

**KIT CARSON COUNTY
SCHOOL DISTRICT R-5**
Bethune, Colorado

Financial Statements
For the Year Ended June 30, 2017



“The Best Little School in Colorado”

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
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Auditor's Integrity Report

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Kit Carson County School District R-5
Bethune, Colorado 80805

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kit Carson County School District R-5 (the "District"), as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, 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 Kit Carson County School District R-5, 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 and budgetary comparison information and pension information on pages a-g and 22-24 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. For the management discussion & analysis 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 Kit Carson County School District R-5's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are the responsibility of management and were derived from and relate 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, based on our audit, and the procedures performed above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

October 10, 2017

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

Management of Bethune School District R-5 offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. The focus of the information is on the primary government-general fund.

In accordance with GASB Statement No. 34, *Basic Financial Statement and Management Discussion and Analysis for State and Local Governments*, the District is providing a comparative analysis of the government wide information.

Financial Highlights:

The net position for the fiscal year was (\$2,718,455), which is a decrease of \$1,258,592 from the previous year. At of close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$658,111 a decrease of \$140,829 from the prior year.

The District has no debt. The District has adequate resources available for all appropriations.

Overview of Financial Statements

This discussion is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided is other supplementary information.

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating.

The District only has governmental activities.

Governmental activities - all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds - acts as a trustee, or fiduciary for student activities. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

Financial Analysis of the District as a Whole:

Table 1
Fiscal Year Ended June 30, 2017
Net Position

	<u>Governmental Activities</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>
Current and other assets	804,241	945,865
Capital assets	<u>1,032,700</u>	<u>1,089,562</u>
Total assets	1,836,941	2,035,427
Deferred Outflows	2,706,716	429,356
Current and other liabilities	7,096,315	3,461,326
Deferred Inflows	165,796	296,021
Net Assets		
Invested in capital assets	1,032,700	1,089,562
Restricted for Preschool	1,107	14,532
Restricted for Capital Project	299	299
Restricted for Tabor	51,802	56,020
Unrestricted	<u>(3,804,362)</u>	<u>(2,620,355)</u>
Total Net Position	<u>(2,718,455)</u>	<u>(1,459,942)</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the Bethune School District, liabilities exceed assets by approximately \$2,718,455, a decrease of \$1,258,592 from the prior year.

The District has \$1,032,700 invested in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education and the property taxes assessed to District taxpayers.

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

Table 2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

Table 2
Fiscal Year Ended June 30, 2017
Change in Net Position

	<u>Governmental Activities</u>	
REVENUES	<u>6/30/2017</u>	<u>6/30/2016</u>
Program Revenues		
Charges for service	20,747	26,000
Operating grants	222,711	335,401
Capital grants	9,757	30,796
General Revenues		
Property taxes	364,450	368,976
Auto taxes	42,358	46,804
State Equalization	1,152,542	1,143,542
Other	<u>36,953</u>	<u>34,840</u>
Total Revenues	1,849,518	1,986,360
EXPENSES		
Instruction	1,914,987	1,262,159
Pupil services	5,971	50,749
Instructional services	49,481	35,171
General administration	514,377	333,707
School administration	3,657	4,125
Business	2,403	926
Operations & maintenance	349,482	229,480
Pupil transportation	64,305	50,841
Central services	43,783	41,426
Non Instructional	19,940	21,890
Food Services	<u>139,723</u>	<u>105,544</u>
Total Expenses	<u>3,108,110</u>	<u>2,136,018</u>
Increase (decrease) in net position	<u>(1,258,592)</u>	<u>(149,658)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

Table 3 shows the District's functions. It also shows the net costs (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants and subsidies to show the remaining financial needs supported by local taxes and other revenues.

