TELLURIDE SCHOOL DISTRICT R-1
TELLURIDE, 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
Telluride School District R-1
Telluride, 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 Telluride School District No. R-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 Telluride School District No. R-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.
Glenwood Springs, Colorado
September 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Telluride School District R-1 is a public school district located in San Miguel County in southwest Colorado. The District consists of Telluride Elementary, Intermediate, and Middle/High School. The District is a political subdivision of the State of Colorado, and serves the towns of Telluride, Mountain Village, Ophir, Sawpit and portions of unincorporated San Miguel County.

The discussion and analysis of the Telluride School District R-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 $7,923,827 from the previous fiscal year. Approximately $7,784,187 of this amount is attributable to changes in PERA'S actuarial projections allocated to the District.

- General Revenues accounted for $13,321,572 or 90%, 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 $1,511,661or 10%, of the District's total revenues of $14,833,233.

- The District had $22,757,060 in expenses, of which $1,511,661 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 Telluride School District R-1 as a financial whole, or as an entire operating activity.

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

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.

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.

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.

***Transportation Fund* –** The Transportation Fund is a special revenue fund which accounts for transportation operations funded primarily by property taxes and other State operating grants.

***Telluride Early Childhood Center (TECC) Fund* –** The Telluride Early Childhood Center Fund is a special revenue fund which accounted for childcare revenues. This activity was transferred to the General Fund this year.

***Affordable Housing Fund* –** The Affordable Housing Fund is a special revenue fund which accounts for housing units the District holds for employee housing needs.

***Palm Theatre Fund* –** The Palm Theatre Fund is a special revenue fund which accounts for earned and contributed revenue to the theatre and expenditures for operations of the theatre.

***Debt Service Fund* –** The Debt Service Fund accounts for property tax collections and transactions related to the District's indebtedness.

***Building Fund* –** The Building Fund accounts for facilities acquisition and building projects funded by bond proceeds and other District resources.

***Capital Projects Fund* –** The Capital Projects Fund accounts for the District's funding for 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 fund is the:

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

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:

(In Thousands)	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS:						
Current and Other Assets	$ 9,885	$ 17,492	$ -	$ -	$ 9,885	$ 17,492
Capital Assets, Net	44,069	39,313	-	-	44,069	39,313
	53,954	56,805	-	-	53,954	56,805
DEFERRED OUTFLOWS:						
Pensions, Net of Accum Amtz	17,962	3,290	-	-	17,962	3,290
	17,962	3,290	-	-	17,962	3,290
LIABILITIES:						
Current & Other Liabilities	2,124	4,362	-	-	2,124	4,362
Long-term Liabilities	24,766	25,239	-	-	24,766	25,239
Net Pension Liability	44,991	22,421	-	-	44,991	22,421
	71,881	52,022	-	-	71,881	52,022
DEFERRED INFLOWS:						
Pensions, Net of Accum Amtz	203	317	-	-	-	317
	203	317	-	-	203	317
NET POSITION:						
Invested in Capital Assets, Net of Related Debt	19,304	20,490	-	-	19,304	20,490
Restricted	405	467	-	-	405	467
Unrestricted	(19,877)	(13,201)	-	-	(19,877)	(13,201)
	$ (168)	$ 7,756	$ -	$ -	$ (168)	$ 7,756

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 by management to satisfy debt service requirements, finance future purchases and pay for capital projects as planned by the District.

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

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:

(In Thousands)	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES:						
Program Revenues:						
Charges for Services & Sales	$ 558	$ 741	$ -	$ -	$ 558	$ 741
Operating Grants & Contributions	924	833	-	-	924	833
Capital Grants and Contributions	30	9	-	-	30	9
Total Program Revenues	1,512	1,583	-	-	1,512	1,583
General Revenues:						
Property & Ownership Taxes	8,806	8,787	-	-	8,806	8,787
Grants and Entitlements	4,193	4,109	-	-	4,193	4,109
Gain on Sale of Assets	-	81	-	-	-	81
Accretion of Bond Premium	152	148			152	148
Interest & Investment Earnings	25	69	-	-	25	69
Other General Revenues	145	100	-	-	145	100
Total General Revenues	13,321	13,294	-	-	13,321	13,294
Total Revenues	14,833	14,877	-	-	14,833	14,877
PROGRAM EXPENSES:						
Instruction	9,273	7,832	-	-	9,273	7,832
Support Services:						
Students	425	597	-	-	425	597
Instructional Staff	570	549	-	-	570	549
General Administration	453	392	-	-	453	392
School Administration	661	692	-	-	661	692
Business Support Services	235	224	-	-	235	224
Operations and Maintenance	1,025	744	-	-	1,025	744
Student Transportation	222	274	-	-	222	274
Central Support Services	271	302	-	-	271	302
Other Support Services	119	-	-	-	119	-
Food Services	343	296	-	-	343	296
Colorado Preschool	215	166	-	-	215	166
Community Services	164	500	-	-	164	500
Facilities Non Capitalized Expenses	29	13	-	-	29	13
Unallocated PERA Actuarial Adj.	7,784	1,255	-	-	7,784	1,255
Interest and Fiscal Charges	968	987	-	-	968	987
Total (Expenses)	22,757	14,823	-	-	22,757	14,823
Increase (Decrease) in Net Position	$ (7,924)	$ 54	$	$ -	$ (7,924)	$ 54

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 37% of SFA funding came from state equalization and 63% from taxes. For the fiscal year 2017, the net position of the District's governmental activities decreased by approximately $7,924 thousand primarily resulting from the District's allocated portion of actuarial adjustments to State PERA liabilities. The District current has no business-type activities.

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:

	Fiscal Year 2017		Fiscal Year 2016	
(In Thousands)	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 9,273	$ 8,759	$ 7,832	$ 7,401
Support Services:				
Students	425	235	597	466
Instructional Staff	570	566	549	545
General Administration	453	453	392	392
School Administration	661	661	692	692
Business Support Services	235	189	224	216
Operations and Maintenance	1,025	866	744	679
Student Transportation	222	170	274	204
Central Support Services	271	271	302	302
Other Support Services	119	119	-	-
Food Services	343	49	296	(3)
Colorado Preschool	215	215	166	166
Community Services	164	(61)	500	(75)
Facilities Acquisition/Construction	29	1	13	13
Unallocated PERA Actuarial Adj.	7,784	7,784	1,255	1,255
Interest and Fiscal Charges	968	968	987	987
Total Expenses	$ 22,757	$ 21,245	$ 14,823	$ 13,240

The dependence on general revenues for governmental activities is apparent, whereas approximately 95% and 95% of instruction activities were supported through taxes and other general revenues in 2017 and 2016, respectively. The community as a whole is the primary support for District students.

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 increase in fund balance of $295,220. The ending fund balance of $3,799,698 is the amount available for future spending.

The *Food Service Fund* had an overall decrease in fund balance of $38,742. The ending fund balance of $105,940 is the amount available for future spending.

The *Transportation Fund* had an overall decrease in fund balance of $52,079. The ending fund balance of $243,841 is the amount available for future spending.

The *Telluride Early Childhood Center Fund* had an overall decrease in fund balance of $63,523 as remaining funds were transferred to the general fund.

The *Affordable Housing Fund* had an overall increase in fund balance of $8,938. The ending fund balance of $557,962 is the amount available for future spending.

