projects Fund	Total Governmental Funds
\$ 511,328	\$ 8,764,206
-	9,749
-	34,180
-	122,607
-	6,152
-	2,912
-	1,625
\$ 511,328	\$ 8,941,431

\$ -	12,388
-	576,747
-	1,625
-	5,557
-	596,317

-	2,912
-	3,516,449
-	197,000
511,328	511,328
-	16,340
-	4,101,085
511,328	8,345,114

\$ 511,328	\$ 8,941,431
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RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2017

TOTAL GOVERNMENTAL FUND BALANCES \$ 8,345,114

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

Property taxes receivable that are due later than 60 days after year-end are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the governmental funds. 54,300

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

Governmental Capital Assets	\$ 37,796,692	
Less Accumulated Depreciation	<u>(9,021,881)</u>	28,774,811

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Net Position, the premium is deferred and allocated over the term of the issuance as accretion of deferred premium. Deferred Charges related to the refunding of long-term debt are amortized over the life of the issue, but are not reported in the funds.

Current Portion Bond Premiums	\$ (73,976)	
Noncurrent Portion Bond Premiums, Net	(2,345,122)	
Deferred Charge on Refunding, Net	<u>2,239,879</u>	(179,219)

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

Accrued Interest Payable	\$ (70,122)	
Current Portion of Long-term Liabilities	<u>(84,184)</u>	(154,306)

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

Bonds Payable, Net	\$ (15,955,000)	
Lease Payable	(24,427)	
Accrued Compensated Absences	(224,108)	
Accrued Capital Appreciation Bond Interest	(1,668,762)	
Net Pension Liability	(22,112,620)	
Deferred Outflows of Resources	8,534,892	
Deferred Inflows of Resources	<u>(546,007)</u>	<u>(31,996,032)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,844,668

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General Fund	Food Service Fund	Bond Redemption Fund
REVENUES:			
Local Sources	\$ 4,612,971	\$ 104,957	\$ 2,292,740
Intermediate Sources	213,673	-	-
State Sources	1,816,404	2,856	-
Federal Sources	185,625	129,121	-
Total Revenues	<u>6,828,673</u>	<u>236,934</u>	<u>2,292,740</u>
EXPENDITURES:			
Instruction	4,552,358	-	-
Supporting Services:			
Students	74,731	-	-
Instructional Staff	167,885	-	-
General Administration	258,853	-	-
School Administration	508,259	-	-
Business Services	113,771	-	-
Operations and Maintenance	703,235	-	-
Transportation	305,374	-	-
Central Services	9,087	-	-
Food Services	-	267,826	-
Risk Management	116,674	-	-
Facilities Acquisition/Construction	-	-	-
Debt Service:			
Principal	13,294	-	1,240,000
Interest	-	-	694,144
Other	-	-	1,050
Total Expenditures	<u>6,823,521</u>	<u>267,826</u>	<u>1,935,194</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>5,152</u>	<u>(30,892)</u>	<u>357,546</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	-	26,512	-
Transfers (Out)	(301,512)	-	-
Total Other Financing Sources (Uses)	<u>(301,512)</u>	<u>26,512</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(296,360)	(4,380)	357,546
FUND BALANCE – BEGINNING	<u>4,594,445</u>	<u>23,632</u>	<u>3,158,903</u>
FUND BALANCE – ENDING	<u>\$ 4,298,085</u>	<u>\$ 19,252</u>	<u>\$ 3,516,449</u>

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

Capital Reserve Projects Fund	Total Governmental Funds
\$ 43,114	\$ 7,053,782
-	213,673
255,400	2,074,660
-	314,746
<u>298,514</u>	<u>9,656,861</u>
-	4,552,358
-	74,731
-	167,885
-	258,853
-	508,259
-	113,771
-	703,235
-	305,374
-	9,087
-	267,826
-	116,674
488,809	488,809
-	1,253,294
-	694,144
-	1,050
<u>488,809</u>	<u>9,515,350</u>
<u>(190,295)</u>	<u>141,511</u>
275,000	301,512
-	(301,512)
<u>275,000</u>	<u>-</u>
84,705	141,511
<u>426,623</u>	<u>8,203,603</u>
<u>\$ 511,328</u>	<u>\$ 8,345,114</u>

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 141,511

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

In Governmental Funds, revenues for property taxes are measured by the amount of current financial resources provided, including amounts due within 60 days after the end of the year; whereas, in the Statement of Activities, property taxes are measured as the revenue is earned. This is the amount by which current property taxes to be received after 60 days from the end of the year decreased from the previous fiscal year: (25,081)

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In addition, the net book value of asset sales/dispositions is an adjustment to gain (loss) on the Statement of Activities.

Current Period Capitalized Outlay	\$	614,787	
Current Period Depreciation		(592,272)	
Asset Sale/Disposal Gain (Loss)		<u>-</u>	22,515

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Activities, the premium is allocated over the term of the long-term debt as accretion of bond premium. This is the amount of accretion of bond premiums recognized on the current year statement of activities. 73,976

Deferred Charges on refunding of long-term debt are recognized over the term of the long-term debt. This is the amount recognized on the current statement of activities. (9,050)

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

Increase in Compensated Absences	\$	(51,183)	
Current Period Debt Repayment		<u>1,253,294</u>	1,202,111

Interest expense is recognized as an expenditure in the governmental funds when it is due as it requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due.