Table 3
Fiscal Year Ended June 30, 2017
Government Activities

Functions/Programs	Total Cost of Programs	Net Cost of Services	Prior Year
Instruction	1,914,987	1,760,768	968,917
Pupil services	5,971	5,971	50,749
Instructional services	49,481	49,481	35,171
General administration	514,377	514,377	333,707
School administration	3,657	3,657	4,125
Business	2,403	2,403	926
Operations & maintenance	349,482	349,482	229,480
Pupil transportation	64,305	51,046	38,844
Central services	43,783	43,783	41,426
Non Instructional	19,940	10,742	11,703
Food Services	<u>139,723</u>	<u>63,183</u>	<u>28,773</u>
Total Governmental Activities	3,108,110	2,854,895	1,743,821
Less State Equalization		<u>1,152,542</u>	<u>1,143,542</u>
Total needs from local taxes and other revenue		<u>1,702,353</u>	<u>600,279</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

The District Funds

At June 30, 2017, the District's governmental funds reported a combined fund balance of \$658,111 which is a decrease of \$140,829.

In the General Fund, revenues for the District decreased by \$135,622 while expenses decreased by \$23,076. The District continues to lose funding as the Negative Factor increases each year. There is still a responsibility of the District to full staff with highly qualified teachers and to continue to offer competitive programming.

Financial Analysis of the District's Funds:

Revenues in governmental activities decreased by \$137,502. The District continues to strive to balance the budget on less funding each year. The State has decreased funding to Districts for the last six years. The Board of Directors has committed to spend the reserves to maintain the staff and programs currently in place.

General Fund Budget

No revisions were made to the original budget.

Capital Assets and Debt Administration

At June 30, 2017, the District had \$1,032,700 invested in capital assets. This represents a net decrease (including additions and depreciation) of \$56,862.

	Governmental <u>Activities</u>	Prior <u>Year</u>
Sites	22,719	22,719
Site Improvements	44,516	44,516
Buildings	1,873,237	1,873,237
Transportation	355,203	355,203
Equipment	<u>259,664</u>	<u>259,664</u>
Total	2,555,339	2,555,339
Accumulated Depreciation	<u>(1,522,639)</u>	<u>(1,465,777)</u>
Net capital assets	<u>1,032,700</u>	<u>1,089,562</u>

The District had no capital assets purchased in the current year.

The District had no debt at June 30, 2017.

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Management Discussion and Analysis
For the Year Ended June 30, 2017

Economic Factors and Next Year's Budget and Rates:

The factors that will continue to affect next year's budget are the concerns with the negative funding projections, the adjustments in funding in regards to state and property taxes, and the emphasis from legislature initiatives. The legislative forecast is uncertain at this time as to where the political drive will be placed to help rectify the overall state budget not being sufficient to uphold K-12 Education.

The prediction is that the current state of the economic recession will continue to impact the rural community and local economics. The district's consistent enrollment ensures that reserves have been maintained this year. The Board of Directors will continue to prioritize programs and expenditures to support making financial decisions that are best for the students of the district.

Contacting the District Financial Management

Our financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of the School at Kit Carson County School District R-5, P O Box 127, Bethune, CO 80805.



“The Best Little School in Colorado”

BASIC FINANCIAL STATEMENTS

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	290,949
Certificates of deposit	501,160
Accounts/grants receivable	0
Inventory	4,304
Accrued property taxes receivable	<u>7,828</u>
Total Current Assets	804,241
Capital assets, net of accumulated depreciation	<u>1,032,700</u>
Total Assets	1,836,941
DEFERRED OUTFLOWS	2,706,716
LIABILITIES	
Current Liabilities	
Accrued salaries payable	145,957
Unearned Revenue	<u>172</u>
Total Current Liabilities	146,130
Noncurrent Liabilities	
Compensated Absences due within one year	11,095
Compensated Absences due in more than one year	80,794
Net Pension Liability	<u>6,858,296</u>
Total Noncurrent Liabilities	<u>6,950,185</u>
Total Liabilities	7,096,315
DEFERRED INFLOWS	165,796
NET POSITION	
Invested in capital assets	1,032,700
Restricted for Preschool	1,107
Restricted for Capital Projects	299
Restricted for Tabor	51,802
Unrestricted	<u>(3,804,362)</u>
Total Net Position	<u>(2,718,455)</u>

See auditor's report and notes to the financial statements.