The *Palm Theatre Fund* had an overall increase in fund balance of $45. The ending fund balance of $25,521 is the amount available for future spending.

The *Debt Service Fund* had an overall increase in fund balance of $104,741. The ending fund balance of $1,720,396 is the amount available for future spending.

The *Building Fund* had an overall decrease in fund balance of $5,960,361. The ending fund balance of $240,873 is the amount available for future spending.

The *Capital Projects Fund* had an overall decrease in fund balance of $43,679. The ending fund balance of $1,290,131 is the amount available for future spending.

Fiduciary (Agency) Funds –

The *Student Activity Fund* ended the year with $225,053 available for future spending.

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 $11,920,390 were above budgetary expectations of $11,784,243 by $136,147 primarily due to additional State Funding and local grant sources.

The District's General Fund actual expenditures and other financing uses of $11,625,170 were $688,358 below budgeted expenditures of $12,313,528. These major differences between budgeted amounts and actual expenditures were primarily due to excess amounts budgeted for overall purchased services, employee benefits and maintenance supplies.

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 $44,069,457 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:

(In Thousands)	Governmental Activities	
	2017	2016
Net of Depreciation:		
Land	$ 1,277	$ 1,277
Construction in Progress	136	20,693
Buildings & Improvements	40,996	15,718
Solar Array	1,299	1,356
Transportation Equipment	274	193
Other Equipment	87	76
	$ 44,069	$ 39,313

DEBT ADMINISTRATION

At June 30, 2017 the School District's governmental activities had $20,720,000 in outstanding bonds along with a deferred premium on the outstanding bonds in the amount of $4,045,707. The bonds are being paid from a mill levy in the Bond Redemption fund over a 20 year period with the last payment due in fiscal year 2035. The voter approved bond is for the construction of additional classrooms, administrative space, a black box Theatre, dance studio and full size gymnasium. The District also has $457,093 accrued for compensated absences. 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 $44,990,918.

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

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

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

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

The United States and the State of Colorado have experienced unprecedented economic decline. One impact of this budget crisis is the reduction in the State of Colorado's general fund revenues. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District'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.

In November of 2012, the voters of the R-1 District overwhelmingly approved a ballot question to allow the District to collect an additional $800,000 annually to backfill State funding rescissions. The District is humbled and honored by the continued support that it receives from the community for its educational opportunities, economic support and support that is shown for its faculty and support staff.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Telluride School District R-1
Attn: Finance Director
721 West Colorado Avenue
Telluride, CO 81435

GOVERNMENT - WIDE FINANCIAL STATEMENTS

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 7,199,661
Restricted Cash and Cash Equivalents	1,983,009
Receivables:	
Property Taxes	532,697
Intergovernmental	43,192
Other Receivables	118,683
Inventories	7,369
Total Current Assets	9,884,611
Capital Assets:	
Capital Assets, Non-depreciable	1,412,702
Capital Assets, Net of Depreciation	42,656,755
Total Capital Assets	44,069,457
TOTAL ASSETS	53,954,068
DEFERRED OUTFLOWS:	
Pensions, Net of Accumulated Amortization	17,961,645
TOTAL DEFERRED OUTFLOWS	17,961,645
LIABILITIES:	
Accounts Payable	175,164
Accrued Salaries and Benefits	1,040,393
Accrued Interest Payable	80,046
Other Liabilities	16,759
Unearned Revenues	354,546
Long-term Debt:	
Compensated Absences	457,093
Portion Due or Payable within One Year - Bonds Payable – Series 2005, Net	795,000
Portion Due or Payable After One Year - Bonds Payable - Series 2005, Net	23,970,707
Net Pension Liability	44,990,918
TOTAL LIABILITIES	71,880,626
DEFERRED INFLOWS:	
Pensions, Net of Accumulated Amortization	203,282
TOTAL DEFERRED INFLOWS	203,282
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	19,303,750
Restricted for:	
Colorado Preschool Program	68,596
Emergencies	336,500
Unrestricted	(19,877,041)
TOTAL NET POSITION	$ (168,195)

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

	EXPENSES	PROGRAM REVENUES: Charges For Services and Sales	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Instruction	$ 9,272,744	$ 75,880	$ 438,246	$ -
Supporting Services:				
General Support Services:				
- Students	425,426	15,819	174,759	-
- Instructional Staff	570,096	-	3,500	-
- General Administration	452,799	-	-	-
- School Administration	660,763	-	-	-
Business Support Services:				
- Business Services	234,902	-	45,306	-
- Operations and Maintenance	1,025,326	159,232	-	-
Transportation	221,627	12,125	38,798	-
Central Support Services	270,868	-	-	-
Other Support Services	118,649	-	-	-
Food Services	343,150	197,219	96,387	-
Colorado Preschool Services	215,300	-	-	-
Community Support	163,685	97,865	126,525	-
Facilities Non Capitalized Expenses	28,988	-	-	30,000
Unallocated PERA Actuarial Adjustment	7,784,187	-	-	-
Interest on Long-term Debt	967,050	-	-	-
Other Costs of Long-term Debt	1,500	-	-	-
Total Governmental Activities	22,757,060	558,140	923,521	30,000
TOTAL PRIMARY GOVERNMENT	$ 22,757,060	$ 558,140	$ 923,521	$ 30,000

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
Mineral and Forest Leasing Revenues
Cash In Lieu of Land
Unrestricted Interest and Investment Earnings
Accretion of Bond Premium
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
$ (8,758,618)	*(not applicable)*	$ (8,758,618)
(234,848)		(234,848)
(566,596)		(566,596)
(452,799)		(452,799)
(660,763)		(660,763)
(189,596)		(189,596)
(866,094)		(866,094)
(170,704)		(170,704)
(270,868)		(270,868)
(118,649)		(118,649)
(49,544)		(49,544)
(215,300)		(215,300)
60,705		60,705
1,012		1,012
(7,784,187)		(7,784,187)
(967,050)		(967,050)
(1,500)		(1,500)
(21,245,399)		(21,245,399)
(21,245,399)		(21,245,399)
6,621,430		6,621,430
1,842,640		1,842,640
341,982		341,982
4,141,569		4,141,569
5,158		5,158
46,700		46,700
24,802		24,802
152,300		152,300
144,991		144,991
13,321,572		13,321,572
(7,923,827)		(7,923,827)
7,755,632		7,755,632
$ (168,195)		$ (168,195)

FUND FINANCIAL STATEMENTS

TELLURIDE SCHOOL DISTRICT R-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Food Service Fund	Transportation Fund	Telluride Early Childhood Center Fund
ASSETS:				
Cash and Cash Equivalents	$ 5,003,469	$ 88,427	$ 235,476	$ -
Restricted Cash and Cash Equivalents	-	-	-	-
Receivables:				
Property Taxes, Net	400,163	-	15,636	-
Intergovernmental	23,901	11,227	778	-
Other Receivables	47,023	-	-	-
Due from Other Funds	-	-	-	-
Inventories	-	7,369	-	-
TOTAL ASSETS	$ 5,474,556	$ 107,023	$ 251,890	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 89,284	$ 1,083	$ 1,235	$ -
Accrued Salaries and Benefits	1,040,393	-	-	-
Due to Other Funds	-	-	-	-
Other Liabilities	-	-	-	-
Deposits	15,750	-	-	-
Unearned Revenues	354,546	-	-	-
Total Liabilities	1,499,973	1,083	1,235	-
Deferred Inflows of Resources:				
Unavailable Property Tax Revenue	174,885	-	6,814	-
Total Deferred Inflows of Resources	174,885	-	6,814	-
Fund Balances:				
Non-spendable	-	7,369	-	-
Restricted				
Colorado Preschool Program	68,596	-	-	-
Emergencies	336,500	-	-	-
Committed				
Theatre	-	-	-	-
Property Tax Shortfall	1,148,931	-	-	-
Assigned				
State Funding Shortfall	2,133,388	-	-	-
Debt Service	-	-	-	-
Building	-	-	-	-
Transportation	-	-	243,841	-
Affordable Housing	-	-	-	-
Food Service	-	98,571	-	-
Capital Projects	-	-	-	-
Unassigned	112,283	-	-	-
Total Fund Balances	3,799,698	105,940	243,841	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,474,556	$ 107,023	$ 251,890	$ -