Change in Accrued Bond Interest	\$	4,162	
Accretion Capital Appreciation Bond Interest		<u>(519,226)</u>	(515,064)

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

Change in Net Pension Liability	\$	(10,872,195)	
Change in Deferred Outflows		7,128,832	
Change in Deferred Inflows		<u>569,492</u>	<u>(3,173,871)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,282,953)

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 June 30, 2017

	Scholarship Fund	Pupil Activity Fund	Total Fiduciary (Agency) Funds
ASSETS:			
Cash and Cash Equivalents	\$ <u>283,023</u>	\$ <u>190,465</u>	\$ <u>473,488</u>
Total Assets	\$ <u><u>283,023</u></u>	\$ <u><u>190,465</u></u>	\$ <u><u>473,488</u></u>
LIABILITIES:			
Due Student Groups/Agency	\$ <u>283,023</u>	\$ <u>190,465</u>	\$ <u>473,488</u>
Total Liabilities:	\$ <u><u>283,023</u></u>	\$ <u><u>190,465</u></u>	\$ <u><u>473,488</u></u>

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rio Blanco (Meeker) School District RE-1 (the District) are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). In addition, the District conforms to the Colorado Department of Education Financial Policies and Procedures Handbook in all material respect, as required by Colorado statutes. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Financial Reporting Entity

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

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

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

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture: Rio Blanco County Board of Cooperative Educational Services (BOCES)

The District is one of two districts participating in the Rio Blanco County Board of Cooperative Educational Services (BOCES). The BOCES is a regional education service unit created under the “Board of Cooperative Services Act of 1965” and is governed by a board consisting of representatives from each of the two districts.

The governing board of the BOCES has final authority over all funds of BOCES and fiscal responsibility including budgetary and reporting. As such, this joint venture does not meet the criteria for inclusion within the reporting entity. Additional information regarding the District’s participation in the joint venture is provided in *Note 9*.

C. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column with enterprise and fiduciary funds, when applicable, reported by type. The District currently considers all Funds as major Funds to segregate its overall activity.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments and expendable trusts that are legally restricted to expend funds for specified purposes. The individual special revenue fund revenues/resources are as follows: the *Food Service Fund* amounts are grants and other revenues for general food services.

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

Capital Improvements Funds – The District's *Capital Reserve Projects Fund* is used to account for the District's general capital needs.

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises – where the intent is that a) the costs of goods or services provided to the general public on a continuing basis be financed or recovered primarily through user charges; or b) the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District currently has no Proprietary (Enterprise) Funds.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position of agency activities. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District currently has two Agency Funds.

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency Funds are the *Scholarship Fund* and the *Pupil Activity Fund*.

E. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

Like the government-wide financial statements, enterprise funds, when applicable, are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operations are included a the statement of net position. For enterprise funds a statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) therein, while a statement of cash flows reflects how the fund finances and meets the cash flow needs. The District currently has no enterprise funds.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus and Basis of Accounting – (continued)

BASIS OF ACCOUNTING

While the measurement focus identifies *which* transactions and events should be recorded on the financial statements, the basis of accounting determines *when* transactions and economic events are reflected in financial statements.

Exchange and Non-exchange Transactions

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

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

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

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

Proprietary fund types, when applicable, use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. The District currently has no proprietary (enterprise) funds.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgets and Budgetary Accounting

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

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

G. Assets, Liabilities and Fund Equity

1) Cash and Investments

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. District policy limits investments to Certificates of Deposit in local banks and daily cash accumulation fund with ColoTrust. (See also Note 2.)

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity – (continued)

2) Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3) Internal Balances

Internal balances arise from outstanding amounts due to/from the District’s various funds during the course of normal operations. Internal balances within governmental activities are eliminated on the government-wide Statement of Net Position. As of year-end, the following were outstanding internal balances:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 1,625
Food Service Fund	1,625	-

4) Inventory

Inventory of the District’s Food Service Fund is valued as follows: Purchased food and non-food items are valued at cost, and U.S.D.A. donated commodity items are valued at U.S.D.A. unit pricing, substantially on a first in-first out basis. Freight and delivery charges are not included in inventory valuations.

5) Property Taxes Receivable/Property Tax Revenues

Property taxes are levied and collected on behalf of the District by Rio Blanco County and are reported as revenue when received by the county treasurer. Taxes receivable represent the 2016 assessed taxes yet to be collected in 2017. Amounts collectible subsequent to August 2017 have been accrued on the government-wide Statement of Net Position. The District considers all amounts to be materially collectible; therefore, an allowance for estimated uncollectible taxes is not considered necessary. Property taxes levied for 2016 and collected (including amounts receivable within 60 days of year-end) are recognized as revenue as follows:

<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
		<u>Levied</u>	<u>Received</u>	<u>Levied</u>
General Fund:				
\$623,081,770	6.435	\$ 4,009,531	\$ 3,953,098	99%
Debt Service Fund:				
\$623,081,770	3.611	\$ 2,249,948	\$ 2,217,901	99%

Property taxes are assessed on a calendar year basis and attach as an enforceable lien on property as of January 1. They may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and accrued interest thereon become delinquent on June 16th.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

6) Capital Assets

Capital assets purchased or acquired with an original cost in excess of the capitalization threshold of \$5,000 (set by the Board) are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of Equipment is on the straight-line basis with the mid-year convention, and Depreciation of Buildings and Improvements is on the straight-line method beginning in the year after they are placed in service, provided over the following estimated useful lives:

Buildings and Improvements	30-50 years
Vehicles and Other Equipment	10-15 years

7) Accrued Salaries and Benefits

The accrued salaries and benefits in the governmental funds represent the difference between wages earned and paid resulting from contracts being paid over a 12-month period, which are earned over a 9-month school year. Administrative and professional services employees that are given vacation time are 12-month employees. The amount of vacation and other compensation and benefit terms are spelled out in their individual contracts.

8) Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In the government-wide financial statements, a long-term liability is accrued for vacation and sick pay as earned. At the governmental fund level, a liability is accrued only if matured, for example, as a result of employee resignations or retirements.

9) Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported as liabilities in the government-wide Statement of Net Position. Bonds premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Proprietary (enterprise funds), when applicable, use this same method of reporting. Governmental funds report liabilities that, once incurred, are paid in a timely manner and in full from current financial resources as obligations of the funds and bonds are recognized as a liability when due. Bond premiums and discounts are recognized in the current period when incurred. The face amount of debt issued and premiums are reported as other financing sources and discounts as other financing uses. At both the government-wide and fund level, debt issuance costs, whether or not withheld from the actual debt proceeds received, are expensed as incurred.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

10) Net Position and Fund Balances

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

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

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

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

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

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

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

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

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

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

At June 30, 2017, amounts were restricted for debt service and for required statutory Tabor Emergency reserves. Committed amounts were for insurance, capital projects and food service expenditures.