KIT CARSON SCHOOL DISTRICT R-5
Bethune, Colorado
Statement of Activities
For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental Activities				
Instructional	1,914,987		144,461	9,757
Support Services				
Pupil services	5,971			
Instructional services	49,481			
General administration	514,377			
School administration	3,657			
Business	2,403			
Operations & maintenance	349,482			
Pupil transportation	64,305		13,259	
Central services	43,783			
Food Services	139,723	11,549	64,991	0
Non Instructional	<u>19,940</u>	<u>9,198</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	3,108,110	20,747	222,711	9,757

General revenues:

Taxes

 Property taxes, levied for general purposes

 Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

 Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue
and Changes in Net Position

Governmental
Activities

(1,760,768)

(5,971)

(49,481)

(514,377)

(3,657)

(2,403)

(349,482)

(51,046)

(43,783)

(63,183)

(10,742)

(2,854,895)

364,450

42,358

1,152,542

33,985

2,968

1,596,303

(1,258,592)

(1,459,862)

(2,718,455)

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	220,220	70,729	290,949
Certificates of deposit	501,160	0	501,160
Accounts/grants receivable	0	0	0
Inventory	0	4,304	4,304
Accrued property taxes receivable	<u>7,828</u>	<u>0</u>	<u>7,828</u>
Total Assets	<u>729,208</u>	<u>75,033</u>	<u>804,241</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accrued salaries payable	136,897	9,061	145,957
Unearned Revenue	<u>0</u>	<u>172</u>	<u>172</u>
Total Liabilities	136,897	9,233	146,130
 Fund Balances			
Committed	(5,313)	25,000	19,687
Restricted for			
Tabor Emergencies	51,802	0	51,802
Preschool	1,107	0	1,107
Capital Projects	0	299	299
Nonspendable	0	4,304	4,304
Assigned	0	36,197	36,197
Unassigned	<u>544,715</u>	<u>0</u>	<u>544,715</u>
Total Fund Balances	<u>592,311</u>	<u>65,800</u>	<u>658,111</u>
 Total Liabilities and Fund Balances	 <u>729,208</u>	 <u>75,033</u>	 <u>804,241</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Balance Sheet
Governmental Funds
June 30, 2017

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total Governmental Fund Balances	658,111
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,032,700
Deferred outflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	2,706,716
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(6,950,185)
Deferred inflows of resources, report as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	<u>(165,796)</u>
Net Position of Governmental Activities	<u>(2,718,455)</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

REVENUES	<u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Local Sources			
Property Taxes	364,131		364,131
Specific Ownership Taxes	42,358		42,358
Delinquent Taxes & Penalties	319		319
Interest	2,968	0	2,968
Charges for Service	0	11,549	11,549
Other	43,743	9,198	52,940
Intergovernmental			
State Sources			
Equalization	1,152,542		1,152,542
Other	110,713	1,648	112,361
Federal Sources	<u>47,007</u>	<u>57,241</u>	<u>104,248</u>
Total Revenues	1,763,780	79,636	1,843,416
EXPENDITURES			
Current			
Instruction	1,129,467		1,129,467
Supporting Services			
Students	5,971		5,971
Instructional staff services	38,168		38,168
General administration	337,316		337,316
School administration	3,657		3,657
Business	909		909
Operations & maintenance	237,738		237,738
Pupil transportation	41,075		41,075
Central services	29,003		29,003
Non Instructional	388	19,940	20,328
Food Service	0	105,240	105,240
Capital Outlay	<u>41,475</u>	<u>0</u>	<u>41,475</u>
Total Expenditures	<u>1,865,167</u>	<u>125,179</u>	<u>1,990,347</u>
Excess of Revenues over (under) Expenditures	(101,387)	(45,544)	(146,931)

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017
(continued)

Other Financing Sources (Uses)	<u>(30,102)</u>	<u>36,204</u>	<u>6,102</u>
Excess of Revenues and Other Sources over (Under) Expenditures	(131,489)	(9,340)	(140,829)
Fund Balance - Beginning	<u>723,800</u>	<u>75,140</u>	<u>798,940</u>
Fund Balance - Ending	<u>592,311</u>	<u>65,800</u>	<u>658,111</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds (140,829)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	0	
Depreciation expense	<u>(56,862)</u>	(56,862)