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

Affordable Housing Fund	Palm Theatre Fund	Debt Service Fund	Building Fund	Capital Projects Fund	Total Governmental Funds
$ 565,841	$ 26,694	$ -	$ -	$ 1,279,754	$ 7,199,661
-	-	1,727,900	255,109	-	1,983,009
-	-	116,898	-	-	532,697
-	-	7,286	-	-	43,192
60,203	1,080	-	-	10,377	118,683
-	-	-	-	-	-
-	-	-	-	-	7,369
$ 626,044	$ 27,774	$ 1,852,084	$ 255,109	$ 1,290,131	$ 9,884,611
$ 67,582	$ 1,744	$ -	$ 14,236	$ -	$ 175,164
-	-	-	-	-	1,040,393
-	-	-	-	-	-
-	509	80,046	-	-	80,555
500	-	-	-	-	16,250
-	-	-	-	-	354,546
68,082	2,253	80,046	14,236	-	1,666,908
-	-	51,642	-	-	233,341
-	-	51,642	-	-	233,341
-	-	-	-	-	7,369
-	-	-	-	-	68,596
-	-	-	-	-	336,500
-	25,521	-	-	-	25,521
-	-	-	-	-	1,148,931
-	-	-	-	-	2,133,388
-	-	1,720,396	-	-	1,720,396
-	-	-	240,873	-	240,873
-	-	-	-	-	243,841
557,962	-	-	-	-	557,962
-	-	-	-	-	98,571
-	-	-	-	1,290,131	1,290,131
-	-	-	-	-	112,283
557,962	25,521	1,720,396	240,873	1,290,131	7,984,362
$ 626,044	$ 27,774	$ 1,852,084	$ 255,109	$ 1,290,131	$ 9,884,611

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

TOTAL GOVERNMENTAL FUND BALANCES		$ 7,984,362
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 deferred in the governmental funds.		233,341
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	$ 58,869,157	
Less Accumulated Depreciation	(14,799,700)	44,069,457
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.		
Bond Premium	$ (4,346,402)	
Accumulated Accretion	300,695	(4,045,707)
Some liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:		
Current Portion of Long-term Liabilities	$ (795,000)	(795,000)
Long-term liabilities are not due and payable in the current year, and, therefore, are not reported in the governmental funds.		
Compensated Absences	$ (457,093)	
Bonds Payable	(19,925,000)	
Net Pension Liability	(44,990,918)	
Deferred Outflows of Resources	17,961,645	
Deferred Inflows of Resources	(203,282)	(47,614,648)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (168,195)

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

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

	General Fund	Food Service Fund	Transportation Fund	Telluride Early Childhood Center Fund
REVENUES:				
Local Sources	$ 7,192,453	$ 197,219	$ 268,202	$ -
Intermediate Sources	51,858	-	-	-
State Sources	4,501,977	3,930	38,798	-
Federal Sources	110,579	92,457	-	-
Total Revenues	11,856,867	293,606	307,000	-
EXPENDITURES:				
Instruction	7,688,715	-	-	-
Supporting Services:				
Students	359,043	-	-	-
Instructional Staff	570,096	-	-	-
General Administration	450,299	-	2,500	-
School Administration	660,763	-	-	-
Business Services	234,902	-	-	-
Operations and Maintenance	961,535	-	-	-
Transportation	-	-	356,579	-
Central Services	270,868	-	-	-
Other Support Services	118,649	-	-	-
Food Services	-	357,348	-	-
Colorado Preschool	215,300	-	-	-
Community Services	-	-	-	-
Facilities Acquisition/Construction	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total Expenditures	11,530,170	357,348	359,079	-
Excess (Deficiency) of Revenue Over (Under) Expenditures	326,697	(63,742)	(52,079)	-
OTHER FINANCING SOURCES (USES):				
Transfers In	63,523	25,000	-	-
Transfers (Out)	(95,000)	-	-	(63,523)
Total Other Financing Sources (Uses)	(31,477)	25,000	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	295,220	(38,742)	(52,079)	(63,523)
FUND BALANCE – BEGINNING	3,504,478	144,682	295,920	63,523
FUND BALANCE – ENDING	$ 3,799,698	$ 105,940	$ 243,841	$ -

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

Affordable Housing Fund	Palm Theatre Fund	Debt Service Fund	Building Fund	Capital Projects Fund	Total Governmental Funds
$ 53,500	$ 61,414	$ 1,917,549	$ 32,584	$ 101,891	$ 9,824,812
-	-	-	-	-	51,858
-	-	-	-	-	4,544,705
-	-	-	-	-	203,036
53,500	61,414	1,917,549	32,584	101,891	14,624,411
-	-	-	-	-	7,688,715
-	-	-	-	-	359,043
-	-	-	-	-	570,096
-	-	-	-	-	452,799
-	-	-	-	-	660,763
-	-	-	-	-	234,902
44,562	-	-	-	74,370	1,080,467
-	-	-	-	-	356,579
-	-	-	-	-	270,868
-	-	-	-	-	118,649
-	-	-	-	-	357,348
-	-	-	-	-	215,300
-	131,369	-	-	-	131,369
-	-	-	5,992,945	135,458	6,128,403
-	-	780,000	-	-	780,000
-	-	967,050	-	-	967,050
-	-	1,500	-	-	1,500
44,562	131,369	1,748,550	5,992,945	209,828	20,373,851
8,938	(69,955)	168,999	(5,960,361)	(107,937)	(5,749,440)
-	70,000	-	-	64,258	222,781
-	-	(64,258)	-	-	(222,781)
-	70,000	(64,258)	-	64,258	-
8,938	45	104,741	(5,960,361)	(43,679)	(5,749,440)
549,024	25,476	1,615,655	6,201,234	1,333,810	13,733,802
$ 557,962	$ 25,521	$ 1,720,396	$ 240,873	$ 1,290,131	$ 7,984,362

TELLURIDE SCHOOL DISTRICT R-1

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2017

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS		$ (5,749,440)
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:		56,522
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	$ 6,441,582	
Current Period Depreciation	(1,685,083)	
Adj. to Sale/Disposal Gain (Loss)	-	4,756,499
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.		152,300
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Current Period Debt Proceeds	$ -	
Current Period Debt Repayment	780,000	780,000
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	$ (22,570,140)	
Change in Deferred Outflows	14,671,456	
Change in Deferred Inflows	114,497	
Change in Compensated Absences	(135,521)	(7,919,708)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (7,923,827)

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2017

	Student Activity Fund
ASSETS:	
Cash and Cash Equivalents	$ 225,053
Total Assets	$ 225,053
LIABILITIES:	
Accounts Payable	$ -
Due Student Groups/Agency	225,053
Total Liabilities:	$ 225,053

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Telluride School District R-1 are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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 Telluride School District R-1 a public school district organized under the laws of the State of Colorado and is governed by an elected five member Board of Education. Board of Education members are elected by the citizens of San Miguel 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.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

B. Joint Venture: Uncompahgre Valley Board of Cooperative Educational Services

The District is one of five school districts participating in the Uncompahgre Valley Board of Cooperative Educational Services (UnBOCES). The UnBOCES is a regional education service unit created under the "Board of Cooperative Services Act of 1965" and is governed by a board consisting of representatives from each participating district.

