

Platte Valley School District RE-7
Kersey, Colorado

Financial Statements

For the Year Ended June 30, 2017



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Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16-17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18-19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Notes to Financial Statements	21-48
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	50
Schedule of the District's Proportionate Share of the Net Pension Liability	51
Schedule of District Contributions	52
Notes to the Required Supplementary Information	53
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues	58
Budgetary Comparison Schedule - Expenditures	60-62

Table of Contents

	<u>Page</u>
Combining Statements and Budgetary Comparison Schedules -- Nonmajor Governmental Funds	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	65
Budgetary Comparison Schedule – Food Service Fund	66
Budgetary Comparison Schedule – Governmental Designated Purpose Grants Fund	67
Budgetary Comparison Schedule – Capital Reserve Capital Projects Fund	68
Capital Projects Fund	
Budgetary Comparison Schedule – Building Fund	70
Debt Service Fund	
Budgetary Comparison Schedule – Bond Redemption Fund	72
Fiduciary Fund	
Budgetary Comparison Schedule – Pupil Activity Agency Fund	74
Colorado Department of Education Supplementary Schedule	
Independent Auditors' Report on Auditors' Integrity Report	77
Auditors' Integrity Report	78



Independent Auditors' Report

Board of Education
Platte Valley School District RE-7
Kersey, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platte Valley School District RE-7 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension information listed 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 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 other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 13, 2017

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

This section of the Platte Valley School District, Weld Re-7 annual financial report provides readers with the District's financial statements, financial performance, and the discussion and analysis during the fiscal year which ended June 30, 2017.

We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in 2017 are as follows:

- Among the major funds, the General Fund had \$12,410,177 in revenues, and \$12,355,791 in expenditures and other financing. No transfers were made during the current school year. Total revenues exceeded expenses by \$54,386 increasing the fund balance from \$4,345,686 to \$4,400,072.
- General Fund revenues accounted for \$12,410,177 in revenue or 70.7% of all governmental funds revenues. Debt reduction revenues totaled \$4,435,297 or 25.2%, and other revenues in the form of charges for services, interest, grants and contributions accounted for \$714,708 or 4.1% of the total governmental funds revenues of \$17,560,182.
- The District incurred \$23,367,166 in expenses related to governmental activities. Instructional expenditures (net of revenues) totaled \$11,795,733 (54%).
- Governmental activities assets and deferred outflows of resources totaled \$65,511,211 in cash, investments and other assets. Liabilities and deferred inflows of resources for governmental activities totaled \$71,781,512.
- The District's total net position decreased by \$5,878,855.

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

District-wide Statements

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

The district-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources) are one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

In the district-wide financial statements, the District's activities include:

- **Governmental activities-** Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

The District uses three types of funds:

- **Governmental funds-** Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of 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 District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Fiduciary funds-** The District is the agent, or fiduciary, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2017

Condensed Statement of Net Position

Table 1 provides a summary of the Total School District's net position for 2017 compared to 2016:

Table 1

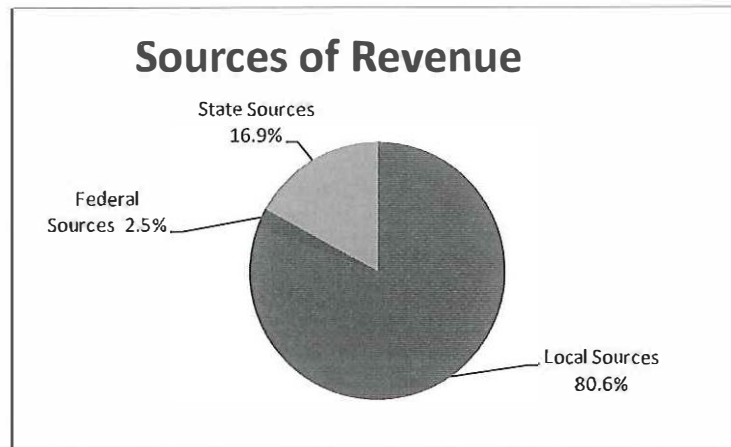
	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current assets	17,022,538	18,414,781
Capital assets	29,292,278	29,147,968
Total assets	46,314,816	47,562,749
Deferred outflows of resources	19,196,395	4,167,562
Total assets and charges	65,511,211	51,730,311
Liabilities		
Current liabilities	4,096,385	4,840,813
*Long term liabilities	66,996,499	46,921,401
Total Liabilities	71,092,884	51,762,214
Deferred inflows of resources	688,628	359,543
Net Position		
Invested in capital	7,985,807	8,698,034
Reserve for:		
Labor Emergency	298,000	344,000
Capital Projects	3,933,595	5,389,930
Multi Year Obg.	380,368	370,581
CPP	-	-
Food Service Program	-	335
Land Dedication	141,808	135,058
Debt Service	6,608,599	5,491,736
*Unrestricted	(25,618,478)	(20,821,120)
Total net position	(6,270,301)	(391,446)
Total liabilities, deferred inflows and net position	65,511,211	51,370,768

Weld County School District RE-7
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

District Sources of Revenue for Fiscal Year 2017 (Total Government Funds)

Local sources, including property taxes for operating purposes and debt reduction accounted for most of the District's total revenue at \$14,145,514 or 80.6 percent (see table 2). State and intermediate sources accounted for 16.9% (\$2,980,444) with federal sources totaling \$434,224 or 2.5%.