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

Pension expenses	(1,037,292)	
Compensated absences	<u>(23,609)</u>	<u>(1,060,901)</u>

Change in net position of government activities (1,258,592)

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Statement of Fiduciary Net Position
Student Activity Agency Fund
June 30, 2017

	Student Activity Fund
ASSETS	
Cash in bank	38,600
LIABILITIES	
Due to student activities	<u>38,600</u>
NET POSITION	<u>0</u>

Notes to the Financial Statements

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Notes to Financial Statements
June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Kit Carson County School District R-5 (the "District") is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the District's significant accounting policies applied in the preparation of these financial statements follows.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of the District.

B. Basis of Presentation

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, and the fiduciary funds of the District. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

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

Additionally, the District reports the Student Activity Agency Fund which accounts for cash held by the District for related organizations. It is custodial in nature and does not involve measurement of results of operations.

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Notes to Financial Statements
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C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10, or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection. The last date for final adoption of the budget and appropriation resolution is June 30. January 31 is last date to change adopted budget. By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general fund.

The legal level of budgetary control is at the individual fund level.

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

F. Assets, Liabilities, Fund Balances and Net Position

1. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107.

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2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds."

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2017 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	10-20
Buildings	10-50
Equipment	7-25
Vehicles	7-10

The District does not have any infrastructure assets.

5. Compensated Absences

Year-round staff is allotted 10 days per year, extended contract employees 8 days per year, and certified staff 7 days per year. There is no limit to the accumulation of days. Employees may be paid at the end of the school year if not used at the per diem rate of an uncertified substitute teacher. As of June 30, 2017, the accrued sick leave payable was \$91,889.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

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(continued)

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

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

8. Fund Balances and Net Position

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

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

Restricted Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When restricted and unrestricted funds are available, restricted funds are deemed first spent.

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

Nonspendable – amounts that cannot be spent because they are either in a nonspendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

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

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's Board of Directors. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

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

Unassigned – the residual for the general fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, or unassigned funds are available, committed is first spent, then assigned.

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At June 30, 2017 the amounts restricted were \$51,802 for the TABOR Reserve, \$1,107 for preschool, and \$299 for capital projects. Amounts in governmental funds were committed for paid days off of \$0 in the General Fund and \$25,000 for capital projects. There was \$4,304 nonspendable in the Food Services Fund. There was \$4,817 assigned for student activities and \$31,3807 for food service.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

In November of 1997, the voters of the District approved a ballot issue which allows the District to receive and spend all revenues received. Based upon this approval, the District considers the revenue and spending limits imposed by the Amendment to no longer apply to the District.

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits and Investments - all are in two financial institutions. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit". They are carried at cost.

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2017, the District's cash deposits had a bank balance and carrying balance as follows:

	Bank <u>Balance</u>	Carrying <u>Balance</u>
Insured (FDIC)	\$500,000	\$500,000
In ColoTrust	9,273	9,273
Deposits uncollateralized in one institution pool	<u>311,300</u>	<u>321,436</u>
Total Cash	\$820,573	\$830,709
Amount of certificates of deposit		(501,160)
Amount with agency fund		<u>(38,600)</u>
Net cash		290,949

As presented above, deposits with a bank balance of \$311,300 and a carrying balance of \$321,436 as of June 30, 2017, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

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Investments

The district has deposits in COLOTRUST accounts, in the amount \$9,273, which are invested in overnight investment accounts and are rated AAAM by Standard & Poor's.

Investments are subject to many different types of risk, including credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The district's COLOTRUST account is highly rated by Standard & Poor's, an indication of low credit risk. The district has no foreign currency risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Overall credit risk is the chance that an issuer of an investment will not fulfill its obligations. To minimize overall credit risk, state law requires that the district limit its investments to issuers which have received one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments are subject to custodial risk.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The District's only investments with recurring measurements are its investments at COLOTRUST in the amount of \$9,273. These investments were valued using Level 2 inputs.