The governing board of the UnBOCES has final authority over all funds of UnBOCES and fiscal responsibility over 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.

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 though 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: 1) the *Food Service Fund* amounts are grants and other revenues for general food services; 2) the *Transportation Fund* amounts are from designated property taxes and other local revenues; 3) the *Telluride Early Childhood Center Fund* amounts are from tuition and contributions for childcare services; 4) the *Affordable Housing Fund* amounts are from rental revenues; and 5) the *Palm Theatre Fund* amounts are from ticket sales and contributions.

Debt Service Funds – The District's *Debt Service 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 *Building Fund* is used to account for monies to be used for facility acquisition and construction and the District's *Capital 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.

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 one Agency Fund.

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's single Agency Fund is the *Student Activity Fund*, which accounts for various student-managed activities.

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.

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).

Propriety 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.

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 except the Food Service Fund. The Food Service Fund budget is adopted on the modified accrual basis with the following exceptions (a reconciliation is provided in the budgetary comparison schedules):
    1) Inventory increases or decreases are not provided for in the budget.
    2) Noncash commodity revenues/expenditures are not included in the budget.
- 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.)*

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, there were no outstanding internal balances.

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 San Miguel 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:

Assessed Valuation	Mill Levy	Amount of Taxes Levied	Amount of Taxes Recognized	Percent Collected
General Fund:				
$ 747,730,070	8.599	$6,429,731	$5,960,326	92%
Debt Service Fund:				
$ 747,730,070	2.512	$1,878,298	$1,741,172	92%
Transportation Fund:				
$ 747,730,070	0.336	$ 251,237	$ 232,896	92%

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.

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	40 years
Improvements	10-15 years
Solar Array	25 years
Vehicles and Other Equipment	3-10 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. Any vacation payout would be subject to the terms of their individual contract. For support staff, vacation must be used before year-end, or it is lost. There is no vacation payout for support staff unless the employee quits or is dismissed mid-year; then the amount of vacation that has been earned for the current fiscal year is paid out at the employee's per diem rate of pay.

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.

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, the amounts restricted were $68,596 for the District’s Colorado Preschool Program and $336,500 for Tabor Emergency reserves

The District recognizes that good fiscal management comprises the foundational support of the entire District. To make that support as effective as possible, the Board’s intent is to maintain a minimum total fund balance of 20% of the District’s General Fund annual operating expenditures. If a fund balance drops below 20% the intent is that it shall be recovered at a rate of 1% minimally, each year.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

H. Unearned Revenues

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

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.

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.

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:

	Fair Value
Checking/Savings/Certificates of Deposit	$ 8,005,174
Colo Local Govt Liquid Asset Trust (COLOTRUST)	3,199
Colo Surplus Asset Fund Trust (CSAFE)	8,214
Cash with Fiscal Agent	1,686,847
Less Outstanding Items	(295,711)
Total Cash and Investments	$ 9,407,723

Restricted cash and investments includes amounts on deposit for future debt service and bond monies for specified building projects.

This above amount is reflected in the accompanying financial statements within Governmental Activities $9,182,670 and Fiduciary Activities $225,053.

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 $9,692,021 of which $250,000 was covered by FDIC insurance and $9,442,021 by PDPA as described above.

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 AAAm 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 $3,199 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. The District has $8,214 on deposit in the Colorado Surplus Asset Fund Trust (CSAFE).

NOTE 2 - *DEPOSITS AND INVESTMENTS (continued)*

Maturities of the District's investments are as follows:

	Rating	Fair Value	Maturities
COLOTRUST	AAAm	$3,199	< 1 year
CSAFE	AAAm	$8,214	< 1 year
Certificates of Deposit	N/A	$50,642	05/04/21

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 Colotrust 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.

NOTE 4 - *CAPITAL ASSETS*

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

GOVERNMENTAL ACTIVITIES	Balances June 30, 2016	Additions	Reclassif./ Dispositions	Balances June 30, 2017
Land	$ 1,276,648	$ -	$ -	$ 1,276,648
Construction-in-Progress	20,693,043	136,054	(20,693,043)	136,054
Depreciable Capital Assets:				
Buildings and Improvements	27,327,918	6,130,882	20,693,043	54,151,843
Solar Array	1,412,128	-	-	1,412,128
Transportation Equipment	708,265	134,952	(35,993)	807,224
Other Equipment	1,180,255	39,694	(134,689)	1,085,260
Total Capital Assets	52,598,257	6,441,582	(170,682)	58,869,157
Less Accumulated Depreciation:				
Buildings and Improvements	(11,609,603)	(1,545,846)	-	(13,155,449)
Solar Array	(56,485)	(56,485)	-	(112,970)
Transportation and Other Equipment	(1,619,211)	(82,752)	170,682	(1,531,281)
Total Accum Depreciation	(13,285,299)	(1,685,083)	170,682	(14,799,700)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 39,312,958	$ 4,756,499	$ -	$ 44,069,457

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
Instruction	$ 1,586,384
Supporting Services	66,383
Community Services	32,316
Total for Governmental Activities	$ 1,685,083

BUSINESS-TYPE ACTIVITIES

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

NOTE 5 - *LONG-TERM OBLIGATIONS*

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

GOVERNMENTAL ACTIVITIES	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds – Series 2015	$ 21,500,000	$ -	$ (780,000)	$ 20,720,000	$ 795,000
Series 2015 Premium	4,198,007	-	(152,300)	4,045,707	-
Compensated Absences	321,572	135,521	-	457,093	-
GOVERNMENTAL TOTAL LONG-TERM DEBT, NET	$ 26,019,579	$ 135,521	$ (932,300)	$ 25,222,800	$ 795,000

The District's general obligation bonds are paid from the Debt Service Fund. Compensated absences are liquidated by the General, Transportation, Theatre and Food Service Fund in relation to the applicable employee salary.

General Obligation and Refunding Bonds - Series 2015

General Obligation Bonds in the face amount of $22,260,000 were issued January 15, 2015 for the purpose of financing the construction, renovation and other capital improvements approved by the District voters and to pay the cost of issuance. Interest rates range from 2.0% to 5.0% 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, 2034. The annual requirements to amortize the general obligation bonds are as follows:

Fiscal year ending December 1	Principal	Interest	Total
2018	$ 795,000	$ 952,600	$ 1,747,600
2019	810,000	936,550	1,746,550
2020	830,000	911,850	1,741,850
2021	860,000	873,750	1,733,750
2022	905,000	829,625	1,734,625
2023-2027	5,165,000	3,497,875	8,662,875
2028-2032	6,570,000	2,049,250	8,619,250
2033-2035	4,785,000	366,875	5,151,875
TOTAL	$ 20,720,000	$ 10,418,375	$ 31,138,375

The premium on the 2015 Series Bonds is being amortized over the term of the Bonds using the effective interest method.

