

**Woodlin School District R-104**  
**Woodrow, Colorado**

**Financial Statements**

**For the Year ended June 30, 2017**



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## **Independent Auditors' Report**

Board of Education  
Woodlin School District R-104  
Woodrow, 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 Woodlin School District R-104 (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  
November 15, 2017

Our discussion and analysis of Woodlin School District R-104 financial performance provides the reader an overview of the Woodlin School District R-104 financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Woodlin School District R-104 financial statements, which begin on page 10.

### **FINANCIAL HIGHLIGHTS**

- The Woodlin School District R-104 net position decreased significantly by \$879,937 a significant change from 2016's \$34,892 increase. The vast majority of this decline was added PERA liability. The changes in General Revenues decreased by \$84,457.
- The General Fund ending balance increased this year by \$66,041 from \$1,490,715 to \$1,556,756. As a reminder, the General Fund continues the carry of \$174,093, due to the release of the 2008 Deferred Revenues held to cover any outstanding fire expenditures. In addition, we now have the Capital Reserve line item within the General Fund. Removing these two additions to our GF (\$180,000 + \$174,093) leaves \$1,136,622 GF reserves. This is over two-thirds of our Total GF expenses of slightly greater than \$1.66 million, and up from the 2008 GF plus Capital reserves of approximately \$900,000. However, there are several large expenditures that did not come out of last year's budget that are pending: Water Generator and Waste Water plant update estimated to be \$115,000. This potential reduction comparatively leaves the GF reserves around \$1,000,000.
- Voters approved a mill levy override in November 2005. The bulk of these funds are being used to provide the district's matching grant dollars in the projects listed above. January 2017 will be the seventh year of a temporary 7 year mill levy override. This override was extended to \$75,000 by the voters through 2024.

### **Overview of Financial Statements**

This discussion is a brief introduction of the different reports covered in this MD&A. The district budget reports utilize a modified accrual system. The first two statements, the Statement of Net Position and the Statement of Activities are summaries of all financial statements on an accrual basis. These reports provide both long-term and short-term information about the district's overall financial status.

The analysis below breaks down the governmental wide statements into the major governmental activities and non-major governmental activities (Food Service & Activities). A comparison of these values to last year gives a point in time check of the District's assets. To put the non-major governmental activities into perspective, the ending fund balance of \$98,195-- when compared to the total governmental ending fund balance of \$1,654,951--represents approximately 6% ratio.

**Woodlin School District  
R-104 Net Position**

	Governmental Activities	Governmental Activities
	2016	2017
<b>Assets</b>		
Current Assets	\$1,758,821	\$1,815,174
Capital Assets	\$2,409,292	\$2,291,201
<b>Total Assets</b>	<b>\$4,168,113</b>	<b>\$4,106,375</b>
Deferred Outflows of Resources	\$412,371	\$2,013,141
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$4,580,484</b>	<b>\$6,119,516</b>
<b>Liabilities</b>		
Current Liabilities	\$ 149,445	\$151,785
Noncurrent liabilities	\$2,568,358	\$5,043,044
<b>Total Liabilities</b>	<b>\$ 2,717,803</b>	<b>\$5,194,829</b>
Deferred Inflows of Resources	\$111,617	\$53,560
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 2,829,420</b>	<b>\$5,248,389</b>
<b>Net Position</b>		
Invested in Capital		
Assets:		
Restricted	\$2,409,292	\$2,291,201
Unrestricted	\$98,081	\$88,675
	\$ (756,309)	\$ (1,508,749)
<b>Total net position</b>	<b>\$1,751,064</b>	<b>\$871,127</b>

**Government-wide Financial Analysis**

The largest portion of Woodlin's net position (58%) reflects the investment in capital assets (land, buildings, machinery & equipment). The School Board uses these capital assets to provide long term educational services. Last year's percent of capital assets was 63%. This trend of a 2 to 1 ratio of capital assets to expendable current assets is an effect of continuing many of our capital projects.

The table above provides a summary of the Woodlin School District R-104 net position, as well as changes in net position, as of June 30, 2017. This table provides a view of the financial changes one year later. The over 50% drop in change in assets from two years ago is the new Pension Liabilities under GASB. No employer will be required to pay this liability off in any accelerated fashion. GASB believes these additional reporting requirements will improve pension information reporting, increase transparency across governmental entities.