- B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

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(continued)

C. Changes in General Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Sites & improvements	67,235	-0-	-0-	67,235
Buildings & improvements	1,873,237	-0-	-0-	1,873,237
Equipment	259,664	-0-	-0-	259,664
Transportation	<u>355,204</u>	<u>-0-</u>	<u>-0-</u>	<u>355,204</u>
Total	2,555,340	-0-	-0-	2,555,340
Less accumulated depreciation				
Site improvements	43,621	421	-0-	44,042
Buildings & improvements	858,064	42,590	-0-	900,654
Equipment	229,356	7,027	-0-	236,383
Transportation	<u>334,731</u>	<u>6,824</u>	<u>-0-</u>	<u>341,555</u>
Total	<u>1,465,777</u>	<u>56,862</u>	<u>-0-</u>	<u>1,522,634</u>
Government activities capital assets, net	<u>1,089,562</u>	<u>(56,862)</u>	<u>-0-</u>	<u>1,032,700</u>

Depreciation expense for the governmental activities was allocated \$48,816 to instruction, \$6,824 to transportation, and \$1,222 to food services.

D. The District had no long-term debt at June 30, 2017.

(4) OTHER INFORMATION

- A. 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 has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its property and casualty and workers' compensation insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for member's claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31 but such wages are earned over a school year of approximately nine months. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. Operating Transfers In (Out) - The General Fund transferred \$24,790 to the Food Services Fund and \$5,312 to the Student Activity Special Revenue Fund for operating purposes.

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(continued)

D. 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.

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

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

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

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.

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 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.

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(continued)

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

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

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

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

	<u>December 31</u>	
	<u>2016</u>	<u>2017</u>
Employer Contribution Rate ¹	10.15%	10.15%
Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%	-1.02%
C.R.S. § 24-51-411 ¹	4.50%	4.50%
as specified in C.R.S. § 24-51-411 ¹	<u>4.50%</u>	<u>5.00%</u>
Total Employer Contribution Rate to the SCHDTF ¹	18.13%	19.65%

¹ Rates are expressed as a percentage of salary as defined in C.R.S. § 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 District were \$188,232 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$6,858,296 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 proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District proportion was 0.0230346170 percent, which was an increase of 0.0007163561 percent from its proportion measured as of December 31, 2015.

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For the year ended June 30, 2017, the District recognized pension expense of \$1,037,292. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference between expected and actual experience	85,739	60
Changes of assumptions or other inputs	2,225,374	30,927
Net difference between projected and actual earnings on pension plan investments	229,327	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	71,432	134,809
Contributions subsequent to the measurement date	<u>94,843</u>	<u>N/A</u>
Total	2,706,716	165,796

There is \$94,843 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date that is recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	
2018	(67,880)
2019	(9,089)
2020	13,592
2021	-
2022	-
Thereafter	-

Actuarial assumptions. The table below includes the actuarial assumptions and other inputs utilized in the December 31, 2015 actuarial valuation and the revised assumptions utilized in the roll forward of the total pension liability from December 31, 2015 to December 31, 2016:

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	<u>12/31/2015</u>	<u>12/31/2016</u>
	<u>Actuarial Valuation</u>	<u>Roll Forward</u>
Actuarial cost method	Entry Age	Entry Age
Price inflation	2.80 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.90 percent	3.50 percent
Salary increases, including wage inflation	3.90-10.10 percent	3.50-9.70 percent
investment expenses, including price inflation	7.50 percent	7.25 percent
Discount rate	7.50 percent	5.26 percent
Post-retirement benefit increases:		
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.0 percent	2.0 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)	

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 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 rate 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:

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

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

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

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

Several factors were considered in evaluating the long-term rate of return assumption of 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 expenses 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 November 18, 2016 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	<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	100.00%	

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

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Notes to Financial Statements
June 30, 2017
(continued)

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial 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.
- Employee contributions were assumed to be made at the rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of the 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 GASB Statement No. 67 projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the GASB Statement No. 67 projecting 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 investment 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.