BUSINESS-TYPE ACTIVITIES

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

NOTE 6 - *COMMITMENTS*

Operating Leases

The District leases various office equipment. The leases contain an annual cancellation provision and are subject to annual appropriation, therefore future minimum lease payments are not applicable. The District's rental expense for the year ended June 30, 2017 was 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. As of June 30, 2017 the District was not aware of any unaccrued amounts to be refunded to the Colorado Department of Education. The District believes that any 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 of $7,369 remained as of June 30, 2017 consisting of 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 Uncompahgre Board of Cooperative Educational Services (UnBOCES), a jointly governed organization of five regional school districts. The UnBOCES is a regional educational service unit designed to provide Special Educatino services and supporting instructional, administrative, staff and other services determined by participating member districts. The UnBOCES does not meet the criteria for inclusion within the reporting entity of the District. Financial statements for the UnBOCES can be obtained directly from UnBOCES by contacting their administrative offices at 1115 W. Clinton, Ridgway, CO 81432; (970) 626-2977.

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 .

NOTE 10 - *DEFINED BENEFIT PENSION PLAN (continued)*

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.

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.

NOTE 10 - *DEFINED BENEFIT PENSION PLAN* - continued

Benefits Provided - *continued*
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 Heath Care Trust Fund as specified in C.R.S. Sec 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Sec 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Sec 24-51-411	5.00%	4.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $1,221,898 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 $44,990,918 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 0.1511087484%, which was an increase of 0.0045130412 % from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $9,006,087 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	$ 562,456	$ 396
Changes of assumptions or other inputs	14,598,616	202,886
Net difference between projected and actual earnings on pension plan investments	1,504,402	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	648,908	-
Contributions subsequent to the measurement date	647,263	-
TOTAL	$ 17,961,645	$ 203,282

The amount of $647,263 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:

Year Ended December 31,	Outflows	Inflows
2018	$ 357,726	$ -
2019	205,353	-
2020	85,829	-
2021	-	-
2022	-	-
Thereafter	-	-

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.

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.

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 whiche 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%.

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 AEDand 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 in 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.

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 munipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projeciton test indicated the SCDTF'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 dtermine the total pension liability. The discount rate dtermination 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	$ 56,574,633	$44,990,918	$35,556,401

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.

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, 2016 and 2015, program members contributed $151,944, $135,036 and $101,567, 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 $69,725, $68,813, and $55,100, respectively, equal to their required contributions for each year.

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.

NOTE 14 - *RISK MANAGEMENT - continued*

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

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

NOTE 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 1996 the District's electorate passed a ballot issue allowing the District to collect, retain and expend revenues not withstanding any of 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 $336,500 as of June 30, 2017.

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

NOTE 15 - *STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued*

B. Budgetary Expenditures in Excess of Appropriations

The District's final budgetary appropriations were insufficient for current year expenditures and other financing uses for the following funds:

Palm Theatre Fund

This may not be in compliance with 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. The following subsequent event is considered material to the financial statements taken as a whole:

On August 1, 2017, the District issued Certificates of Participation-Series 2017 in the amount of $2,540,000 under an annually renewable Lease Purchase Agreement, secured by base rentals and certain other revenues, for the purpose of financing the acquisition, construction, installation and improvement of affordable housing units for the District's teachers and other District employees, inclusive of capitalized interest on the 2017 certificates and issuance costs thereof. Neither the lease nor the 2017 certificates consistitute a general obligation, a multiple fiscal year direct or indirect debt or other financial obligation or indebtedness of the District within the meaning of any constitutional or statory debt limitation. None of the lease or indenture or the 2017 certificates directly or indirectly obligate the District to make any payments beyond those appropriated for any fiscal year in which the lease may be in effect.

There has been no other 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

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

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	$ 6,425,000	$ 6,393,605	$ 6,318,949	$ (74,656)
Specific Ownership Taxes	250,000	192,030	257,770	65,740
Local Grants	98,500	181,794	255,980	74,186
Other Local Revenues	215,500	308,621	338,351	29,730
Intergovernmental:				
Intermediate Sources	36,150	71,745	51,858	(19,887)
State Sources	4,073,243	4,448,517	4,501,977	53,460
Federal Sources	146,000	111,408	110,579	(829)
Interest Earnings	13,000	13,000	21,403	8,403
Total Revenues	11,257,393	11,720,720	11,856,867	136,147
EXPENDITURES:				
Instruction	7,550,988	8,103,371	7,688,715	414,656
Supporting Services:				
Students	478,514	485,551	359,043	126,508
Instructional Staff	554,867	615,260	570,096	45,164
General Administration	449,656	414,020	450,299	(36,279)
School Administration	686,063	703,480	660,763	42,717
Business Services	234,429	220,928	234,902	(13,974)
Operations and Maintenance	750,193	1,065,515	961,535	103,980
Central Services	266,006	334,670	270,868	63,802
Other Support Services	-	-	118,649	(118,649)
Colorado Preschool	272,253	275,733	215,300	60,433
Total Expenditures	11,242,969	12,218,528	11,530,170	688,358
Excess of Revenues Over (Under) Expenditures	14,424	(497,808)	326,697	824,505
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	111,000	63,523	63,523	-
Operating Transfers (Out)	(350,000)	(95,000)	(95,000)	-
Total Other Financing Sources (Uses)	(239,000)	(31,477)	(31,477)	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(224,576)	(529,285)	295,220	824,505
FUND BALANCE-BEGINNING	3,504,478	3,504,478	3,504,478	-
FUND BALANCE-ENDING	$ 3,279,902	$ 2,975,193	$ 3,799,698	$ 824,505

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

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

	FOOD SERVICE FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
GAAP BASIS REVENUES:				
Local Sources	$ 191,000	$ 191,000	$ 197,219	$ 6,219
Intergovernmental:				
State Sources	-	3,000	3,930	930
Federal Sources	76,000	76,000	92,457	16,457
GAAP BASIS OTHER FINANCING SOURCES:				
Operating Transfers In	25,000	25,000	25,000	-
BUDGETARY BASIS ADJUSTMENTS:				
Less Noncash Commodities	-	-	(19,859)	(19,859)
Total Budgetary Basis Revenues	292,000	295,000	298,747	3,747
GAAP BASIS EXPENDITURES:				
Food Services:				
Salaries	114,383	151,700	142,482	9,218
Employee Benefits	41,335	62,700	51,780	10,920
Purchased Services	5,500	6,000	4,477	1,523
Supplies and Materials:				
Purchased Food/Supplies	125,000	143,600	123,830	19,770
Donated Commodities	-	-	19,859	(19,859)
Capital Outlay/Other	17,000	10,000	14,920	(4,920)
BUDGETARY BASIS ADJUSTMENTS:				
Less Noncash Commodities	-	-	(19,859)	19,859
Total Budgetary Basis Expenditures	303,818	374,000	337,489	36,511
Budgetary Change in Fund Balance	(11,818)	(79,000)	(38,742)	40,258
FUND BALANCE - BEGINNING	116,743	144,682	144,682	-
FUND BALANCE - ENDING	$ 104,925	$ 65,682	$ 105,940	$ 40,258