Net Position of the Woodlin School District R-104 governmental activities are \$871,127.

**Woodlin R-104 Comparative Schedule:  
Change in Net Position 2017**

Governmental Activities		
	2017	2016
<b>Revenues</b>		
Local sources	\$826,841	\$958,208
State sources	\$758,592	704,076
Intermediate sources	2,195	1,412
Other	90,612	\$99,001
Charges for services	40,610	48,636
Grants and contributions	<u>186,736</u>	<u>204,622</u>
<b>Total Revenues</b>	<b>\$1,905,586</b>	<b>\$2,015,955</b>
<b>Expenditures</b>		
Instruction	\$1,328,978	\$870,172
Supporting services	<u>\$1,456,545</u>	<u>\$1,110,891</u>
<b>Total Expenditures</b>	<b>\$2,785,523</b>	<b>\$1,981,063</b>
Excess revenues over Expenditures	\$(879,937)	\$ 34,892
Transfers in	\$-	-
<b>Net Position beg. of yr.</b>	<b><u>\$1,751,064</u></b>	<b><u>\$1,716,172</u></b>
<b>Net Position end of yr.</b>	<b>\$871,127</b>	<b>\$1,751,064</b>

Our Instruction and Supporting Services expenditures were up last year. In order to stay competitive, especially the long term employees who have been with us through several cycle of wage freezes, we re-instated steps for all active employees. In addition, we completed several more facility projects, some mandated by OCR/ADA.

**Primary Government Totals and Comparisons**

Several explanations for the differences between the budget versus actual amounts will be addressed. Referring to the General Fund Budgetary Comparison Schedule, several explanations arise. While there are some increases in the expenditures (Athletic COOP uniforms, additional duties and personnel costs to compensate them), I would like to inform the reader that there are several capital expenditures that will roll over into next year. Our Actual Revenues were higher than Actual Expenditures. This lead to the \$66,041 addition to our Fund Balance.

**Economic Factors and Next Year's Budget**

The District has committed to providing the technology for distance learning to students, staff and community. Students and community members have access to foreign language and college level courses.

The current cuts in the state budget have had a dramatic effect in all K-12 education. Currently, our projected state cuts for the 2017-2018 school year is unknown. In addition, student enrollment is expected to stay consistent. Our enrollment has stayed relatively consistent over the last 5 years. Our enrollment is less of a factor than other small rural districts in Eastern Colorado. This is largely due to the fact our District has a high-quality reputation academically, and the Woodlin Carpool Club now owns and operates a bus that brings students from Morgan County. In addition, Woodlin is only an hour's drive to Aurora.

These factors, plus our small rural population, continue to be a draw for students from the larger surrounding districts. However, when the price of fuel is high, our enrollment drops.

There were several significant capital expenditures that were budgeted for last year that did not make it into last year's actual expenditures. These expenditures are necessary and will be addressed this budget year. These include a generator for the water treatment plant, and (if mandated by the state) updates to our waste water treatment plant projected to be approximately \$60,000. In addition, vehicle expenses, plus the potential to update one of our vacant housing units (\$60,000) adds another \$120,000 in capital expenditures. These combine to approximately the carry-over of several years, but well within our fiscal ability to upgrade our facility.

The future of school finance is uncertain. Referendum C did not cure the ratcheting effect of the Gallagher Amendment, the requirements of the TABOR Amendment or the lack of funding for Amendment 23. The state, our largest source of funding, is caught between the loss of revenues and the requirement of increased school funding. Currently, the District's financial stability is sound. All local long term debts have been paid (not including the recent addition of PERA liabilities). In the past, I have mentioned a brief long-term projection. Currently we are in a cycle of continuing to update our facility. These improvements will run through the depreciation cycle at their worth. There may indeed come a time where our depreciation will have a reducing effect on our Net Position. For example, if there is a period of time where limited facility improvements are being made, and the budget is stable, depreciation will have a negative effect on the net position. These long term effects are hard to translate into a year by year comparison. However, the impact of these depreciations on our Net Position was dwarfed by the new GASB reporting requirements.