H. Unearned Revenues

Unearned Revenues consist of revenue received before all eligibility requirements or allocable expenditures have been met or incurred.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods, and deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt and is presented as a deferred outflow. In addition, the District reports deferred inflows/outflows related to Pensions (see below).

J. 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 purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

K. Contributed Capital

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

L. Inter-fund Transactions

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

M. Use of Estimates

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board of Education recognizes the importance of prudent and profitable investment of District monies and its responsibility in overseeing the District's financial program. The District does not have a formally adopted deposit or investment policy in place to specifically address credit risk, custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk; however, it is the policy of the District to invest public funds in a manner which will ensure the safety of funds, ensure that adequate funds are available at all times to meet the financial obligations of the District when due, ensure a market rate of return on the funds available for investment throughout the budget cycle, and ensure that all funds are deposited and invested in accordance with all federal, state and local statutes governing the investment of public funds. The District limits investments to Certificates of Deposit in local banks and daily cash accumulation fund with local government investment pools. This policy applies to the investment of all financial assets of the District over which it exercises financial control. As summary of the District's deposits and investments follows:

	<u>Fair Value</u>
Checking/Savings/Certificates of Deposit	\$ 1,167,826
Colo Local Govt Liquid Asset Trust (COLOTRUST)	8,172,684
Cash with County Treasurer	9,749
Less Outstanding Items	<u>(102,816)</u>
Total Cash and Investments	<u>\$ 9,247,443</u>

This above amount is reflected in the accompanying financial statements within Governmental Activities \$8,773,955 and Fiduciary Activities \$473,488.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

The District's bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute, and had bank balances of \$1,177,575 of which \$250,000 was covered by FDIC insurance and \$927,575 by PDPA as described above.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

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

Local Government Investment Pool (COLOTRUST)

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard & Poor's, Fitch's and Moody's rating services. The custodian's internal records segregate investments owned by the Trust. As of June 30, 2017, the District had \$0 invested in COLOTRUST PRIME, and \$8,172,684 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Maturities of the District's investments are as follows:

	<u>Rating</u>	<u>Fair Value</u>	<u>Maturities</u>
COLOTRUST	AAAm	\$8,172,684	< 1 year

Risk Disclosures

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

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

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

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Maturities are structured to accommodate readily identifiable cash flows as approved by the Board.

The District was not subject to foreign currency risk.

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

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - CAPITAL ASSETS

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

<u>GOVERNMENTAL ACTIVITIES</u>	Balances June 30, 2016	Additions	Dispositions	Balances June 30, 2017
Land	\$ 725,237	\$ -	\$ -	\$ 725,237
Construction-in-Progress	578,216	56,203	(578,216)	56,203
Depreciable Capital Assets:				
Buildings	34,698,281	979,047	-	35,677,328
Transportation Equipment	841,582	104,645	-	946,227
Food Service Equipment	92,946	-	-	92,946
Other Equipment	<u>245,643</u>	<u>53,108</u>	<u>-</u>	<u>298,751</u>
Total Capital Assets	<u>37,181,905</u>	<u>1,193,003</u>	<u>(578,216)</u>	<u>37,796,692</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	7,437,071)	(527,830)	-	7,964,901
Transportation Equipment	(743,714)	(34,171)	-	777,885
Food Service Equipment	(87,990)	(827)	-	88,817
Other Equipment	<u>(160,834)</u>	<u>(29,444)</u>	<u>-</u>	<u>190,278</u>
Total Accum Depreciation	<u>(8,429,609)</u>	<u>(592,272)</u>	<u>-</u>	<u>9,021,881</u>
 GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 28,752,296</u>	<u>\$ 600,731</u>	<u>\$ (578,216)</u>	<u>\$ 28,774,811</u>

Depreciation expense was charged to functions/programs as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	
Instruction	\$ 384,085
Supporting Services	<u>208,187</u>
Total for Governmental Activities	<u>\$ 592,272</u>

BUSINESS-TYPE ACTIVITIES

The District has no Business-type Activities as of June 30, 2017.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 - LONG-TERM OBLIGATIONS

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

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Ser 2008 General Obligation Bonds \$	1,175,000	\$ -	\$ (1,175,000)	\$ -	\$ -
Ser 2008 Capital Appreciation Bonds - Principal Portion	90,000	-	-	90,000	-
Accretion of Interest	1,149,536	519,226	-	1,668,762	-
Ser 2014 Gen Oblig Refunding Bonds	8,610,000	-	(30,000)	8,580,000	30,000
Ser 2015 Gen Oblig Refunding Bonds	7,390,000	-	(35,000)	7,355,000	40,000
Bond Premiums -					
Ser 2008 Premium	128,804	-	(64,402)	64,402	64,402
Ser 2014 Premium	1,292,505	-	(4,498)	1,288,007	4,498
Ser 2015 Premium	1,071,765	-	(5,076)	1,066,689	5,076
2015 Copier Capital Lease	51,905	-	(13,294)	38,611	14,184
Compensated Absences	172,925	51,183	-	224,108	-
GOVERNMENTAL TOTAL					
LONG-TERM DEBT, NET	<u>\$ 21,132,440</u>	<u>\$ 570,409</u>	<u>\$ (1,327,270)</u>	<u>\$ 20,375,579</u>	<u>\$ 158,160</u>

The District's bonds are paid from the Bond Redemption Fund. Compensated absences are liquidated by the General Fund.

General Obligation Bonds - Series 2008

General Obligation Bonds in the face amount of \$23,910,000 were issued December 12, 2008 for the purpose of financing capital construction. Interest rates range from 3.0% to 5.63% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2028. On June 24, 2014 the District advance refunded \$8,315,000 of these bonds through the issuance of the 2014 General Obligation Refunding Bonds described below.

Capital Appreciation General Obligation Bonds – Series 2008

Capital Appreciation Bonds in the face amount of \$90,000 were issued December 12, 2008 in conjunction with the Series 2008 General Obligation Bonds. These bonds have a redemption amount of \$2,450,000. The District recognizes the current accretion on the bonds annually as an expenditure in governmental activities. The bonds mature at appreciated value in December 2017 and 2018.