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

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

	TRANSPORTATION FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	$ 135,000	$ 180,000	$ 245,959	$ 65,959
Specific Ownership Taxes	10,000	10,000	10,118	118
Other Local Revenues	6,000	-	12,125	12,125
Intergovernmental:				
State Sources	52,000	38,450	38,798	348
Total Revenues	203,000	228,450	307,000	78,550
EXPENDITURES:				
Supporting Services:				
General Administration	-	2,800	2,500	300
Transportation	225,583	417,150	356,579	60,571
Total Expenditures	225,583	419,950	359,079	60,871
Excess of Revenues Over (Under) Expenditures	(22,583)	(191,500)	(52,079)	139,421
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	45,000	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	22,417	(191,500)	(52,079)	139,421
FUND BALANCE – BEGINNING	165,145	295,920	295,920	-
FUND BALANCE – ENDING	$ 187,562	$ 104,420	$ 243,841	$ 139,421

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – TELLURIDE EARLY CHILDHOOD CENTER FUND
For the Fiscal Year Ended June 30, 2017

	TELLURIDE EARLY CHILDHOOD CENTER FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Tuition	$ 205,724	$ -	$ -	$ -
Other Local Revenues	-	-	-	-
Total Revenues	205,724	-	-	-
EXPENDITURES:				
Community Services:			-	
Salaries	151,570	-	-	-
Benefits	44,560	-	-	-
Purchased Services	1,560	-	-	-
Supplies	2,500	-	-	-
Total Expenditures	200,190	-	-	-
Excess of Revenues Over (Under) Expenditures	5,534	-	-	-
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	(63,523)	(63,523)	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	5,534	(63,523)	(63,523)	-
FUND BALANCE – BEGINNING	63,523	63,523	63,523	-
FUND BALANCE – ENDING	$ 69,057	$ -	$ -	$ -

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

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

	AFFORDABLE HOUSING FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Rentals	$ 42,000	$ 55,800	$ 53,500	$ (2,300)
Total Revenues	42,000	55,800	53,500	(2,300)
EXPENDITURES:				
Operations and Maintenance:				
Purchased Services	6,500	49,000	40,982	8,018
Supplies	-	-	324	(324)
Other	6,500	6,500	3,256	3,244
Total Expenditures	13,000	55,500	44,562	10,938
Excess of Revenues Over (Under) Expenditures	29,000	300	8,938	8,638
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(25,000)	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	4,000	300	8,938	8,638
FUND BALANCE – BEGINNING	548,254	549,024	549,024	-
FUND BALANCE – ENDING	$ 552,254	$ 549,324	$ 557,962	$ 8,638

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

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

	PALM THEATRE FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Rental and Personnel Revenue	$ 48,500	$ -	$ -	$ -
Ticket Sales and Concessions	79,650	-	-	-
Miscellaneous Revenue	500	-	45	45
Grants, Contributions and Sponsorships	48,000	59,760	61,369	1,609
Total Revenues	176,650	59,760	61,414	1,654
EXPENDITURES:				
Community Services:				
Salaries	109,000	96,205	100,568	(4,363)
Employee Benefits	34,422	33,555	30,801	2,754
Purchased Services	61,125	-	-	-
Supplies and Materials	11,300	-	-	-
Total Expenditures	215,847	129,760	131,369	(1,609)
Excess of Revenues Over (Under) Expenditures	(39,197)	(70,000)	(69,955)	45
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	35,000	70,000	70,000	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(4,197)	-	45	45
FUND BALANCE – BEGINNING	11,215	25,476	25,476	-
FUND BALANCE – ENDING	$ 7,018	$ 25,476	$ 25,521	$ 45

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

TELLURIDE SCHOOL DISTRICT R-1

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

JUNE 30, 2017

	Reporting Fiscal Year / (Measurement Date)		
Colorado PERA:	2017 / (2016)	2016 / (2015)	2015 / (2014)
District's proportion of the Net Pension Liability	0.1511087484 %	0.14565957072%	0.1456150362%
District's proportionate share of the Net Pension Liability	$ 44,990,918	$ 22,420,778	$ 19,735,729
District's covered-employee payroll	$ 6,781,768	$ 6,383,408	$ 6,100,384
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	663 %	351%	324%
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.

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

	Reporting Fiscal Year		
Colorado PERA:	2017	2016	2015
Statutorily Required Contribution	$ 1,326,417	$ 1,265,316	1,065,796
District Contributions in relation to the statutorily required contribution	1,326,417	1,265,316	1,065,796
District contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 6,781,184	$ 6,657,658	$ 6,321,947
District's contributions as a percentage of covered-employee payroll	19.56%	19.01%	16.86%

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

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

	DEBT SERVICE FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Property Taxes	$ 1,850,000	$ 1,810,000	$ 1,842,640	$ 32,640
Specific Ownership Taxes	85,000	74,000	74,094	94
Interest Earnings	1,000	1,000	815	(185)
Total Revenues	1,936,000	1,885,000	1,917,549	32,549
EXPENDITURES:				
Debt Service				
Principal	780,000	780,000	780,000	-
Interest	968,350	968,350	967,050	1,300
Other Costs	4,000	4,000	1,500	2,500
Total Expenditures	1,752,350	1,752,350	1,748,550	3,800
Excess of Revenues Over (Under) Expenditures	183,650	132,650	168,999	36,349
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(86,000)	(64,258)	(64,258)	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	97,650	68,392	104,741	36,349
FUND BALANCE – BEGINNING	1,569,268	1,615,655	1,615,655	-
FUND BALANCE – ENDING	$ 1,666,918	$ 1,684,047	$ 1,720,396	$ 36,349

OTHER SUPPLEMENTAL INFORMATION

CAPITAL RELATED FUNDS
(BUILDING FUND AND CAPITAL PROJECTS FUND)

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

	BUILDING FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest Earnings	$ -	$ 5,000	$ 2,584	$ (2,416)
Local Grants/Contributions	-	-	30,000	30,000
Total Revenues	-	5,000	32,584	27,584
EXPENDITURES:				
Facilities Acquisition/Construction	7,000,000	6,206,234	5,992,945	213,289
Total Expenditures	7,000,000	6,206,234	5,992,945	213,289
Excess of Revenues Over (Under) Expenditures	(7,000,000)	(6,201,234)	(5,960,361)	240,873
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(7,000,000)	(6,201,234)	(5,960,361)	240,873
FUND BALANCE – BEGINNING	7,000,000	6,201,234	6,201,234	-
FUND BALANCE – ENDING	$ -	$ -	$ 240,873	$ 240,873

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

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

	CAPITAL PROJECTS FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Solar Electric Credits	$ 92,000	$ 92,000	$ 101,891	$ 9,891
Other Local Revenues	-	-	-	-
Total Revenues	92,000	92,000	101,891	9,891
EXPENDITURES:				
Operations and Maintenance:				
Capital Outlay	-	190,000	74,370	115,630
Facilities Acquisition and Construction:				
Capital Outlay	297,500	134,458	135,458	(1,000)
Total Expenditures	297,500	324,458	209,828	114,630
Excess of Revenues Over (Under) Expenditures	(205,500)	(232,458)	(107,937)	124,521
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	245,000	64,258	64,258	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	39,500	(168,200)	(43,679)	124,521
FUND BALANCE – BEGINNING	1,419,161	1,333,810	1,333,810	-
FUND BALANCE – ENDING	$ 1,458,661	$ 1,165,610	$ 1,290,131	$ 124,521