Now, a new challenge has also emerged over the last few years. The teacher shortage is now nation-wide. Our ability to offer housing has given us a small advantage over other rural districts, but trying to recruit to rural areas continues to be a struggle.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finance and to demonstrate the District's accountability for the money it receives. If you would like further information, or have any questions about this report, please contact the Superintendent, Woodlin School District R-104, 15400 CR L #185, Woodrow, CO 80757.

Respectfully submitted,

Rose Cronk, Supt.

Rose Cronk, Superintendent, Woodlin School

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## **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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities
Assets	
Cash	\$ 1,407,847
Cash with fiscal agent	137,982
Investments	214,561
Receivables	51,707
Inventory	3,077
Capital assets, net of depreciation	<u>2,291,201</u>
Total assets	4,106,375
Deferred outflows of resources	
Pension deferrals	<u>2,013,141</u>
Total deferred outflows of resources	<u>2,013,141</u>
Total assets and deferred outflows of resources	<u><u>\$ 6,119,516</u></u>
Liabilities	
Accounts payable	\$ 33,124
Accrued salaries and benefits	118,661
Noncurrent liabilities	
Due in more than one year	<u>5,043,044</u>
Total liabilities	5,194,829
Deferred inflows of resources	
Pension deferrals	<u>53,560</u>
Total deferred inflows of resources	53,560
Net position	
Net investment in capital assets	2,291,201
Restricted for emergencies	55,000
Restricted for colorado preschool program	315
Restricted for food service operations	33,360
Unrestricted	<u>(1,508,749)</u>
Total net position	<u>871,127</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 6,119,516</u></u>

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

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**WOODLIN SCHOOL DISTRICT R-104**  
**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	\$ 1,328,978		\$ 100,335	
Supporting services				
Students	35,595			
Instructional staff	62,716	\$ 12,765	13,300	
General administration	131,816			
School administration	105,086			
Business services	210,002			
Operations and maintenance	367,147			
Student transportation	206,758		29,033	
Other support services	58,147			
Food service operations	161,362	27,845	44,068	
Unallocated depreciation *	117,916			
Total governmental activities	<u>\$ 2,785,523</u>	<u>\$ 40,610</u>	<u>\$ 186,736</u>	<u>\$ -</u>

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

General revenues
Taxes
Property taxes, levied for general purposes
Specific ownership taxes
Delinquent taxes and interest
State categorical aid
Earnings on investments
Other
Total general revenues
Change in net position
Net position at beginning of year
Net position at end of year

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

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Net (Expenses)  
Revenues and  
Changes in  
Net Position

Total  
Governmental  
Activities

\$ (1,228,643)

(35,595)

(36,651)

(131,816)

(105,086)

(210,002)

(367,147)

(177,725)

(58,147)

(89,449)

(117,916)

(2,558,177)

728,045

97,077

1,719

758,592

2,195

90,612

1,678,240

(879,937)

1,751,064

\$ 871,127

**WOODLIN SCHOOL DISTRICT R-104**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 1,319,449	\$ 88,398	\$ 1,407,847
Cash with fiscal agent	137,982		137,982
Investments	194,561	20,000	214,561
Due from other funds	13,536		13,536
Grants receivable	14,815	3,862	18,677
Property taxes receivable	26,156		26,156
Other receivables	6,874		6,874
Inventory		3,077	3,077
<b>Total assets</b>	<b>\$ 1,713,373</b>	<b>\$ 115,337</b>	<b>\$ 1,828,710</b>
<b>Liabilities</b>			
Accounts payable	\$ 29,518	\$ 3,606	\$ 33,124
Due to other funds		13,536	13,536
Accrued salaries and benefits	118,661		118,661
<b>Total liabilities</b>	<b>148,179</b>	<b>17,142</b>	<b>165,321</b>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	8,438		8,438
<b>Total deferred inflows of resources</b>	<b>8,438</b>	<b>-</b>	<b>8,438</b>
<b>Fund balance</b>			
Nonspendable inventory		3,077	3,077
Restricted for emergencies	55,000		55,000
Restricted for colorado preschool program	315		315
Restricted for food service operations		33,360	33,360
Committed to pupil activities		61,758	61,758
Unassigned	1,501,441		1,501,441
<b>Total fund balance</b>	<b>1,556,756</b>	<b>98,195</b>	<b>1,654,951</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 1,713,373</b>	<b>\$ 115,337</b>	<b>\$ 1,828,710</b>