General Obligation Refunding Bonds – Series 2014

The District partial refunded its existing Series 2008 General Obligation Bonds on June 24, 2014 through the issuance of \$8,650,000 of Series 2014 General Obligation Refunding Bonds. The bonds advance refunded \$1,100,000 of the bonds maturing on December 1, 2024 and the remaining \$7,215,000 of bonds maturing after that date. The refunded bonds are expected to be called on December 1, 2018. Interest rates range from 2.0% to 4.5% payable semi-annually on June 1 and December 1, with principal due and payable on December 1. The District received \$1,297,003 of bond premiums which are being amortized over the life of the bonds. There was a net present value savings of \$701,495 on the refunding. The difference between book value of the refunded bonds and new bonds resulted in a net charge of \$1,302,583 which is being amortized over the life of the bonds.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 - LONG-TERM OBLIGATIONS- continued

General Obligation Refunding Bonds – Series 2015

The District partial refunded its existing Series 2008 General Obligation Bonds on February 18, 2015 through the issuance of \$7,490,000 of Series 2015 General Obligation Refunding Bonds. The bonds advance refunded \$7,265,000 of the bonds maturing between December 1, 2019 and 2024. The refunded bonds are expected to be called on December 1, 2018. Interest rates range from 2.0% to 4.0% payable semi-annually on June 1 and December 1, with principal due and payable on December 1. The District received \$1,086,268 of bond premiums which are being amortized over the life of the bonds. There was a net present value savings of \$433,660 on the refunding. The difference between book value of the refunded bonds and new bonds resulted in a net charge of \$969,836 which is being amortized over the life of the bonds.

In conjunction with the issuance of the 2008, 2014 and 2015 bonds, the District is required to provide an annual report each year, as well as report certain material events if they occur, to the national reporting website for bond issuances, EMMA, which is located at emma.msrb.org. For the fiscal year ended June 30, 2017, the District believes it is in compliance with these requirements.

The annual requirements to amortize the Bond's debt service are as follows:

<u>December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,295,000	\$ 1,842,825	\$ 3,137,825
2019	1,295,000	1,851,425	3,146,425
2020	1,300,000	640,075	1,940,075
2021	1,350,000	587,600	1,937,600
2022	1,400,000	532,950	1,932,950
2023-2027	7,985,000	1,744,289	9,729,289
2028-2029	<u>3,760,000</u>	<u>171,000</u>	<u>3,931,000</u>
TOTAL	<u>\$ 18,385,000</u>	<u>\$ 7,370,164</u>	<u>\$ 25,755,164</u>
Less Cap Apprec	<u>(2,360,000)</u>		
NET BONDS	<u>\$ 16,025,000</u>		

Capital Lease

The District entered into a capital lease arrangement October 2014 for the purchase of copiers at a face amount of \$72,234 requiring monthly payments through January 2020 of \$1,356 including an estimated 6.5% interest. The District has capitalized assets of \$72,234 related to this lease. The future minimum lease payments are scheduled as follows:

<u>December 1</u>	<u>Principal</u>
2018	\$ 16,276
2019	16,276
2020	9,495
2021	<u>-</u>
Total Future Payments	42,047
Estim Interest at 6.5%	<u>(3,436)</u>
Present Value	<u>\$ 38,611</u>

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 - LONG-TERM OBLIGATIONS- continued

Compensated Absences

Accumulated unpaid sick pay is service from other revenues in the General Fund. This liability is only recorded on the government-wide financial statements since it is not expected to be financed from current resources. All employees separating from service from the District shall be compensated for accumulated days up to 80 days at a rate equivalent to substitute pay for that employee's position. An employee can accumulate at a rate of eleven (11), twelve (12) or fourteen (14) days per year based on their termed employment contract.

BUSINESS-TYPE ACTIVITIES – LONG TERM OBLIGATIONS

The District has no Business-type Activities as of June 30, 2017.

NOTE 6 - OPERATING LEASE COMMITMENTS

When applicable, operating leases contain an annual cancellation provision and are subject to annual appropriation, therefore future minimum lease payments do not apply and rental expense is immaterial in relation to the financial statements taken as a whole.

NOTE 7 - CONTINGENCIES

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

NOTE 8 - INVENTORIES

Food Service inventory as of June 30, 2017 of \$2,912 consisted of purchased non-food supplies and purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Department of Agriculture, are recorded at their estimated fair market value when received.

NOTE 9 - JOINTLY GOVERNED ORGANIZATION

The District is a member of the Rio Blanco Board of Cooperative Educational Services (BOCES), a jointly governed organization of two regional school districts, with each member district appropriating a member of the Board of Education and the superintendent of each participating District to the BOCES board of directors. The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES does not meet the criteria for inclusion within the reporting entity of the District. Financial statements for the BOCES can be obtained directly from BOCES by contacting (970) 675-2064.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

Benefits Provided

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

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

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

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

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

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

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN - continued

Benefits Provided - continued

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

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula show above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions

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

For contributions made during the Year Ended:	December 31, 2017	December 31, 2016
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Sec 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Sec 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Sec 24-51-411	5.00%	4.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	18.13%

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN - continued

Benefits Provided - continued

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 \$646,380 during the year ended June 30, 2017.

NOTE 11 - 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 \$22,112,620 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF. At December 31, 2016, the District's proportion was 0.0742685524%, which was an increase of 0.0007743149% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$3,820,253. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 276,442	\$ 195
Changes of assumptions or other inputs	7,175,084	99,717
Net difference between projected and actual earnings on pension plan investments	739,400	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,044	446,095
Contributions subsequent to the measurement date	342,922	-
TOTAL	\$ 8,534,892	\$ 546,007

The amount of \$342,922 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for changes in proportion and differences between contributions recognized and proportionate share of contributions will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>	<u>Outflows</u>	<u>Inflows</u>
2018	\$ 603	\$ 342,061
2019	343	118,727
2020	98	(14,693)

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age
Price Inflation	2.80 percent
Real Wage Growth	1.10 percent
Wage Inflation	3.90 percent
Salary Increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount Rate	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

Actuarial Assumptions - continued

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

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

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

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

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

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

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

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - continued

Actuarial Assumptions - continued

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

- Investment rate of return assumption decreased from 7.5 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