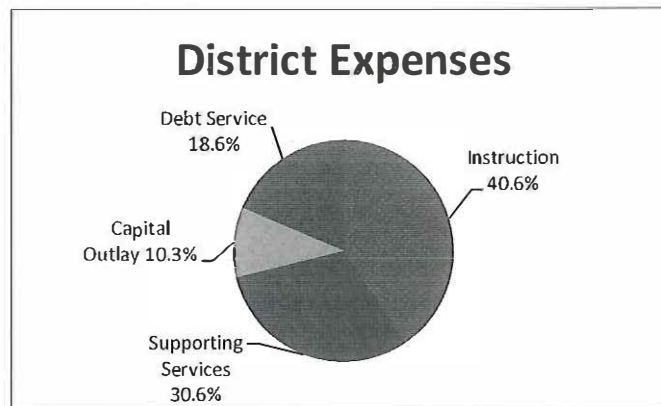
Table 2



District Expenses for Fiscal Year 2017 (Total Government Funds)

The District's expenses are predominately related to instruction (\$7,352,893) and supporting services (\$5,537,513) at a combined total of 71.2% (See Table 3). The district incurred 18.6% for debt reduction (\$2,665,000 principal and \$698,157 in interest and fiscal charges) and 10.3% for capital expenditures (\$1,867,949).

Table 3



Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2017

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$7,506.83 per funded student. In fiscal year 2016-2017 the funded pupil count was 1,126.7. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 14.6 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes. The School District's assessed valuation generated \$7,985,746 and \$4,429,972 in property taxes for general purposes and debt service, respectively, for fiscal year 2016-2017.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 4 shows, for governmental activities, the total cost of services (before offsetting grants and other contributions).

Government Activities
Table 4

	FY 2017	FY 2016
Program revenues		
Charges for services	188,589	188,835
Operating grants & contributions	1,115,535	451,571
Capital grants & contributions	0	0
General revenues		
Property taxes	13,364,859	18,029,599
State equalization	2,293,844	0
Other	525,484	777,831
Total revenues	17,488,311	19,447,836
Instruction	12,496,938	8,525,997
Pupil and instructional services	1,165,946	843,947
Administration and business	2,981,508	1,951,153
Maintenance and operations	2,379,658	1,628,594
Transportation	1,179,695	858,741
Other	3,163,421	4,685,808
Total expenses	23,367,166	18,494,240
Change in net position	-\$5,878,855	\$953,596

- The net program expense of all governmental activities during the year was \$22,063,042.
- Federal and state government subsidized certain programs with grants and contributions totaled \$1,115,535.
- The portion of governmental activities was financed with \$2,293,844 in state equalization from the School Finance Act of 1994 (SFA) and \$12,466,410 (\$4,404,016 levied for debt reduction) in property taxes.

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$17,560,182 and expenditures and other financing of \$18,076,789. Detailed information about the District's major funds starts on page 57.

General Fund Budgetary Highlights

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Platte Valley School District continued capital improvements during the 2016-2017 school year, many as a result of the successful bond initiative that was passed in November, 2014. Completed projects included the addition of two new buses, removing and replacing the high school parking lot, continued HVAC improvements, updates to cooler and freezer systems at the elementary, middle, and high schools, and upgrading fire alarm and safety communication systems to meet state requirements.

The District's capital debt includes the general obligation bond (see Note G – Long term debt). The district incurred additional bond debt of \$16,525,000 due to a successful election in November of 2014. The 2010 GO Bond issue was refunded in September 2016, reducing the district's long-term debt by \$2,875,000. Bond payments for the fiscal year included principal payments of \$2,340,000 on the bond indebtedness, resulting in a balance due \$20,465,000 at June 30, 2017. Table 5 shows capital assets, net of accumulated depreciation for fiscal year 2017.

Capital Assets at June 30, 2017
Table 5

	Capital Assets
	2017
Land	\$48,100
Water Rights	106,189
Buildings	27,573,514
Transportation Equipment	537,914
Equipment	1,026,561
Total	\$29,292,278

Additional information on the District's capital assets can be found in Note E of this report.

Weld County School District RE-7
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2017

Long-term Debt

Table 6

At year-end, the School District's long-term debt of \$69,681,499 consisted of the following.

Compensated Absences	\$40,632
Net Pension Liability	48,110,414
Bonds Payable	20,465,000
Bond Premium	1,065,453
Total	\$69,681,499

Additional information on the District's long-term debt can be found in Note G of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

For the 2017 fiscal year, the general fund balance increased \$54,386 resulting in a fund balance of \$4,400,072. The district went out of categorical buy-out which decreased revenues for the 2016 fiscal year. The fund balance was increased due to diligent financial management.

The District's assessed value decreased by \$663,942,860 (from \$1,654,165,730 to \$990,222,870). The District's general fund mill levy of 5.624 mills remained constant in 2017. The mill levy for the voter approved override increased by 1.010 mills from 1.506 mills in 2016 to 2.516 in 2017. The increase is due to the decrease in assessed value.

Student enrollment at Weld County RE-7 decreased by 7 students to a total pupil count (FTE) of 1123 compared to 1130 in the 2015-2016 school year. The Funded Pupil Count (FPC) for 2016-2017 was calculated at 1126.7, a decrease of 2.7 from the previous year. The Per Pupil Funding for fiscal year 2017 was \$7,510, a decrease of \$532 per pupil.

Specific Ownership Revenues generated from bond indebtedness have been included in the General Fund. The property tax revenue in the Bond Redemption Fund is more than sufficient to make the scheduled debt service payments.

Salaries were allocated according to the salary agreement with PVEA.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administration Office, Weld County School District RE-7, PO Box 485, 501 Clark Street, Kersey, Colorado 80644.