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2017**

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Amounts reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental funds	\$ 1,654,951
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	2,291,201
Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	8,438
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	2,013,141
Long-term liabilities, including net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(5,043,044)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	<u>(53,560)</u>
Net position of the governmental activities	<u><u>\$ 871,127</u></u>

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 874,004	\$ 98,230	\$ 972,234
Intermediate sources	223		223
State sources	862,221	4,058	866,279
Federal sources	39,039	40,010	79,049
<b>Total revenues</b>	<b>1,775,487</b>	<b>142,298</b>	<b>1,917,785</b>
<b>Expenditures</b>			
Instruction	795,922	71,051	866,973
Supporting services	863,524	121,076	984,600
<b>Total expenditures</b>	<b>1,659,446</b>	<b>192,127</b>	<b>1,851,573</b>
Excess of revenues over (under) expenditures	116,041	(49,829)	66,212
<b>Other financing sources (uses)</b>			
Transfers in		50,000	50,000
Transfers out	(50,000)		(50,000)
<b>Total other financing sources (uses)</b>	<b>(50,000)</b>	<b>50,000</b>	<b>-</b>
Net change in fund balance	66,041	171	66,212
Fund balance at beginning of year	1,490,715	98,024	1,588,739
Fund balance at end of year	<u>\$ 1,556,756</u>	<u>\$ 98,195</u>	<u>\$ 1,654,951</u>

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds	\$ 66,212
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 depreciation exceeded capital outlay in the current period.	(118,090)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expense and recognition of deferred outflows and inflows from the pensions is reported as pension expense.	(815,860)
Because some revenues 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 revenues. They are, however, recorded as revenues in the statement of activities.	<u>(12,199)</u>
Change in net position of governmental activities	<u><u>\$ (879,937)</u></u>

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

This summary of the Woodlin School District R-104'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 Woodlin School District R-104 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 or fiduciary funds.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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 is the District's major governmental fund:

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 capital outlay expenditures, debt service, food service operations and pupil activities.

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.

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

**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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues 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 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.

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, deferred outflows of resources, current liabilities and deferred inflows of resources, 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.

**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.

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial 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 (expenditure) until then.

In addition to liabilities, the statement of financial 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.

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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 cost, 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.

**A.7 – Inventories**

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. 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 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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.

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>
Buildings and improvements	5-50 years
Furniture and equipment	5-20 years
Licensed vehicles	5-15 years

**A.9 – Compensated absences**

It is the District’s policy to permit employees to accumulate a limited number of temporary leave days each year. Twelve-month employees will earn 12 days of temporary leave per year, while 9 month employees will earn 10 days per year. Upon termination of employment for reasons other than retirement, an employee shall be paid for a maximum of 12 days of accrued temporary leave not taken based upon the current substitute rate of pay.

No liability is shown in the financial statements as the amount would be negligible.

**A.10 – Accrued liabilities and long-term obligations**

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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 that will be paid from governmental funds is 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.

**A.11 – Fund balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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.

**A.12 – Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists 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 are 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require 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.

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 deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,558,006, of which \$327,219 was insured and \$1,230,787 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 U.S. 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

**Note B – Cash and investments (Continued)**

During the year, the District invested in Colostrust (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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

**Note B – Cash and investments (Continued)**

\$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. As of June 30, 2017, the District had invested \$117,342 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. The District also invested in certificate of deposits. The investments in Colostrust (a local government investment pool) and certificate of deposits are maintained in the General Fund and Pupil Activity Fund.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colostrust	\$ 117,342	\$ 117,342	\$ _____	\$ _____

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 and investments on the statement of net position:

Cash on hand	\$ 1,000
Cash in bank	1,406,847
Investments in Colostrust	117,342
Certificates of deposit	<u>97,219</u>
Total	\$ <u>1,622,408</u>
<u>Statement of net position</u>	
Cash	\$ 1,407,847
Investments	<u>214,561</u>
Total	\$ <u>1,622,408</u>

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Grants receivable	\$ 18,677
Property taxes receivable	26,156
Other receivables	<u>6,874</u>
Total	<u>\$ 51,707</u>