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

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY (AGENCY) – STUDENT ACTIVITY FUND

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF CHANGES IN FIDUCIARY LIABILITY
FIDUCIARY (AGENCY) FUND – STUDENT ACTIVITIES FUND
For the Fiscal Year Ended June 30, 2017

	STUDENT ACTIVITIES FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS:				
Activity Fees and Contributions	$ 350,000	$ 350,000	$ 255,893	$ (94,107)
Total Additions	350,000	350,000	255,893	(94,107)
REDUCTIONS:				
Pupil Activities	350,000	350,000	237,527	112,473
Total Reductions	350,000	350,000	237,527	112,473
Net Activity	-	-	18,366	18,366
FIDUCIARY LIABILITY – BEGINNING	218,620	206,687	206,687	-
FIDUCIARY LIABILITY – ENDING	$ 218,620	$ 206,687	$ 225,053	$ 18,366

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND
(COMBINING SCHEDULES AND DETAIL BUDGET)

TELLURIDE SCHOOL DISTRICT R-1
COMBINING SCHEDULE FOR BALANCE SHEET
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Fiscal Year Ended June 30, 2017

	GENERAL (FUND 10)	PRESCHOOL (FUND 19)	TOTAL GENERAL FUND
ASSETS:			
Cash and Cash Equivalents	$ 4,915,333	$ 88,136	$ 5,003,469
Receivables:			
Property Taxes , Net	400,163	-	400,163
Intergovernmental	23,901	-	23,901
Other Receivables	47,023	-	47,023
Due from Other Funds	16,998	(16,998)	-
TOTAL ASSETS	$ 5,403,418	$ 71,138	$ 5,474,556
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	$ 89,272	$ 12	$ 89,284
Accrued Salaries and Benefits	1,037,863	2,530	1,040,393
Deposits	15,750	-	15,750
Unearned Revenues	354,546	-	354,546
Total Liabilities	1,497,431	2,542	1,499,973
Deferred Inflows of Resources:			
Unavailable Property Tax Revenue	174,885	-	174,885
Total Deferred Inflows of Resources	174,885	-	174,885
Fund Balances:			
Restricted			
Colorado Preschool Program	-	68,596	68,596
Emergencies	336,500	-	336,500
Committed			
Property Tax Shortfall	1,148,931	-	1,148,931
Assigned			
State Funding Shortfall	2,133,388	-	2,133,388
Unassigned	112,283	-	112,283
Total Fund Balances	3,731,102	68,596	3,799,698
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,403,418	$ 71,138	$ 5,474,556

TELLURIDE SCHOOL DISTRICT R-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

	GENERAL (FUND 10)	PRESCHOOL (FUND 19)	TOTAL GENERAL FUND
REVENUES:			
Local Sources	$ 7,192,453	$ -	$ 7,192,453
Intermediate Sources	51,858	-	51,858
State Sources	4,501,977	-	4,501,977
Federal Sources	110,579	-	110,579
Total Revenues	11,856,867	-	11,856,867
EXPENDITURES:			
Instructional	7,688,715	-	7,688,715
Supporting Services:			
Students	359,043	-	359,043
Instructional Staff	570,096	-	570,096
General Administration	450,299	-	450,299
School Administration	660,763	-	660,763
Business Services	234,902	-	234,902
Operations and Maintenance	961,535	-	961,535
Central Services	270,868	-	270,868
Other Support Services	118,649	-	118,649
Colorado Preschool	-	215,300	215,300
Total Expenditures	11,314,870	215,300	11,530,170
Excess of Revenues Over (Under) Expenditures	541,997	(215,300)	326,697
OTHER FINANCING SOURCES (USES):			
Transfers In (Out)	(214,511)	183,034	(31,477)
Total Other Financing Sources (Uses)	(214,511)	183,034	(31,477)
Excess of Revenues and Other Financings Sources Over (Under) Expenditures and Other Financing (Uses)	327,486	(32,266)	295,220
FUND BALANCES – Beginning	3,403,616	100,862	3,504,478
FUND BALANCES – Ending	$ 3,731,102	$ 68,596	$ 3,799,698

TELLURIDE SCHOOL DISTRICT R-1
DETAIL SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from Local Sources and Interest:			
Property Taxes	$ 6,393,605	$ 6,318,949	$ (74,656)
Specific Ownership Taxes	192,030	257,770	65,740
Grants and Contributions	181,794	255,980	74,186
Tuition and Fees	203,000	189,519	(13,481)
Rental Income	81,500	105,732	24,232
Other Local Revenues	24,121	43,100	18,979
Interest Earnings	13,000	21,403	8,403
Total Local Sources and Interest:	7,089,050	7,192,453	103,403
Revenue from Intermediate Sources:			
Mineral and Forest Leasing Revenues	24,895	4,895	20,000
Division of Wildlife	150	263	(113)
Cash in Lieu of Land	46,700	46,700	-
Total Intermediate Sources	71,745	51,858	(19,887)
Revenue from State Sources:			
State Equalization	4,116,765	4,141,569	24,804
ELPA Grants	32,573	36,192	3,619
Counselor Grant	162,280	162,280	-
Read Act	26,259	14,958	(11,301)
Library Grant	3,500	3,500	-
NBCT Stipend Grant	9,600	9,600	-
Small Rural Schools Grant	35,053	35,053	-
MTSS Grant	5,000	-	(5,000)
AP Incentive Grant	5,000	4,500	(500)
At Risk Supplemental Grant	2,487	2,487	-
Vocational Education	50,000	91,838	41,838
Total State Sources	4,448,517	4,501,977	53,460
Revenue from Federal Sources:			
Title I	74,044	74,044	-
Title II A – Teacher Quality	18,234	18,234	-
Title III – Immigration/Part A	5,544	4,715	(829)
Race to the Top	537	537	-
Carl Perkins Grant	12,479	12,479	-
REAP Grant	570	570	-
Total Federal Sources	111,408	110,579	(829)
TOTAL REVENUES	11,720,720	11,856,867	136,147
Transfers In	63,523	63,523	-
BUDGETARY REVENUES	$ 11,784,243	$ 11,920,390	$ 136,147

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

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
INSTRUCTION:			
Salaries	$ 5,403,590	$ 5,323,618	$ 79,972
Employee Benefits	1,817,372	1,616,791	200,581
Purchased Services	327,233	297,159	30,074
Supplies and Materials	441,147	348,572	92,575
Capital Outlay	114,029	102,575	11,454
TOTAL INSTRUCTION	8,103,371	7,688,715	414,656
GENERAL SUPPORTING SERVICES:			
Student Support:			
Salaries	294,975	205,278	89,697
Employee Benefits	106,776	63,304	43,472
Purchased Services	72,000	84,878	(12,878)
Supplies and Materials	11,800	5,583	6,217
Subtotal	485,551	359,043	126,508
Instructional Staff:			
Salaries	377,827	387,161	(9,334)
Employee Benefits	116,793	94,160	22,633
Purchased Services	80,780	58,119	22,661
Supplies and Materials	37,860	29,656	8,204
Capital Outlay	2,000	1,000	1,000
Subtotal	615,260	570,096	45,164
General Administration:			
Salaries	229,050	265,571	(36,521)
Employee Benefits	81,470	90,068	(8,598)
Purchased Services	82,200	75,200	7,000
Supplies and Materials	10,300	7,006	3,294
Capital Outlay	1,265	2,343	(1,078)
Other Expenditures	9,735	10,111	(376)
Subtotal	414,020	450,299	(36,279)
School Administration:			
Salaries	482,080	482,145	(65)
Employee Benefits	210,100	171,765	38,335
Purchased Services	5,300	3,028	2,272
Supplies and Materials	600	51	549
Capital Outlay	2,400	2,925	(525)
Other Expenditures	3,000	849	2,151
Subtotal	703,480	660,763	42,717
TOTAL GENERAL SUPPORT	2,218,311	2,040,201	178,110