Jeremy Burmeister
 Business Services Director
 Platte Valley School District

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash	\$ 7,578,135
Cash with fiscal agent	95,520
Investments	9,189,500
Receivables	121,875
Due from fiduciary fund	500
Inventory	37,008
Capital assets, net of depreciation	<u>29,292,278</u>
Total assets	46,314,816
Deferred outflows of resources	
Pension deferrals	18,972,413
Deferred charges on refundings of bonds	<u>223,982</u>
Total deferred outflows of resources	<u>19,196,395</u>
Total assets and deferred outflows of resources	<u><u>\$ 65,511,211</u></u>
Liabilities	
Accounts payable	\$ 86,464
Accrued salaries and benefits	1,250,216
Payroll tax withholdings	6,892
Unearned grant revenue	13,801
Accrued interest	54,012
Noncurrent liabilities	
Due within one year	2,685,000
Due in more than one year	<u>66,996,499</u>
Total liabilities	71,092,884
Deferred inflows of resources	
Pension deferrals	688,628
Net position (deficit)	
Net investment in capital assets	7,985,807
Restricted for:	
Emergencies	298,000
Multi-year obligations	380,368
Land dedication	141,808
Capital projects	3,933,595
Debt service	6,608,599
Unrestricted	<u>(25,618,478)</u>
Total net position (deficit)	<u>(6,270,301)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 65,511,211</u></u>

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

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PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Activities
For the Year Ended June 30, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 12,496,938	\$ 62,745	\$ 638,460	
Supporting services				
Students	655,395		3,712	
Instructional staff	510,551		24,435	
General administration	622,219			
School administration	1,811,856			
Business services	547,433			
Operations and maintenance	2,379,658			
Student transportation	1,179,695		166,509	
Central support services	869,011			
Food service operations	613,367	125,844	282,419	
Facilities acquisition	155,860			
Unallocated depreciation *	926,867			
Interest and fiscal charges	598,316			
Total governmental activities	<u>\$ 23,367,166</u>	<u>\$ 188,589</u>	<u>\$ 1,115,535</u>	<u>\$ -</u>

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Specific ownership taxes
 Delinquent taxes, interest and abatements
 State categorical aid
 Earnings on investments
 Other

 Total general revenues

 Change in net position

* This amount excludes depreciation that is included in the direct expenses of the various programs.

Net position (deficit) at beginning of year
 Net position (deficit) at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (11,795,733)

(651,683)
(486,116)
(622,219)
(1,811,856)
(547,433)
(2,379,658)
(1,013,186)
(869,011)
(205,104)
(155,860)
(926,867)
(598,316)

(22,063,042)

7,985,746
4,429,972
954,377
(5,236)
2,293,844
68,383
457,101

16,184,187

(5,878,855)

(391,446)

\$ (6,270,301)

PLATTE VALLEY SCHOOL DISTRICT RE-7
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Building Fund	Bond Redemption Fund	Other Governmental Funds
Assets				
Cash	\$ 490,524	\$ 491,650	\$ 6,595,881	\$ 80
Cash with fiscal agent	93,674		1,846	
Investments	4,953,409	3,521,292		714,799
Property taxes receivable	36,992		20,300	
Due from other funds	53,763	7,117		500
Grants receivable				30,082
Other receivables	34,501			
Inventory	18,337			18,671
Total assets	\$ 5,681,200	\$ 4,020,059	\$ 6,618,027	\$ 764,132
Liabilities				
Accounts payable		\$ 86,464		
Due to other funds	\$ 7,117			\$ 53,763
Accrued salaries and benefits	1,250,216			
Payroll tax withholdings	6,892			
Unearned grant revenue				13,801
Total liabilities	1,264,225	86,464	\$ -	67,564
Deferred inflows of resources				
Deferred property tax revenues	16,903		9,428	
Fund balance				
Nonspendable inventory	18,337			18,671
Restricted for emergencies	298,000			
Restricted for multi-year obligation	380,368			
Restricted for land dedication	141,808			
Restricted for capital projects		3,933,595		
Restricted for debt service			6,608,599	
Committed to capital projects				690,692
Assigned for employee benefits	45,444			
Assigned for sale of building	37,138			
Unassigned	3,478,977			(12,795)
Total fund balance	4,400,072	3,933,595	6,608,599	696,568
Total liabilities, deferred inflows of resources and fund balance	\$ 5,681,200	\$ 4,020,059	\$ 6,618,027	\$ 764,132

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

Total Governmental Funds		
	Amounts reported for governmental activities in the statement of net position are different because:	
\$ 7,578,135	Total fund balance - governmental funds	\$ 15,638,834
95,520	Capital assets, net used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	29,292,278
9,189,500	Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	26,331
57,292	Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(54,012)
61,380	Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	19,196,395
30,082	Long-term liabilities, including bonds payable, net pension liabilities, compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(69,681,499)
34,501	Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	(688,628)
37,008	Net position of the governmental activities	<u>\$ (6,270,301)</u>
<u>\$ 17,083,418</u>		
\$ 86,464		
60,880		
1,250,216		
6,892		
13,801		
<u>1,418,253</u>		
26,331		
37,008		
298,000		
380,368		
141,808		
3,933,595		
6,608,599		
690,692		
45,444		
37,138		
3,466,182		
<u>15,638,834</u>		
<u>\$ 17,083,418</u>		

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Building Fund	Bond Redemption Fund	Other Governmental Funds
Revenues				
Local sources	\$ 9,382,659	\$ 188,565	\$ 4,435,297	\$ 138,993
Intermediate sources	5,289			
State sources	2,968,019			7,136
Federal sources	54,210			380,014
Total revenues	12,410,177	188,565	4,435,297	526,143
Expenditures				
Instruction	7,267,881			85,012
Supporting services	5,087,910			449,603
Capital outlay		1,644,900		223,049
Debt service				
Principal retirement			2,665,000	
Interest and fiscal charges			698,157	
Total expenditures	12,355,791	1,644,900	3,363,157	757,664
Excess of revenues over (under) expenditures	54,386	(1,456,335)	1,072,140	(231,521)
Other financing sources (uses)				
Proceeds of refunding bonds			3,200,000	
Premium on bonds			98,133	
Payment to escrow agent			(3,253,410)	
Total other financing sources (uses)	-	-	44,723	-
Net change in fund balances	54,386	(1,456,335)	1,116,863	(231,521)
Fund balance at beginning of year	4,345,686	5,389,930	5,491,736	928,089
Fund balance at end of year	<u>\$ 4,400,072</u>	<u>\$ 3,933,595</u>	<u>\$ 6,608,599</u>	<u>\$ 696,568</u>