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

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

Actuarial Assumptions - continued

Discount Rate

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

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- continued

Actuarial Assumptions - continued

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

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

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

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

Sensitivity of the Net Pension Liability	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate Share of the Net Pension Liability	\$ 27,805,909	\$22,112,620	\$17,475,642

Pension Plan Fiduciary Net Position

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

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN: Voluntary Investment Program

Plan Description

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District currently has no matching contributions for covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2017, and 2016, program members contributed \$47,193, and \$35,300, respectively.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS: Health Care Trust Fund

Plan Description

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

Funding Policy

The District is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. The District's contributions to HCTF for the years ending June 30, 2017, 2016, and 2015 were \$36,498, \$33,218, and \$32,961, respectively, equal to their required contributions for each year.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 14 - RISK MANAGEMENT

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

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

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

NOTE 15 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. TABOR Amendment – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments. The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. TABOR requires that revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. TABOR also requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

In November 1997 the District's electorate passed a ballot issue allowing the District to collect, retain and expend revenues not withstanding TABOR'S revenue limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service and expenditures of Federal Awards). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The total emergency reserve was \$197,000 as of June 30, 2017.

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 15 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

A. TABOR Amendment – Tax, Spending and Debt Limitations - continued

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

B. The District believes it is in compliance with all budgetary requirements of Colorado Revised Statutes.

NOTE 16 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE
GENERAL FUND AND SPECIAL REVENUES FUNDS

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2017

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 4,762,264	\$ 4,009,822	\$ 4,060,325	\$ 50,503
Specific Ownership Taxes	140,740	184,181	203,425	19,244
Grants and Contributions	-	195,424	213,138	17,714
Other Local Revenues	59,513	100,675	136,083	35,408
Intergovernmental:				
Intermediate Sources	182,000	199,677	213,673	13,996
State Sources	664,379	1,802,990	1,816,404	13,414
Federal Sources	192,247	193,074	185,625	(7,449)
Total Revenues	<u>6,001,143</u>	<u>6,685,843</u>	<u>6,828,673</u>	<u>142,830</u>
EXPENDITURES:				
Instruction	4,517,119	4,795,707	4,552,358	243,349
Supporting Services:				
Students	80,679	70,163	74,731	(4,568)
Instructional Staff	146,069	262,879	167,885	94,994
General Administration	233,443	284,348	258,853	25,495
School Administration	519,920	525,350	508,259	17,091
Business Services	110,627	112,436	113,771	(1,335)
Operations and Maintenance	673,218	670,146	703,235	(33,089)
Transportation	254,849	388,112	305,374	82,738
Central Support	8,090	8,090	9,087	(997)
Debt Service	-	-	13,294	13,294
Risk Management	114,000	114,000	116,674	2,674
Total Expenditures	<u>6,658,014</u>	<u>7,231,231</u>	<u>6,823,521</u>	<u>407,710</u>
Excess of Revenues Over (Under) Expenditures	<u>(656,871)</u>	<u>(545,388)</u>	<u>5,152</u>	<u>550,540</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(65,000)	(340,000)	(301,512)	38,488
Total Other Financing Sources (Uses)	<u>(65,000)</u>	<u>(340,000)</u>	<u>(301,512)</u>	<u>38,488</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(721,871)	(885,388)	(296,360)	589,028
FUND BALANCE-BEGINNING	<u>4,471,392</u>	<u>4,594,445</u>	<u>4,594,445</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ 3,749,521</u>	<u>\$ 3,709,057</u>	<u>\$ 4,298,085</u>	<u>\$ 589,028</u>

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2017

	FOOD SERVICE FUND			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources	\$ 98,000	\$ 98,000	\$ 104,957	\$ 6,957
Intergovernmental:				
State Sources	2,550	2,550	2,856	306
Federal Sources	84,400	84,400	129,121	44,721
Total Revenues	<u>184,950</u>	<u>184,950</u>	<u>236,934</u>	<u>51,984</u>
EXPENDITURES:				
Food Services:				
Salaries	101,660	108,896	103,328	5,568
Employee Benefits	29,827	29,827	28,648	1,179
Purchased Services	6,150	6,150	3,173	2,977
Supplies and Materials:				
Purchased Food/Supplies	114,000	114,000	118,659	(4,659)
Donated Commodities	11,000	11,000	14,018	(3,018)
Capital Outlay/Other	2,000	2,000	-	2,000
Appropriated Reserve	8,945	1,709	-	1,709
Total Expenditures	<u>273,582</u>	<u>273,582</u>	<u>267,826</u>	<u>5,756</u>
Excess of Revenues Over (Under) Expenditures	<u>(88,632)</u>	<u>(88,632)</u>	<u>(30,892)</u>	<u>57,740</u>
OTHER FINANCING SOURCES (Uses):				
Operating Transfers In	65,000	65,000	26,512	(38,488)
Total Other Financing Sources (Uses)	<u>65,000</u>	<u>65,000</u>	<u>26,512</u>	<u>(38,488)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	23,632	23,632	(4,380)	19,252
FUND BALANCE-BEGINNING	<u>23,632</u>	<u>23,632</u>	<u>23,632</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,252</u>	<u>\$ 19,252</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

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

AND

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017

<u>Colorado PERA:</u>	<u>Reporting Fiscal Year / (Measurement Date)</u>		
	<u>2017 / (2016)</u>	<u>2016 / (2015)</u>	<u>2015 / (2014)</u>
District's proportion of the Net Pension Liability	.0742685524 %	.0734942375%	.0799359022%
District's proportionate share of the Net Pension Liability	\$ 22,112,620	\$ 11,240,425	\$ 10,834,000
District's covered-employee payroll	\$ 3,563,340	\$ 3,256,644	\$ 3,348,736
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	620.55%	345.15%	323.53%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
JUNE 30, 2017

	<u>Reporting Fiscal Year</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Colorado PERA:</u>			
Statutorily Required Contribution	\$ 646,380	\$ 577,653	550,198
District Contributions in relation to the statutorily required contribution	<u>646,380</u>	<u>(577,653)</u>	<u>(550,198)</u>
District contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,563,340	\$ 3,256,644	\$ 3,348,736
District's contributions as a percentage of covered-employee payroll	18.14%	17.74%	16.43%