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

**Note D – Interfund transactions**

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.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 50,000
Other governmental funds	<u>50,000</u>	<u>-</u>
Total	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$50,000 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 30,745	\$ -	\$ -	\$ 30,745
Total capital assets, not being depreciated	30,745	-	-	30,745
Capital assets, being depreciated:				
Land improvements	837,795	14,250	-	852,045
Buildings and improvements	4,661,515	12,545	-	4,674,060
Furniture and equipment	309,788	8,477	-	318,265
Licensed vehicles	<u>537,079</u>	<u>-</u>	<u>-</u>	<u>537,079</u>
Total capital assets, being depreciated	<u>6,346,177</u>	<u>35,272</u>	<u>-</u>	<u>6,381,449</u>
Total capital assets	6,376,922	35,272	-	6,412,194
Less accumulated depreciation for:				
Land improvements	(308,515)	(42,009)	-	(350,524)
Buildings and improvements	(3,057,252)	(72,863)	-	(3,130,115)
Furniture and equipment	(201,027)	(11,895)	-	(212,922)
Licensed vehicles	<u>(400,836)</u>	<u>(26,596)</u>	<u>-</u>	<u>(427,432)</u>
Total accumulated depreciation	<u>(3,967,630)</u>	<u>(153,363)</u>	<u>-</u>	<u>(4,120,993)</u>
Governmental activities capital assets, net	<u>\$ 2,409,292</u>	<u>\$ (118,091)</u>	<u>\$ -</u>	<u>\$ 2,291,201</u>

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note E – Capital assets (Continued)**

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

Governmental activities	
Instruction	\$ 4,407
Operation and maintenance	3,508
Student transportation	26,596
Food service operations	936
Unallocated	<u>117,916</u>
 Total depreciation expense	 <u>\$ 153,363</u>

**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 \$118,661. 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>Transfers/</u> <u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
<b>Governmental activities</b>					
Net pension liability	\$ <u>2,568,358</u>	\$ <u>2,474,686</u>	\$ <u>-</u>	\$ <u>5,043,044</u>	\$ <u>-</u>

The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note H – 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.

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](http://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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

*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:

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

<sup>1</sup> Rates are expressed as a percentage of salary as defined 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 \$151,854 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 \$5,043,044 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

**Note H - Defined benefit pension plan (Continued)**

At December 31, 2016, the District's proportion was 0.0169 percent, which was an increase of 0.0002 percent from its proportion measured as of December 31, 2015.

For the year, the District recognized pension expense of \$967,714. 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	\$ 62,864	\$ 42
Changes of assumptions or other inputs	1,636,362	22,547
Net difference between projected and actual earnings on pension plan investments	165,787	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	71,532	30,971
Contributions subsequent to the measurement date	<u>76,596</u>	<u>-</u>
Total	<u>\$ 2,013,141</u>	<u>\$ 53,560</u>

\$76,596 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	\$ 746,707
2019	765,805
2020	368,791
2021	<u>1,682</u>
Totals	<u>\$ 1,882,985</u>

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

*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:

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

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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.

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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

- Investment rate of return assumption decreased from 7.50 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:

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

<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>100.00%</u>	

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 7.50 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and 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 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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 <u>(4.26%)</u>	Current Discount <u>(5.26%)</u>	1% Increase <u>(6.26%)</u>
Proportionate share of the net pension liability	<u>\$ 6,341,466</u>	<u>\$ 5,043,044</u>	<u>\$ 3,985,526</u>

*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](http://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 I – 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](http://www.copera.org/investments/pera-financial-reports).

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note I – Defined contribution pension plan (Continued)**

*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 not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2017, program members contributed \$11,088 for the Voluntary Investment Program.

**Note J – 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](http://www.copera.org/investments/pera-financial-reports).

*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 \$7,985, \$7,393 and \$7,281, respectively, equal to their required contributions for each year.

**Note K – 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 \$34,030. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note K – Risk management (Continued)**

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 L – Commitments and contingencies**

**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.

**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. During the year ended June 30, 1997, 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 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 \$55,000 for the emergency reserve.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to Financial Statements**

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**Note M – Joint venture**

The District participates in the East Central 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 the day to day operations and is accountable to the separate board,
- 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 or services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the East Central Board of Cooperative Educational Services are available by contacting their administrative office in Limon, Colorado.

For the year, the District's contribution was \$35,662.