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balances - governmental funds	\$ (516,607)
\$ 14,145,514	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	144,310
5,289		
2,975,155		
434,224		
17,560,182		
	Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(71,871)
7,352,893		
5,537,513		
1,867,949		
2,665,000		
698,157		
18,121,512	In the statement of activities, certain expenses related to the pension liabilities and related deferred outflows and inflows, compensated absences, interest, bond premium amortization and refunding deferred charges amortization are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(8,054,964)
(561,330)		
3,200,000	The bond proceeds are reported as a revenue in the governmental funds, however, they are reported as long-term liability in the statement of activities.	(3,200,000)
98,133		
(3,253,410)		
44,723	Bonds issued at a premium provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position.	(98,133)
(516,607)		
16,155,441	Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the longterm debt liability in the statement of net position.	5,918,410
\$ 15,638,834		
	Change in net position of governmental activities	\$ (5,878,855)

PLATTE VALLEY SCHOOL DISTRICT RE-7
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Agency Funds</u>
Assets	
Cash	\$ 318,275
Total assets	<u>\$ 318,275</u>
Liabilities	
Due to other funds	\$ 500
Due to student groups	<u>317,775</u>
Total liabilities	<u>\$ 318,275</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Platte Valley School District RE-7's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Platte Valley School District RE-7 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain programs funded by grants from federal and state governments, certain capital outlay expenditures, debt service, food service operations and pupil activities.

Building Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Revenues and other financing sources are primarily derived from the issuance of debt or transfers from other funds.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Governmental Designated Purpose Grants Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

Fiduciary Funds focus on net position and changes in net position. 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 therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District has one agency fund, the Pupil Activity Fund.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

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 statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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 business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose trust and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Expenditures – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Inventories

General Fund – Inventories consist of general classroom and janitorial supply items and are stated at cost as determined by the first-in, first-out method.

Food Service Fund – Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as nonoperating revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

Interest is capitalized on assets reported in the governmental activities that are acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized in the current period.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	0-20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years
Licensed vehicles	5-10 years

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts, and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Act (PDPA) for banks and savings and loans requires state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,484,351, of which \$250,998 was insured and \$1,233,353 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. 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, highest rated commercial paper and repurchase agreements collateralized by 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note B – Cash and investments (Continued)

As of June 30, 2017, the District had invested in COLOTRUST PLUS+.

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Investment in Colostrust	\$ 9,189,500	\$ 9,189,500	\$ -	\$ -

The investments in Colostrust are maintained in the General, Building, and Capital Reserve Capital Project funds.

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in Colostrust was rated AAA by Standard and Poor’s.

The following table provides a reconciliation of cash, cash with fiscal agent, and investments on the statement of net position:

Cash	\$ 7,896,410
Cash with fiscal agent	95,520
Investments	<u>9,189,500</u>
Total	<u>\$ 17,181,430</u>

Statement of net position

Cash	\$ 7,578,135
Cash with fiscal agent	95,520
Investments	<u>9,189,500</u>
Subtotal	16,863,155

Statement of fiduciary net position

Cash	<u>318,275</u>
Total	<u>\$ 17,181,430</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note C - Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 57,292
Grants receivable	30,082
Other receivables	<u>34,501</u>
Total	<u>\$ 121,875</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Weld County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the County are remitted to the District in the subsequent month.

Note D - Interfund transactions

The following is a summary of interfund borrowings for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General Fund	\$ 53,763	\$ 7,117
Building Fund	7,117	-
Other Governmental Funds	<u>500</u>	<u>53,763</u>
Subtotal	61,380	60,880
<u>Fiduciary funds</u>		
Pupil Activity Fund	<u>-</u>	<u>500</u>
Total	<u>\$ 61,380</u>	<u>\$ 61,380</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 48,100	\$ -	\$ -	\$ 48,100
Water rights	<u>106,189</u>	<u>-</u>	<u>-</u>	<u>106,189</u>
Total capital assets, not being depreciated	154,289	-	-	154,289
Capital assets, being depreciated:				
Buildings and improvements	38,739,500	950,870	-	39,690,370
Furniture and equipment	1,896,794	225,925	-	2,122,719
Licensed vehicles	<u>2,020,636</u>	<u>195,501</u>	<u>-</u>	<u>2,216,137</u>
Total capital assets, being depreciated	<u>42,656,930</u>	<u>1,372,296</u>	<u>-</u>	<u>44,029,226</u>
Total capital assets	42,811,219	1,372,296	-	44,183,515
Less accumulated depreciation for:				
Buildings and improvements	(11,189,988)	(926,867)	-	(12,116,855)
Furniture and equipment	(904,406)	(191,752)	-	(1,096,158)
Licensed vehicles	<u>(1,568,857)</u>	<u>(109,367)</u>	<u>-</u>	<u>(1,678,224)</u>
Total accumulated depreciation	<u>(13,663,251)</u>	<u>(1,227,986)</u>	<u>-</u>	<u>(14,891,237)</u>
Governmental activities capital assets, net	<u>\$ 29,147,968</u>	<u>\$ 144,310</u>	<u>\$ -</u>	<u>\$ 29,292,278</u>

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 25,878
School administration	3,425
Business services	1,542
Operations and maintenance	43,699
Student transportation	120,601
Central support	89,203
Food services	16,771
Unallocated	<u>926,867</u>
Total depreciation expense	<u>\$ 1,227,986</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$1,250,216. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	<u>Beginning</u> <u>Balances</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Reductions/</u> <u>Adjustments</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Compensated absences	\$ 40,861	\$ -	\$ (229)	\$ 40,632	\$ -
Net pension liability	25,367,408	22,743,006	-	48,110,414	-
Bonds payable	22,805,000	3,200,000	(5,540,000)	20,465,000	2,685,000
Bond premium	<u>1,323,132</u>	<u>98,133</u>	<u>(355,812)</u>	<u>1,065,453</u>	<u>-</u>
Total	<u>\$ 49,536,401</u>	<u>\$ 26,041,139</u>	<u>\$ (5,896,041)</u>	<u>\$ 69,681,499</u>	<u>\$ 2,685,000</u>