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

OTHER SUPPLEMENTAL INFORMATION

DEBT SERVICE FUND
(BOND REDEMPTION FUND)

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Fiscal Year Ended June 30, 2017

	<u>BOND REDEMPTION FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources:				
Property Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,270,915	\$ 170,915
Interest Earnings	-	-	21,825	21,825
Total Revenues	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,292,740</u>	<u>192,740</u>
EXPENDITURES:				
Debt Service:				
Principal	1,240,000	1,240,000	1,240,000	-
Interest	719,763	719,763	694,144	25,619
Other Costs	-	-	1,050	(1,050)
Appropriated Reserves	<u>3,299,140</u>	<u>3,299,140</u>	<u>-</u>	<u>3,299,140</u>
Total Expenditures	<u>5,258,903</u>	<u>5,258,903</u>	<u>1,935,194</u>	<u>3,323,709</u>
Excess of Revenues Over (Under) Expenditures	(3,158,903)	(3,158,903)	357,546	3,516,449
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(3,158,903)	(3,158,903)	357,546	3,516,449
FUND BALANCE – BEGINNING	<u>3,158,903</u>	<u>3,158,903</u>	<u>3,158,903</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,516,449</u>	<u>\$ 3,516,449</u>

OTHER SUPPLEMENTAL INFORMATION

CAPITAL RELATED FUNDS
(CAPITAL RESERVE PROJECTS FUND)

DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL RESERVE PROJECTS FUND
For the Fiscal Year Ended June 30, 2017

	<u>CAPITAL RESERVE PROJECTS FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources:				
Grants and Contributions	\$ -	\$ -	\$ 26,359	\$ 26,359
Insurance Proceeds	-	-	14,767	14,767
Interest Earnings	205	205	1,988	1,783
State Sources:				
Colorado Health Grant	-	80,400	80,400	-
GOCO Grant	-	-	175,000	175,000
Governors Energy Grant	<u>390,000</u>	<u>390,000</u>	<u>-</u>	<u>(390,000)</u>
Total Revenues	<u>390,205</u>	<u>470,605</u>	<u>298,514</u>	<u>(172,091)</u>
EXPENDITURES:				
Facilities Acquisition and Construction:				
Supplies	-	-	18,618	(18,618)
Capital Outlay	816,695	1,097,095	470,191	626,904
Appropriated Reserve	<u>133</u>	<u>75,133</u>	<u>-</u>	<u>75,133</u>
Total Expenditures	<u>816,828</u>	<u>1,172,228</u>	<u>488,809</u>	<u>683,419</u>
Excess of Revenues Over (Under) Expenditures	(426,623)	(701,623)	(190,295)	511,328
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	<u>-</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(426,623)	(426,623)	84,705	511,328
FUND BALANCE – BEGINNING	<u>426,623</u>	<u>426,623</u>	<u>426,623</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,328</u>	<u>\$ 511,328</u>

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

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY (AGENCY) FUNDS

(SCHOLARSHIP FUND AND PUPIL ACTIVITY FUND)

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF CHANGES IN FIDUCIARY LIABILITY
FIDUCIARY (AGENCY) FUND – SCHOLARSHIP FUND
For the Fiscal Year Ended June 30, 2017

SCHOLARSHIP FUND				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS:				
Local Revenues	\$ 30,000	\$ 30,000	\$ 9,161	\$ (20,839)
Total Additions	30,000	30,000	9,161	20,839
REDUCTIONS:				
Grants and Scholarships	110,000	110,000	38,150	71,850
Appropriated Reserves	232,012	232,012	-	232,012
Total Reductions	342,012	342,012	38,150	303,862
Net Activity	(312,012)	(312,012)	(28,989)	283,023
FIDUCIARY LIABILITY – BEGINNING	312,012	312,012	312,012	-
FIDUCIARY LIABILITY – ENDING	\$ -	\$ -	\$ 283,023	\$ 283,023

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
STATEMENT OF CHANGES IN FIDUCIARY LIABILITY
FIDUCIARY (AGENCY) FUND – PUPIL ACTIVITIES FUND
For the Fiscal Year Ended June 30, 2017

	PUPIL ACTIVITIES FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS:				
Local Revenues	\$ 220,000	\$ 220,000	\$ 250,710	\$ 30,710
Total Additions	220,000	220,000	250,710	30,710
REDUCTIONS:				
Pupil Activities	250,000	250,000	252,486	(2,486)
Appropriated Reserves	162,241	162,241	-	162,241
Total Reductions	412,241	412,241	252,486	159,755
Net Activity	(192,241)	(192,241)	(1,776)	190,465
FIDUCIARY LIABILITY – BEGINNING	192,241	192,241	192,241	-
FIDUCIARY LIABILITY – ENDING	\$ -	\$ -	\$ 190,465	\$ 190,465

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

(COMBINING SCHEDULES AND DETAIL BUDGET)

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
COMBINING SCHEDULE FOR BALANCE SHEET
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Fiscal Year Ended June 30, 2017

	<u>GENERAL</u> <u>(FUND 10)</u>	<u>INSURANCE</u> <u>RESERVE</u> <u>(FUND 18)</u>	<u>PRESCHOOL</u> <u>(FUND 19)</u>	<u>TOTAL</u> <u>GENERAL</u> <u>FUND</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,732,590	\$ -	\$ -	\$ 4,732,590
Cash w/ County Treasurer	6,488	-	-	6,488
Receivables:				
Property Taxes , Net	21,894	-	-	21,894
Intergovernmental	122,607	-	-	122,607
Other Receivables	<u>5,266</u>	<u>-</u>	<u>-</u>	<u>5,266</u>
 TOTAL ASSETS	 <u>\$ 4,888,845</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,888,845</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 12,388	\$ -	\$ -	\$ 12,388
Accrued Salaries and Benefits	576,747	-	-	576,747
Due to Other Funds	1,625	-	-	1,625
Unearned Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>590,760</u>	<u>-</u>	<u>-</u>	<u>590,760</u>
 Fund Balances:				
Restricted				
Emergencies	197,000	-	-	197,000
Committed				
Insurance Reserves	-	-	-	-
Unassigned	<u>4,101,085</u>	<u>-</u>	<u>-</u>	<u>4,101,085</u>
Total Fund Balances	<u>4,298,085</u>	<u>-</u>	<u>-</u>	<u>4,298,085</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 4,888,845</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,888,845</u>