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### **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

**WOODLIN SCHOOL DISTRICT R-104**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 902,455	\$ 953,362	\$ 874,004	\$ (79,358)
Intermediate sources			223	223
State sources	828,066	838,919	862,221	23,302
Federal sources	38,799	39,405	39,039	(366)
<b>Total revenues</b>	<b>1,769,320</b>	<b>1,831,686</b>	<b>1,775,487</b>	<b>(56,199)</b>
<b>Expenditures</b>				
Instruction	762,409	762,409	795,922	(33,513)
Supporting services	1,014,496	971,223	863,524	107,699
Appropriated reserves	1,214,948	1,476,403		1,476,403
<b>Total expenditures</b>	<b>2,991,853</b>	<b>3,210,035</b>	<b>1,659,446</b>	<b>1,550,589</b>
Excess of revenues over (under) expenditures	(1,222,533)	(1,378,349)	116,041	1,494,390
<b>Other financing uses</b>				
Transfers out	(50,000)	(50,000)	(50,000)	-
Excess of revenues over (under) expenditures and other financing uses	\$ (1,272,533)	\$ (1,428,349)	66,041	\$ 1,494,390
Fund balance at beginning of year			1,490,715	
Fund balance at end of year			\$ 1,556,756	

**WOODLIN SCHOOL DISTRICT R-104**  
**Schedule of the District's Proportionate Share of the Net Pension Liability <sup>1</sup>**  
**June 30, 2017**

	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.0169378195%	0.0167929137%	0.0158582757%
District's proportionate share of the net pension liability	\$ 5,043,044	\$ 2,568,358	\$ 2,149,329
District's covered-employee payroll	\$ 782,794	\$ 724,770	\$ 713,852
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	644.24%	354.37%	301.09%
Plan fiduciary net position as a percentage of the total pension liability	43.10%	59.20%	62.80%

<sup>1</sup> 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Schedule of District Contributions <sup>1</sup>**  
**June 30, 2017**

	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 151,854	\$ 135,933	\$ 127,936
Contributions in relation to the contractually required contribution	<u>(151,854)</u>	<u>(135,933)</u>	<u>(127,936)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 782,794	\$ 724,770	\$ 713,852
Contributions as a percentage of covered-employee payroll	19.40%	18.76%	17.92%

<sup>1</sup> 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**Notes to the Required Supplementary Information**

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**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. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. 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.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. 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.
8. 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](http://www.copera.org/investments/pera-financial-reports).

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### **Other Supplementary Information**

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board, not 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.

**WOODLIN SCHOOL DISTRICT R-104**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Local sources</b>				
Property taxes	\$ 796,413	\$ 840,468	\$ 740,244	\$ (100,224)
Specific ownership taxes	78,842	85,694	97,077	11,383
Delinquent taxes and interest			1,719	1,719
Earnings on investments	1,200	1,200	2,195	995
Other local revenue	26,000	26,000	32,769	6,769
<b>Total local sources</b>	<b>902,455</b>	<b>953,362</b>	<b>874,004</b>	<b>(79,358)</b>
<b>Intermediate sources</b>			223	223
<b>State sources</b>				
Equalization	741,653	741,653	758,592	16,939
ELPA	1,340	1,340	195	(1,145)
English language proficiency			136	136
Vocational education	8,133	8,133	15,404	7,271
Transportation	30,995	30,995	29,033	(1,962)
READ act	800	8,153	10,165	2,012
Library program		3,500	3,500	-
Hold harmless kindergarten	30,300	30,300	30,111	(189)
At-risk funding			646	646
Services within the BOCES	14,845	14,845	14,439	(406)
<b>Total state sources</b>	<b>828,066</b>	<b>838,919</b>	<b>862,221</b>	<b>23,302</b>
<b>Federal sources</b>				
REAP	14,515	14,515	13,300	(1,215)
Services within the BOCES	24,284	24,890	25,739	849
<b>Total federal sources</b>	<b>38,799</b>	<b>39,405</b>	<b>39,039</b>	<b>(366)</b>
<b>Total revenues</b>	<b>\$ 1,769,320</b>	<b>\$ 1,831,686</b>	<b>\$ 1,775,487</b>	<b>\$ (56,199)</b>