Payments on the bonds payable are made in the Bond Redemption Fund, while the net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund. Compensated absences will be liquidated by the General Fund and Food Service Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

General obligation bonds payable consist of the following individual issues:

\$7,700,000 general obligation bonds, dated January 20, 2010, due in annual installments beginning in fiscal year 2011 ranging from \$550,000 to \$770,000; varying annual interest rates ranging from 2.00% to 5.00%, payable semi-annually on June 1st and December 1st. The bonds are not subject to redemption prior to their stated maturity dates. The District issued \$3,200,000 in general obligation refunding bonds (see on following page) on September 20, 2016, to advance refund bonds maturing on December 1, 2020 through December 1, 2024.

1,925,000

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note G – Long-term debt (Continued)

\$2,390,000 general obligation refunding bonds, dated May 8, 2013, due in annual installments beginning in fiscal year 2014 ranging from \$70,000 to \$470,000; fixed annual interest rate at 2.00%, payable semi-annually on June 1st and December 1st. The bonds are not subject to redemption prior to their stated maturity dates. 1,815,000

\$16,525,000 general obligation bonds, dated January 28, 2015, due in annual installments beginning in fiscal year 2017 ranging from \$1,460,000 to \$1,910,000; varying annual interest rates ranging from 2.00% to 4.00%, payable semi-annually on June 1st and December 1st. The bonds are not subject to redemption prior to their stated maturity dates. 13,575,000

\$3,200,000 general obligation refunding bonds, dated September 20, 2016, due in annual installments ranging from \$50,000 to \$655,000; annual interest rate of 2.00%, payable semi-annually on December 1st and June 1st. 3,150,000

Total general obligation bonds \$ 20,465,000

The following schedule represents the District's debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,685,000	\$ 608,638	\$ 3,293,638
2019	2,695,000	528,000	3,223,000
2020	2,735,000	442,250	3,177,250
2021	2,785,000	366,662	3,151,662
2022	2,335,000	295,350	2,630,350
2023-2025	<u>7,230,000</u>	<u>386,900</u>	<u>7,616,900</u>
Totals	<u>\$ 20,465,000</u>	<u>\$ 2,627,800</u>	<u>\$ 23,092,800</u>

Prior-year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, \$5,445,000 of bonds outstanding are considered defeased.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note G – Long-term debt (Continued)

Advance refunding

On September 20, 2016, the District issued \$3,200,000 in general obligation refunding bonds with an annual interest rate of 2.00% to advance refund \$2,875,000 of outstanding Series 2010 bonds with variable interest rates ranging from 3.00% to 5.00%. The net proceeds of \$3,253,410 (after payment of \$37,985 in underwriting fees, insurance and other issuance costs) were deposited into an escrow account created pursuant to an agreement between the District and its escrow agent. The moneys in the account were used to purchase United States government securities which will provide for all debt service payments on the advance refunded bonds. As a result, \$2,875,000 of the Series 2010 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The District advance refunded the Series 2010 bonds to reduce its total debt service payments over the next 8 years by \$171,978 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$163,247.

Note H – Short-term debt

In an effort to alleviate short-term cash flow issues, the District participated in the State of Colorado’s interest-free loan program, with activity for the current fiscal year as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
Short-term debt	\$ -	\$ 969,335	\$ 969,335	\$ -

Note I – Defined benefit pension plan

Summary of significant accounting policies

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

General information about the pension plan

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

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 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 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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

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

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

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

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

	For the Year Ended December 31, <u>2016</u>	For the Year Ended December 31, <u>2017</u>
Employer contribution rate ¹	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f) ¹	<u>(1.02)%</u>	<u>(1.02)%</u>
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411 ¹	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411 ¹	<u>4.50%</u>	<u>5.00%</u>
Total employer contribution rate to the SCHDTF ¹	<u><u>18.13%</u></u>	<u><u>18.63%</u></u>

¹Rates are expressed as a percentage of salary as define in C.R.S. Section 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 \$1,402,927 for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the District reported a liability of \$48,110,414 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 0.1616 percent, which was a decrease of 0.0043 percent from its proportion measured as of December 31, 2015.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

For the year ended, the District recognized pension expense of \$9,557,960. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 606,818	\$ 430
Changes of assumptions or other inputs	15,610,826	222,697
Net difference between projected and actual earnings on pension plan investments	1,646,596	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	393,682	465,501
Contributions subsequent to the measurement date	<u>714,491</u>	<u>-</u>
Total	<u>\$ 18,972,413</u>	<u>\$ 688,628</u>

\$714,491 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2018	\$ 7,218,961
2019	6,918,160
2020	3,416,126
2021	<u>16,047</u>
Totals	<u>\$ 17,569,294</u>

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the annual increase reserve

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the annual increase reserve

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability and 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 adjustment for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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

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

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

As of the November 18, 2016 adoption of the 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	21.20%	4.30%
U.S. equity – small cap	7.42%	4.80%
Non U.S. equity – developed	18.55%	5.20%
Non U.S. equity – emerging	5.83%	5.40%
Core fixed income	19.32%	1.20%
High yield	1.38%	4.30%
Non U.S. fixed income - developed	1.84%	0.60%
Emerging market debt	0.46%	3.90%
Core real estate	8.50%	4.90%
Opportunity fund	6.00%	3.80%
Private equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	<u><u>100.00%</u></u>	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimate future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits 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

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

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

	1% Decrease	Current Discount	1% Increase
	<u>(4.26%)</u>	<u>(5.26%)</u>	<u>(6.26%)</u>
Proportionate share of the net pension liability	\$ 60,497,300	\$ 48,110,414	\$ 38,021,744

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note I – Defined benefit pension plan (Continued)

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Note J – 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 of the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does offer matching contributions to its employees. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ending June 30, 2017, program members contributed \$102,020 and the District recognized pension expense of \$225,975 for the Voluntary Investment Program.