(continued on next page)

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

(continued)	Budget	Actual	Variance Favorable (Unfavorable)
BUSINESS SUPPORTING SERVICES:			
Business Services:			
Salaries	$ 136,725	$ 152,397	$ (15,672)
Employee Benefits	43,150	42,911	239
Purchased Services	26,790	25,736	1,054
Supplies	10,263	10,263	-
Capital Outlay	3,000	3,000	-
Other Expenditures	1,000	595	405
Subtotal	220,928	234,902	(13,974)
Operations and Maintenance:			
Salaries	269,520	216,057	53,463
Employee Benefits	90,065	66,653	23,412
Purchased Services	273,075	257,661	15,414
Supplies and Materials	428,555	413,988	14,567
Capital Outlay	4,000	7,176	(3,176)
Subtotal	1,065,515	961,535	103,980
TOTAL BUSINESS SUPPORT	1,286,443	1,196,437	90,006
CENTRAL SUPPORTING SERVICES:			
Salaries	58,280	62,202	(3,922)
Employee Benefits	17,490	17,758	(268)
Purchased Services	218,900	190,908	27,992
Other Expenditures	40,000	-	40,000
TOTAL OTHER SUPPORT	334,670	270,868	63,802
OTHER SUPPORTING SERVICES:			
Salaries	-	89,699	(89,699)
Employee Benefits	-	28,950	(28,950)
TOTAL CENTRAL SUPPORT	-	118,649	(118,649)
COLORADO PRESCHOOL:			
Salaries	45,574	16,233	29,341
Employee Benefits	15,968	4,852	11,116
Purchased Services	64,121	44,951	19,170
Supplies	3,000	1,136	1,864
Capital Outlay	138,000	137,876	124
Other Expenditures	9,070	10,252	(1,182)
TOTAL COLORADO PRESCHOOL	275,733	215,300	60,433
OTHER FINANCING USES:			
Transfers Out	95,000	95,000	-
TOTAL BUDGETARY EXPENDITURES AND OTHER FINANCING USES	$ 12,313,528	$ 11,625,170	$ 688,358

COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS

ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES

AND

BOLDED BALANCE SHEET REPORT

Colorado Department of Education

Bolded Balance Sheet Report

District: 2830 - TELLURIDE R-1

Fiscal Year 2016-17

Colorado School District/BOCES

	Governmental							Proprietary					Fiduciary		
ASSETS	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
Cash and Investments (8100-8104,8111)	4,915,333	0	88,136	828,011	0	88,427	1,727,900	1,534,863	0	0	0	0	225,053	0	9,407,724
Cash with Fiscal Agent (8105)	23,900	0	0	778	0	0	7,286	0	0	0	0	0	0	0	31,965
Taxes Receivable (8121,8122)	400,163	0	0	15,636	0	0	116,898	0	0	0	0	0	0	0	532,698
Interfund Loans Receivable (8131,8132)	16,998	0	0	0	0	0	0	0	0	0	0	0	0	0	16,998
Grants Accounts Receivable (8142)	27,578	0	0	0	0	11,227	0	0	0	0	0	0	0	0	38,805
Other Receivables (8151-8154,8161)	5,665	0	0	61,283	0	0	0	10,377	0	0	0	0	0	0	77,325
Inventories (8171,8172,8173)	0	0	0	0	0	7,368	0	0	0	0	0	0	0	0	7,368
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets (8191-8194,8199)	13,780	0	0	0	0	0	0	0	0	0	0	0	0	0	13,780
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	**5,403,418**	**0**	**88,136**	**905,709**	**0**	**107,023**	**1,852,085**	**1,545,240**	**0**	**0**	**0**	**0**	**225,053**	**0**	**10,126,663**

	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)	0	0	16,998	0	0	0	0	0	0	0	0	0	0	0	16,998
Other Payables (7421-7423)	89,271	0	12	70,560	0	1,083	0	14,236	0	0	0	0	0	0	175,163
Contracts Payable (7431-7433)	0	0	0	510	0	0	0	0	0	0	0	0	0	0	510
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	80,046	0	0	0	0	0	0	0	80,046
Accrued Expenses (7461)	1,037,863	0	2,530	0	0	0	0	0	0	0	0	0	0	0	1,040,393
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	246,219	0	0	0	0	0	0	0	0	0	0	0	0	0	246,219
Other Current Liabilities (7491,7492,7499)	124,077	0	0	500	0	0	0	0	0	0	0	0	0	0	124,577
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7600)	174,885	0	0	6,814	0	0	51,642	0	0	0	0	0	0	0	233,342
Total Liabilities	**1,672,316**	**0**	**19,540**	**78,384**	**0**	**1,083**	**131,688**	**14,236**	**0**	**0**	**0**	**0**	**0**	**0**	**1,917,247**

	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	7,368	0	0	0	0	0	0	0	0	7,368
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	336,500	0	0	0	0	0	0	0	0	0	0	0	0	0	336,500
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	68,596	0	0	0	0	0	0	0	0	0	0	0	68,596
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	1,148,931	0	0	25,521	0	0	0	0	0	0	0	0	0	0	1,174,452
Assigned Fund Balance 6760	2,133,388	0	0	801,804	0	98,571	1,720,396	1,531,004	0	0	0	0	0	0	6,285,164
Unassigned Fund Balance 6770	112,283	0	0	0	0	0	0	0	0	0	0	0	225,053	0	337,336
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	**3,731,102**	**0**	**68,596**	**827,325**	**0**	**105,940**	**1,720,396**	**1,531,004**	**0**	**0**	**0**	**0**	**225,053**	**0**	**8,209,416**

	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	5,403,418	0	88,136	905,709	0	107,023	1,852,085	1,545,240	0	0	0	0	225,053	0	10,126,663

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

Colorado Department of Education

Auditors Integrity Report

District: 2830 - TELLURIDE R-1

Fiscal Year 2016-17

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental					
10	General Fund	3,403,616	11,642,356	11,314,870	3,731,102
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	100,862	183,034	215,300	68,596
Sub- Total		**3,504,478**	**11,825,390**	**11,530,170**	**3,799,698**
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	638,023	121,391	175,930	583,483
06	Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21	Food Service Spec Revenue Fund	144,682	318,606	357,348	105,940
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	295,920	307,001	359,079	243,841
31	Bond Redemption Fund	1,615,654	1,853,292	1,748,550	1,720,396
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	6,201,234	32,584	5,992,945	240,873
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	1,333,810	166,149	209,828	1,290,131
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals		**13,733,800**	**14,624,414**	**20,373,851**	**7,984,363**
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	0	0	0	0
Totals		**0**	**0**	**0**	**0**
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	206,687	255,893	237,527	225,053
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		**206,687**	**255,893**	**237,527**	**225,053**

FINAL