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**WOODLIN SCHOOL DISTRICT R-104**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 444,298	\$ 444,298	\$ 460,610	\$ (16,312)
Employee benefits	203,702	203,702	215,494	(11,792)
Purchased services	42,268	42,268	49,712	(7,444)
Supplies and materials	52,196	52,196	52,632	(436)
Property	100	100		100
Other	19,845	19,845	17,474	2,371
Total instruction	762,409	762,409	795,922	(33,513)
Supporting services				
Students				
Salaries	2,484	2,484	2,484	-
Employee benefits	538	538	527	11
Purchased services	26,898	26,898	24,265	2,633
Supplies and materials			5,851	(5,851)
Total students	29,920	29,920	33,127	(3,207)
Instructional staff				
Salaries	14,004	14,004	15,018	(1,014)
Employee benefits	4,951	4,951	6,096	(1,145)
Purchased services	24,450	24,450	19,146	5,304
Supplies and materials	3,900	3,900	3,579	321
Property	21,070	21,070	3,958	17,112
Total instructional staff	68,375	68,375	47,797	20,578
General administration				
Salaries	46,305	46,305	48,274	(1,969)
Employee benefits	16,890	16,890	13,365	3,525
Purchased services	21,668	21,668	14,321	7,347
Other	5,000	5,000	7,897	(2,897)
Total general administration	89,863	89,863	83,857	6,006

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	51,912	51,912	46,113	5,799
Employee benefits	19,159	19,159	12,162	6,997
Purchased services	1,400	1,400	1,000	400
Total school administration	72,471	72,471	59,275	13,196
Business services				
Salaries	64,750	64,750	71,101	(6,351)
Employee benefits	31,736	31,736	31,506	230
Purchased services	19,607	19,607	18,506	1,101
Supplies and materials	3,800	3,800	14,944	(11,144)
Other	3,000	3,000	3,308	(308)
Total business services	122,893	122,893	139,365	(16,472)
Operations and maintenance				
Salaries	78,791	78,791	85,072	(6,281)
Employee benefits	31,433	30,883	24,073	6,810
Purchased services	37,500	34,000	16,224	17,776
Supplies and materials	128,400	148,677	136,966	11,711
Property	107,500	33,000	49,617	(16,617)
Other	50,000	55,000	2,443	52,557
Total operations and maintenance	433,624	380,351	314,395	65,956
Student transportation				
Salaries	56,302	56,302	52,947	3,355
Employee benefits	24,603	24,603	17,974	6,629
Purchased services	19,200	19,200	19,589	(389)
Supplies and materials	36,200	46,200	32,308	13,892
Property			4,743	(4,743)
Total student transportation	136,305	146,305	127,561	18,744

(continued)

**WOODLIN SCHOOL DISTRICT R-104**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2017**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	61,045	61,045	58,147	2,898
Total central support services	61,045	61,045	58,147	2,898
Total supporting services	1,014,496	971,223	863,524	107,699
Appropriated reserves	1,214,948	1,476,403		1,476,403
Total expenditures	<u>\$ 2,991,853</u>	<u>\$ 3,210,035</u>	<u>\$ 1,659,446</u>	<u>\$ 1,550,589</u>

## **Budgetary Comparison Schedule – Special Revenue Funds**

The District reports the following nonmajor special revenue 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.
- Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

**WOODLIN SCHOOL DISTRICT R-104**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**For the Year Ended June 30, 2017**

	Food Service Fund	Pupil Activity Fund	Total
<b>Assets</b>			
Cash	\$ 46,640	\$ 41,758	\$ 88,398
Investments		20,000	20,000
Grants receivable	3,862		3,862
Inventory	3,077		3,077
	<u>53,579</u>	<u>61,758</u>	<u>115,337</u>
<b>Total assets</b>	<b>\$ 53,579</b>	<b>\$ 61,758</b>	<b>\$ 115,337</b>
<b>Liabilities and fund balance</b>			
Accounts payable	\$ 3,606		\$ 3,606
Due to other funds	13,536		13,536
	<u>17,142</u>	<u>\$ -</u>	<u>17,142</u>
<b>Total liabilities</b>	<b>17,142</b>	<b>\$ -</b>	<b>17,142</b>
<b>Fund balance</b>			
Nonspendable inventory	3,077		3,077
Restricted for food service operations	33,360		33,360
Committed to pupil activities		61,758	61,758
	<u>36,437</u>	<u>61,758</u>	<u>98,195</u>
<b>Total fund balance</b>	<b>36,437</b>	<b>61,758</b>	<b>98,195</b>
	<u>\$ 53,579</u>	<u>\$ 61,758</u>	<u>\$ 115,337</u>
<b>Total liabilities and fund balance</b>	<b>\$ 53,579</b>	<b>\$ 61,758</b>	<b>\$ 115,337</b>