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
COMBINING SCHEDULE FOR STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Year Ended June 30, 2017

	<u>GENERAL</u> <u>(FUND 10)</u>	<u>INSURANCE</u> <u>RESERVE</u> <u>(FUND 18)</u>	<u>PRESCHOOL</u> <u>(FUND 19)</u>	<u>TOTAL</u> <u>GENERAL</u> <u>FUND</u>
REVENUES:				
Local Sources	\$ 4,612,963	\$ 8	\$ -	\$ 4,612,971
Intermediate Sources	213,673	-	-	213,673
State Sources	1,816,404	-	-	1,816,404
Federal Sources	<u>185,625</u>	<u>-</u>	<u>-</u>	<u>185,625</u>
Total Revenues	<u>6,828,665</u>	<u>8</u>	<u>-</u>	<u>6,828,673</u>
EXPENDITURES:				
Instructional	4,440,809	-	111,549	4,552,358
Supporting Services:				
Students	74,731	-	-	74,731
Instructional Staff	167,885	-	-	167,885
General Administration	258,853	-	-	258,853
School Administration	508,259	-	-	508,259
Business Services	113,771	-	-	113,771
Operations and Maintenance	703,235	-	-	703,235
Transportation	305,374	-	-	305,374
Central Services	9,087	-	-	9,087
Debt Services	13,294	-	-	13,294
Risk Management	<u>-</u>	<u>116,674</u>	<u>-</u>	<u>116,674</u>
Total Expenditures	<u>6,595,298</u>	<u>116,674</u>	<u>111,549</u>	<u>6,823,521</u>
Excess of Revenues Over (Under) Expenditures	<u>233,367</u>	<u>(116,666)</u>	<u>(111,549)</u>	<u>5,152</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	<u>(524,061)</u>	<u>111,000</u>	<u>111,549</u>	<u>(301,512)</u>
Total Other Financing Sources (Uses)	<u>(524,061)</u>	<u>111,000</u>	<u>111,549</u>	<u>(301,512)</u>
Excess of Revenues and Other Financings Sources Over (Under) Expenditures and Other Financing (Uses)	(290,694)	(5,666)	-	(296,360)
FUND BALANCES – Beginning	<u>4,588,779</u>	<u>5,666</u>	<u>-</u>	<u>4,594,445</u>
FUND BALANCES – Ending	<u>\$ 4,298,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,298,085</u>

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
DETAIL SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from Local Sources and Interest:			
Property Taxes	\$ 4,009,822	\$ 4,060,325	\$ 50,503
Specific Ownership Taxes	184,181	203,425	19,244
Grants and Contributions	195,424	213,138	17,714
Student Fees and Gate Receipts	36,063	43,851	7,788
Rental Income	14,400	14,655	255
Other Local Revenues	28,862	50,622	21,760
Interest Earnings	21,350	26,955	5,605
Total Local Sources and Interest:	<u>4,490,102</u>	<u>4,612,971</u>	<u>122,869</u>
Revenue from Intermediate Sources:			
Mineral and Forest Leasing Revenues	197,677	210,493	12,816
Division of Wildlife	2,000	3,180	1,180
Total Intermediate Sources	<u>199,677</u>	<u>213,673</u>	<u>13,996</u>
Revenue from State Sources:			
State Equalization	1,521,858	1,522,651	793
ELPA Grants	16,365	16,365	-
Transportation Grant	46,138	46,553	415
Read Act	30,000	33,392	3,392
Library Grant	3,500	3,500	-
Small Rural Schools Grant	169,439	169,439	-
At Risk Supplemental Grant	-	3,439	3,439
Vocational Education	15,690	21,065	5,375
Total State Sources	<u>1,802,990</u>	<u>1,816,404</u>	<u>13,414</u>
Revenue from Federal Sources:			
Title I	115,114	119,863	4,719
Title II A – Teacher Quality	25,626	19,997	(5,629)
Race to the Top	492	1,447	955
REAP Grant	34,918	34,918	-
Carl Perkins Grant	14,000	6,506	(7,494)
Title III – ELA Enhancement	2,894	2,894	-
Total Federal Sources	<u>193,074</u>	<u>185,625</u>	<u>(7,449)</u>
TOTAL REVENUES			
Transfers In	-	-	-
BUDGETARY REVENUES	<u>\$ 6,685,843</u>	<u>\$ 6,828,673</u>	<u>\$ 142,830</u>

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
INSTRUCTION:			
Salaries	\$ 2,413,214	\$ 2,407,159	\$ 6,055
Employee Benefits	930,600	887,469	43,131
Purchased Services (Including Preschool)	986,815	818,029	168,786
Supplies and Materials	318,875	266,833	52,042
Capital Outlay	121,000	87,936	33,064
Other Expenditures	25,203	84,932	(59,729)
TOTAL INSTRUCTION	<u>4,795,707</u>	<u>4,552,358</u>	<u>243,349</u>
GENERAL SUPPORTING SERVICES:			
<i>Student Support:</i>			
Salaries	50,184	53,978	(3,794)
Employee Benefits	18,729	19,786	(1,057)
Purchased Services	-	545	(545)
Supplies and Materials	605	392	213
Other Expenditures	645	30	615
Subtotal	<u>70,163</u>	<u>74,731</u>	<u>(4,568)</u>
<i>Instructional Staff:</i>			
Salaries	104,507	85,548	18,959
Employee Benefits	26,922	36,774	(9,852)
Purchased Services	125,000	39,715	85,285
Supplies and Materials	6,450	5,848	602
Subtotal	<u>262,879</u>	<u>167,885</u>	<u>94,994</u>
<i>General Administration:</i>			
Salaries	124,463	123,010	1,453
Employee Benefits	38,685	49,482	(10,797)
Purchased Services	107,200	74,583	32,617
Supplies and Materials	1,000	1,151	(151)
Capital Outlay	-	-	-
Other Expenditures	13,000	10,627	2,373
Subtotal	<u>284,348</u>	<u>258,853</u>	<u>25,495</u>
<i>School Administration:</i>			
Salaries	343,051	328,065	14,986
Employee Benefits	123,307	130,601	(7,294)
Purchased Services	46,618	36,300	10,318
Supplies and Materials	9,271	6,125	3,146
Other Expenditures	3,103	7,168	(4,065)
Subtotal	<u>525,350</u>	<u>508,259</u>	<u>17,091</u>
TOTAL GENERAL SUPPORT	<u>1,142,740</u>	<u>1,009,728</u>	<u>133,012</u>