Note K – Other postemployment benefits

Health Care Trust Fund

Plan description. The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive 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.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note K – Other postemployment benefits (Continued)

Funding policy. The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ended June 30, 2017, 2016 and 2015, the District's contributions to the HCTF were \$73,757, \$73,404 and \$71,311, respectively, equal to their required contributions for each year.

Note L – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$88,049. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note M – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 3, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to Financial Statements

Note M – Commitments and contingencies (Continued)

District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$298,000 for the emergency reserve.

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note N – Joint venture

The District participates in the Centennial Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES is:

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

This is a jointly governed organization with twelve other school districts with the District being represented by one member on the governing board of the cooperative. This board has final authority for all budgeting and financing of the joint venture. Separate financial statements of the BOCES are available by contacting their administrative office in Longmont, Colorado.

For the year, the District's financial contribution to the BOCES was \$192,845.

Note O – Termination Benefits

The District has entered into early retirement agreements under the District's Voluntary Early Retirement of Employees policy. These agreements call for payments in the total amount of \$24,130 to be paid out in fiscal year 2018.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability
- Schedule of District Contributions

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 11,466,419	\$ 9,706,449	\$ 9,382,659	\$ (323,790)
Intermediate sources	5,000	5,289	5,289	-
State sources	621,889	2,691,387	2,968,019	276,632
Federal sources	12,000	55,454	54,210	(1,244)
Total revenues	12,105,308	12,458,579	12,410,177	(48,402)
Expenditures				
Instruction	7,359,826	7,244,981	7,267,881	(22,900)
Supporting services	4,897,599	5,129,825	5,087,910	41,915
Reserve for contingency	4,190,559	4,345,686		4,345,686
Total expenditures	16,447,984	16,720,492	12,355,791	4,364,701
Excess of revenues over (under) expenditures	(4,342,676)	(4,261,913)	54,386	4,316,299
Other financing sources (uses)				
Transfers out	(70,000)	(40,000)		40,000
Net change in fund balance	\$ (4,412,676)	\$ (4,301,913)	54,386	\$ 4,356,299
Fund balance at beginning of year			4,345,686	
Fund balance at end of year			\$ 4,400,072	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
June 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.1615860460%	0.1658619081%	0.1639451238%
District's proportionate share of the net net pension liability	\$ 48,110,414	\$ 25,367,408	\$ 22,220,071
District's covered-employee payroll	\$ 7,231,054	\$ 7,196,480	\$ 6,991,277
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	665.33%	352.50%	317.83%
Plan fiduciary net position as a percentage of the total pension liability	43.1%	59.2%	62.8%

¹ Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Schedule of District Contributions ¹
June 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 1,402,927	\$ 1,350,488	\$ 1,253,150
Contributions in relation to the contractually required contribution	(1,402,927)	(1,350,488)	(1,253,150)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,231,054	\$ 7,196,480	\$ 6,991,277
Contributions as a percentage of covered-employee payroll	19.40%	18.77%	17.92%

¹ Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. Supplemental appropriations were made during the year.
7. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Schedule of Revenues
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 10,337,344	\$ 8,335,550	\$ 8,064,181	\$ (271,369)
Specific ownership taxes	831,506	1,060,000	954,377	(105,623)
Delinquent taxes and interest			12,727	12,727
Abatements		11,500	(17,866)	(29,366)
Earnings on investments	5,000	15,000	17,358	2,358
Pupil Activities	57,569	55,569	56,405	836
Other local revenue	235,000	228,830	295,477	66,647
Total local sources	11,466,419	9,706,449	9,382,659	(323,790)
Intermediate sources	5,000	5,289	5,289	-
State sources				
State equalization	298,889	2,293,872	2,293,844	(28)
Contingency reserve			275,147	275,147
ELPA professional development	15,000	22,029	22,029	-
English language proficiency	12,000	15,327	15,327	-
Vocational education	111,000	138,000	138,005	5
Transportation	130,000	165,000	166,509	1,509
READ Act	40,000	31,342	31,341	(1)
Library grant		4,000	4,000	-
At risk funding		6,370	6,370	-
Services within the BOCES	15,000	15,447	15,447	-
Total state sources	621,889	2,691,387	2,968,019	276,632
Federal sources				
Early literacy		716	716	-
National forest land payments		40,738	40,737	(1)
Services within the BOCES	12,000	14,000	12,757	(1,243)
Total federal sources	12,000	55,454	54,210	(1,244)
Total revenues	\$ 12,105,308	\$ 12,458,579	\$ 12,410,177	\$ (48,402)

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PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 4,710,780	\$ 4,653,597	\$ 4,643,918	\$ 9,679
Employee benefits	1,798,462	1,704,184	1,686,333	17,851
Purchased services	579,994	595,940	633,637	(37,697)
Supplies and materials	251,940	262,610	282,735	(20,125)
Property	18,650	28,650	21,218	7,432
Other			40	(40)
Total instruction	7,359,826	7,244,981	7,267,881	(22,900)
Supporting services				
Students				
Salaries	242,231	260,074	258,357	1,717
Employee benefits	95,726	106,852	104,314	2,538
Purchased services	2,675	9,090	6,768	2,322
Supplies and materials	7,402	7,402	5,705	1,697
Property	500	500	165	335
Total students	348,534	383,918	375,309	8,609
Instructional staff				
Salaries	206,345	175,635	162,551	13,084
Employee benefits	73,468	69,019	66,437	2,582
Purchased services	30,153	43,768	43,314	454
Supplies and materials	20,950	20,951	17,130	3,821
Property	4,500	4,500	3,801	699
Total instructional staff	335,416	313,873	293,233	20,640
General administration				
Salaries	218,124	209,590	214,888	(5,298)
Employee benefits	73,463	86,525	84,647	1,878
Purchased services	51,550	86,550	73,449	13,101
Supplies and materials	2,500	2,500	851	1,649
Property	1,500	1,500	4,331	(2,831)
Other	10,000	10,000	11,093	(1,093)
Total general administration	357,137	396,665	389,259	7,406