**WOODLIN SCHOOL DISTRICT R-104**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2017**

	Food Service Fund	Pupil Activity Fund	Total
Revenues			
Local sources	\$ 27,845	\$ 70,385	\$ 98,230
State sources	4,058		4,058
Federal sources	40,010		40,010
Total revenues	71,913	70,385	142,298
Expenditures			
Instruction		71,051	71,051
Supporting services	121,076		121,076
Total expenditures	121,076	71,051	192,127
Excess of revenues over (under) expenditures	(49,163)	(666)	(49,829)
Other financing sources			
Transfers in	50,000		50,000
Net change in fund balance	837	(666)	171
Fund balance at beginning of year	35,600	62,424	98,024
Fund balance at end of year	\$ 36,437	\$ 61,758	\$ 98,195

**WOODLIN SCHOOL DISTRICT R-104**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 26,500	\$ 26,500	\$ 27,845	\$ 1,345
State sources	900	900	4,058	3,158
Federal sources	35,400	35,400	40,010	4,610
Total revenues	62,800	62,800	71,913	9,113
<b>Expenditures</b>				
Salaries	35,891	35,891	39,609	(3,718)
Employee benefits	23,111	23,111	22,463	648
Purchased services	100	100	2,050	(1,950)
Supplies and materials	53,000	53,000	56,954	(3,954)
Appropriated reserves	44,797	44,797		44,797
Total expenditures	156,899	156,899	121,076	35,823
Excess of revenues over (under) expenditures	(94,099)	(94,099)	(49,163)	(26,710)
<b>Other financing sources</b>				
Transfers in	50,000	50,000	50,000	-
Net change in fund balance	\$ (44,099)	\$ (44,099)	837	\$ 44,936
Fund balance at beginning of year			35,600	
Fund balance at end of year			\$ 36,437	

**WOODLIN SCHOOL DISTRICT R-104**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Pupil activities	\$ 100,000	\$ 100,000	\$ 70,385	\$ (29,615)
Total revenues	100,000	100,000	70,385	(29,615)
Expenditures				
Pupil activities	100,000	100,000	71,051	28,949
Appropriated reserves	47,975	47,975		47,975
Total expenditures	147,975	147,975	71,051	76,924
Excess or revenues over (under) expenditures	\$ (47,975)	\$ (47,975)	(666)	\$ 47,309
Fund balance at beginning of year			62,424	
Fund balance at end of year			\$ 61,758	

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**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  
Woodlin School District R-104  
Woodrow, Colorado

We have audited the financial statements of the Woodlin School District R-104 (the District) as of and for the year ended June 30, 2017, and our report thereon dated November 15, 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  
November 15, 2017



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 3870 - WOODLIN R-104  
 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
<b>Governmental</b>				
10 General Fund	1,490,776	1,725,497	1,879,446	1,556,776
12 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub-Totals</b>	<b>1,490,776</b>	<b>1,725,497</b>	<b>1,879,446</b>	<b>1,556,776</b>
11 Charter School Fund	0	0	0	0
207629 Special Revenue Fund	0	0	0	0
96 Supplemental Cap Const, Tech, Maint Fund	0	0	0	0
21 Food Service Spec Revenue Fund	33,528	121,973	121,973	36,427
22 Govt Designated-Purple Grass Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	62,274	78,186	71,081	63,758
74 Full Day Kindergarten Mid Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
45 Supplemental Cap Const, Tech, Maint Fund	0	0	0	0
<b>Totals</b>	<b>1,590,736</b>	<b>1,917,796</b>	<b>1,951,523</b>	<b>1,574,953</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
644637 Risk Related Activity Fund	0	0	0	0
604549 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
78 Other Trust and Agency Funds	0	0	0	0
72 Boyate Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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