(continued on next page)

RIO BLANCO COUNTY (MEEKER) SCHOOL DISTRICT RE-1
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

<i>(continued)</i>	Budget	Actual	Variance Favorable (Unfavorable)
BUSINESS SUPPORTING SERVICES:			
<i>Business Services:</i>			
Salaries	\$ 71,900	\$ 71,484	\$ 416
Employee Benefits	27,036	20,224	6,812
Purchased Services	10,000	16,673	(6,673)
Supplies and Materials	3,500	5,390	(1,890)
Capital Outlay	-	-	-
Subtotal	112,436	113,771	(1,335)
<i>Operations and Maintenance:</i>			
Salaries	252,100	289,494	(37,394)
Employee Benefits	110,341	111,906	(1,565)
Purchased Services	117,192	114,081	3,111
Supplies and Materials	187,250	187,754	(504)
Capital Outlay	3,263	-	3,263
Subtotal	670,146	703,235	(33,089)
TOTAL BUSINESS SUPPORT	782,582	817,006	(34,424)
TRANSPORTATION:			
Salaries	172,284	195,007	(22,723)
Employee Benefits	52,249	47,969	4,280
Purchased Services	5,679	4,337	1,342
Supplies and Materials	32,900	37,528	(4,628)
Capital Outlay	125,000	104,645	20,355
Other Objects – Student Activity Reimbursements	-	(84,112)	84,112
TOTAL TRANSPORTATION	388,112	305,374	82,738
CENTRAL SUPPORTING SERVICES:			
Salaries	3,870	4,190	(320)
Employee Benefits	720	910	(190)
Purchased Services	3,500	3,987	(487)
Other Expenditures	-	-	-
TOTAL CENTRAL SUPPORT	8,090	9,087	(997)
DEBT SERVICE:			
Lease Principal	-	13,294	(13,294)
TOTAL DEBT SERVICE	-	13,294	(13,294)
RISK MANAGEMENT:			
Purchased Services - Insurance	114,000	116,674	(2,674)
TOTAL RISK MANAGEMENT	114,000	116,674	(2,674)
OTHER FINANCING USES:			
Transfers Out	340,000	301,512	38,488
TOTAL BUDGETARY EXPENDITURES AND OTHER FINANCING USES	\$ 7,571,231	\$ 7,125,033	\$ 446,198

COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS

**ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES**

AND

BOLDED BALANCE SHEET REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 2710 - MEEKER RE1
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	4,588,779	6,304,605	6,595,298	4,298,085
18 Risk Mgmt Sub-Fund of General Fund	5,666	111,008	116,674	0
19 Colorado Preschool Program Fund	0	111,549	111,549	0
Sub- Total	4,594,445	6,527,162	6,823,522	4,298,085
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	23,632	263,446	267,826	19,252
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,158,903	2,292,740	1,935,194	3,516,449
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	426,623	573,514	488,809	511,328
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	8,203,603	9,656,861	9,515,350	8,345,115
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	312,012	9,161	38,150	283,023
74 Pupil Activity Agency Fund	192,241	250,710	252,486	190,465
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	504,253	259,870	290,636	473,487

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 2710 - MEEKER RE1

Fiscal Year 2016-17

Colorado School District/BOCES

Governmental

Proprietary

Fiduciary

ASSETS	Governmental					Proprietary					Fiduciary		Totals		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60		Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	4,732,590	0	0	0	0	19,386	3,500,902	511,328	0	0	0	0	473,487	0	9,237,694
Cash with Fiscal Agent (8105)	6,488	0	0	0	0	0	3,261	0	0	0	0	0	0	0	9,749
Taxes Receivable (8121,8122)	21,894	0	0	0	0	0	12,286	0	0	0	0	0	0	0	34,180
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	1,625	0	0	0	0	0	0	0	0	1,625
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	127,873	0	0	0	0	0	0	0	0	0	0	0	0	0	127,873
Other Receivables (8151-8154,8161)	0	0	0	0	0	886	0	0	0	0	0	0	0	0	886
Inventories (8171,8172,8173)	0	0	0	0	0	2,912	0	0	0	0	0	0	0	0	2,912
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	4,888,845	0	0	0	0	24,808	3,516,449	511,328	0	0	0	0	473,487	0	9,414,919

	Governmental						Proprietary					Fiduciary			
LIABILITIES & FUND EQUITY															
LIABILITIES	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	1,625	0	0	0	0	0	0	0	0	0	0	0	0	0	1,625
Other Payables (7421-7423)	12,388	0	0	0	0	0	0	0	0	0	0	0	0	0	12,388
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	576,747	0	0	0	0	0	0	0	0	0	0	0	0	0	576,747
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	5,556	0	0	0	0	0	0	0	0	5,556
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	590,760	0	0	0	0	5,556	0	0	0	0	0	0	0	0	596,317

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	2,912	0	0	0	0	0	0	0	0	2,912
Restricted Fund Balance 6720	0	0	0	0	0	0	3,516,449	0	0	0	0	0	192,241	0	3,708,690
TABOR 3% Emergency Reserve 6721	197,000	0	0	0	0	0	0	0	0	0	0	0	0	0	197,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	16,340	0	511,328	0	0	0	0	0	0	527,668
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	4,101,085	0	0	0	0	0	0	0	0	0	0	0	281,247	0	4,382,332
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	4,298,085	0	0	0	0	19,252	3,516,449	511,328	0	0	0	0	473,487	0	8,818,602

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	4,888,845	0	0	0	0	24,808	3,516,449	511,328	0	0	0	0	473,487	0	9,414,919

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