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	742,808	744,598	744,981	(383)
Employee benefits	254,437	248,464	244,482	3,982
Purchased services	5,600	8,234	11,331	(3,097)
Property	2,500	2,500		2,500
Total school administration	1,005,345	1,003,796	1,000,794	3,002
Business services				
Salaries	165,918	168,050	174,114	(6,064)
Employee benefits	57,557	56,557	57,803	(1,246)
Purchased services	62,800	61,430	46,968	14,462
Supplies and materials	6,500	6,500	6,779	(279)
Property	2,000	2,000		2,000
Other			7,731	(7,731)
Total business services	294,775	294,537	293,395	1,142
Operations and maintenance				
Salaries	535,248	540,672	530,786	9,886
Employee benefits	198,393	202,691	200,020	2,671
Purchased services	295,945	355,927	349,274	6,653
Supplies and materials	419,700	506,900	537,250	(30,350)
Property	3,500	5,166	4,967	199
Total operations and maintenance	1,452,786	1,611,356	1,622,297	(10,941)
Student transportation				
Salaries	355,082	359,810	363,044	(3,234)
Employee benefits	133,265	124,520	131,821	(7,301)
Purchased services	28,768	43,864	44,640	(776)
Supplies and materials	129,621	101,107	104,102	(2,995)
Property	1,000	1,000	6,204	(5,204)
Other			838	(838)
Total student transportation	647,736	630,301	650,649	(20,348)

(continued)

PLATTE VALLEY SCHOOL DISTRICT RE-7
General Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended June 30, 2017

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	191,440	191,056	192,949	(1,893)
Employee benefits	60,430	60,430	58,841	1,589
Purchased services	179,000	215,893	183,505	32,388
Supplies and materials	25,000	28,000	26,880	1,120
Property			1,470	(1,470)
Other			(671)	671
Total central support services	455,870	495,379	462,974	32,405
Total supporting services	4,897,599	5,129,825	5,087,910	41,915
Reserve for contingency	4,190,559	4,345,686		4,345,686
Total expenditures	\$ 16,447,984	\$ 16,720,492	\$ 12,355,791	\$ 4,364,701

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Governmental Designated Purpose Grants Fund – This fund maintains a separate accounting for programs funded by federal, state and local grants that may or may not have a different fiscal period than that of the District.

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund was established to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Food Service	Governmental Designated Purpose Grants	Capital Reserve Capital Projects	Total
Assets				
Cash	\$ 80			\$ 80
Investments			\$ 714,799	714,799
Due from other funds		\$ 500		500
Grants receivable		30,082		30,082
Inventory	18,671			18,671
Total assets	\$ 18,751	\$ 30,582	\$ 714,799	\$ 764,132
Liabilities				
Due to other funds	\$ 12,875	\$ 16,781	\$ 24,107	\$ 53,763
Unearned grant revenue		13,801		13,801
Total liabilities	12,875	30,582	24,107	67,564
Fund balance				
Nonspendable for inventory	18,671			18,671
Committed to capital projects			690,692	690,692
Unassigned	(12,795)			(12,795)
Total fund balance	5,876	-	690,692	696,568
Total liabilities and fund balance	\$ 18,751	\$ 30,582	\$ 714,799	\$ 764,132

PLATTE VALLEY SCHOOL DISTRICT RE-7
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2017

	Food Service	Governmental Designated Purpose Grants	Capital Reserve Capital Projects	Total
Revenues				
Local sources	\$ 136,040		\$ 2,953	\$ 138,993
State sources	7,136			7,136
Federal sources	275,283	\$ 104,731		380,014
Total revenues	418,459	104,731	2,953	526,143
Expenditures				
Instruction		85,012		85,012
Supporting services	429,884	19,719		449,603
Capital outlay			223,049	223,049
Total expenditures	429,884	104,731	223,049	757,664
Net change in fund balances	(11,425)	-	(220,096)	(231,521)
Fund balance at beginning of year	17,301		910,788	928,089
Fund balance at end of year	<u>\$ 5,876</u>	<u>\$ -</u>	<u>\$ 690,692</u>	<u>\$ 696,568</u>

PLATTE VALLEY SCHOOL DISTRICT RE-7
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues	\$ 123,200	\$ 123,200	\$ 136,040	\$ 12,840
State sources	8,000	8,000	7,136	(864)
Federal sources	236,000	267,000	275,283	8,283
Total revenues	367,200	398,200	418,459	20,259
Expenditures				
Supporting services				
Salaries	147,169	147,369	153,998	(6,629)
Employee benefits	87,271	87,271	84,864	2,407
Purchased services	7,006	7,006	4,290	2,716
Supplies and materials	194,754	194,754	185,932	8,822
Property	1,000	1,000	800	200
Appropriated reserves	22,578	17,301		17,301
Total expenditures	459,778	454,701	429,884	24,817
Excess of revenues over (under) expenditures	(92,578)	(56,501)	(11,425)	(4,558)
Other financing sources				
Transfers in	70,000	40,000		(40,000)
Net change in fund balance	\$ (22,578)	\$ (16,501)	(11,425)	\$ 5,076
Fund balance at beginning of year			17,301	
Fund balance at end of year			\$ 5,876	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Governmental Designated Purpose Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal sources				
Services within the BOCES	\$ 121,716	\$ 132,241	\$ 104,731	\$ (27,510)
Total revenues	121,716	132,241	104,731	(27,510)
Expenditures				
Instruction				
Salaries	59,952	59,952	63,071	(3,119)
Employee benefits	22,028	22,028	17,653	4,375
Purchased services	3,512	3,512	2,343	1,169
Supplies and materials	4,274	4,274	1,945	2,329
Total instruction	89,766	89,766	85,012	4,754
Supporting services				
Salaries	21,613	21,613	19,719	1,894
Employee benefits	900	900		900
Property	200	200		200
Other	9,237	9,237		9,237
Total supporting services	31,950	31,950	19,719	12,231
Total expenditures	121,716	121,716	104,731	16,985
Net change in fund balance	\$ -	\$ 10,525	-	\$ (10,525)
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

PLATTE VALLEY SCHOOL DISTRICT RE-7
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 500	\$ 2,800	\$ 2,773	\$ (27)
Other local revenue	10,000	10,000	180	(9,820)
Total revenues	10,500	12,800	2,953	(9,847)
Expenditures				
Capital outlay				
Purchased services		8,000	7,792	208
Supplies and materials		19,000	19,772	(772)
Property	90,000	216,000	195,485	20,515
Appropriated reserves	701,488	910,788		910,788
Total expenditures	791,488	1,153,788	223,049	930,739
Net change in fund balance	\$ (780,988)	\$ (1,140,988)	(220,096)	\$ 920,892
Fund balance at beginning			910,788	
Fund balance at end of year			\$ 690,692	

Budgetary Comparison Schedule – Capital Projects Fund

The District reports the following major capital projects fund:

- Building Fund – This fund is used to account for the proceeds of bond sales, revenues from other sources and expenditures for capital outlay for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial, additional and replacement of equipment as authorized by the local board of education, as specified in the related bond issue.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenues				
Earnings on investments	\$ 6,500	\$ 28,500	\$ 35,694	\$ 7,194
Other local revenue		145,754	152,871	7,117
Total revenues	6,500	174,254	188,565	14,311
Expenditures				
Capital outlay				
Purchased services		180,000	126,577	53,423
Property	4,811,132	2,108,527	1,518,323	590,204
Appropriated reserves	1,345,225	5,389,930		5,389,930
Total expenditures	6,156,357	7,678,457	1,644,900	6,033,557
Net change in fund balance	<u>\$ (6,149,857)</u>	<u>\$ (7,504,203)</u>	(1,456,335)	<u>\$ 6,047,868</u>
Fund balance at beginning of year			5,389,930	
Fund balance at end of year			<u>\$ 3,933,595</u>	

Budgetary Comparison Schedule – Debt Service Fund

The District reports the following major debt service fund:

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,359,890	\$ 4,424,316	\$ 4,423,408	\$ (908)
Delinquent taxes and interest	723		3,248	3,248
Abatements	117,000		(3,345)	(3,345)
Interest on investments	1,000	10,000	11,986	1,986
Total revenues	3,478,613	4,434,316	4,435,297	981
Expenditures				
Debt service				
Purchased services			39,285	(39,285)
Principal retirement	2,615,000	2,615,000	2,665,000	(50,000)
Interest and fiscal charges	762,800	762,800	658,872	103,928
Appropriated reserves	5,489,160	5,491,736		5,491,736
Total expenditures	8,866,960	8,869,536	3,363,157	5,506,379
Excess of revenue over (under) expenditures	(5,388,347)	(4,435,220)	1,072,140	5,507,360
Other financing sources (uses)				
Proceeds of refunding bonds			3,200,000	3,200,000
Premium on bonds			98,133	98,133
Payment to escrow agent			(3,253,410)	(3,253,410)
Total other financing sources (uses)	-	-	44,723	44,723
Net change in fund balance	\$ (5,388,347)	\$ (4,435,220)	1,116,863	\$ 5,552,083
Fund balance at beginning of year			5,491,736	
Fund balance at end of year			\$ 6,608,599	

Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Agency funds – These funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities). These funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities. These activities are self-supporting and do not receive any direct or indirect support within the fund.

PLATTE VALLEY SCHOOL DISTRICT RE-7
Pupil Activity Agency Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Fundraising and other events	\$ 615,000	\$ 700,000	\$ 638,823	\$ (61,177)
Total additions	615,000	700,000	638,823	(61,177)
Deductions				
Pupil activity expenditures	535,000	700,000	616,305	83,695
Appropriated reserves	326,723	295,257		295,257
Total deductions	861,723	995,257	616,305	378,952
Excess of additions over (under) deductions	<u>\$ (246,723)</u>	<u>\$ (295,257)</u>	22,518	<u>\$ 317,775</u>
Due to student groups at beginning of year			295,257	
Due to student groups at end of year			<u>\$ 317,775</u>	

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Platte Valley School District RE-7
Kersey, Colorado

We have audited financial statements of the Platte Valley School District RE-7 (the District) as of and for the year ended June 30, 2017, and our report thereon dated October 13, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 13, 2017



Colorado Department of Education
Auditors Integrity Report
 District: 3130 - PLATTE VALLEY RE-7
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
	+		-	=
Governmental				
10 General Fund	4,345,686	12,410,177	12,355,791	4,400,072
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	4,345,686	12,410,177	12,355,791	4,400,072
11 Charter School Fund	0	0	0	0
20.26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	17,301	418,460	429,804	5,876
22 Govt Designated Purpose Grants Fund	0	104,731	104,731	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	5,491,736	7,733,430	6,616,568	6,608,999
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	5,389,930	188,565	1,644,900	3,933,595
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	910,787	2,954	223,049	690,692
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
Totals	16,155,440	20,850,317	21,374,923	15,638,834
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,6569 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	295,256	638,824	616,305	317,775
79 GASB 34: Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	295,256	638,824	616,305	317,775

FINAL