KIT CARSON COUNTY SCHOOL DISTRICT R-5
Bethune, Colorado
Notes to Financial Statements
June 30, 2017
(continued)

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

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.

	1% Decrease <u>(4.26%)</u>	Current Discount <u>Rate (5.26%)</u>	1% Increase <u>(6.26%)</u>
Proportionate share of the net pension liability	8,624,087	6,858,296	5,420,123

E. Other Post-Employment 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 annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The District is required to contribute at a rate of 1.02 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 years ending June 30, 2017, 2016 and 2015, the District contributions to the HCTF were \$10,347, \$10,184 and \$9,806, respectively, equal to their required contributions for each year.

- F. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the board is from the District. The Board has final authority for all budgeting and financing of the joint venture. Each member pays a \$2,500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members. At June 30, 2016, total assets were \$2,617,821, deferred outflows were \$1,070,149, total liabilities were \$9,079,354, deferred inflows were \$709,709, net position was (\$6,101,093), revenues were \$8,398,687, and expenses were \$8,359,060.

Complete financial statements may be obtained from the BOCES office at 820 Second Street, Limon, CO 80828.

REQUIRED SUPPLEMENTARY INFORMATION

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Local sources	443,684	443,684	453,518	9,834
State Sources	1,246,221	1,246,221	1,263,255	17,034
Federal Sources	<u>37,300</u>	<u>37,300</u>	<u>47,007</u>	<u>9,707</u>
Total Revenues	1,727,205	1,727,205	1,763,780	36,575
EXPENDITURES				
Current				
Instruction	1,120,894	1,120,894	1,129,467	(8,573)
Supporting Services				
Pupils	1,270	1,270	5,971	(4,701)
Instructional Staff - Library	32,219	32,219	38,168	(5,949)
General Administration	330,498	330,498	337,316	(6,818)
School Administration	4,400	4,400	3,657	743
Business Services	1,000	1,000	909	91
Operations & Maintenance	233,450	233,450	237,738	(4,288)
Pupil Transportation	40,170	40,170	41,075	(905)
Central Support	30,330	30,330	29,003	1,327
Non Instructional	1,108	1,108	388	720
Capital Outlay	42,450	42,450	41,475	975
Appropriated reserves	<u>470,118</u>	<u>470,118</u>	<u>0</u>	<u>470,118</u>
Total Expenditures	<u>2,307,907</u>	<u>2,307,907</u>	<u>1,865,167</u>	<u>442,740</u>
Excess of revenues over (under)				
Expenditures	(580,702)	(580,702)	(101,387)	479,315
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(30,102)</u>	<u>(30,102)</u>	<u>(30,102)</u>	<u>0</u>
Excess of revenues and other sources over				
(under) expenditures and other uses	(610,804)	(610,804)	(131,489)	479,315
Fund Balance - Beginning	<u>610,804</u>	<u>610,804</u>	<u>723,800</u>	<u>112,996</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>592,311</u>	<u>592,311</u>

See auditor's report and notes to the financial statements.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Schedule of District's Proportionate Share of the Net Pension Liability
Last 10 Years

	2016	2015	2014	2013
Proportion (percentage) of the collective net pension liability	0.0230346170%	0.0223182609%	0.0239506838%	0.0255009817%
Proportionate share of the collective net pension liability	6,858,296	3,413,420	3,246,122	3,252,643
Covered payroll	1,033,834	962,066	1,028,030	1,003,356.00
Proportionate share of the net pension liability as a percentage of its covered employee payroll	663.38%	354.80%	315.76%	324.18%
Plan fiduciary net position of the total pension liability	43.10%	59.20%	62.80%	64.06%

The amounts presented for each year were determined as of December 31.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Schedule of Contributions and Related Ratios
Last 10 Fiscal Years

As of June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contributions	188,232	177,176	166,606	155,307	148,158	140,804	130,303	121,865	115,353	98,884
Contributions in relation to the statutorily required contribution	<u>188,232</u>	<u>177,176</u>	<u>166,606</u>	<u>155,307</u>	<u>148,158</u>	<u>140,804</u>	<u>130,303</u>	<u>121,865</u>	<u>115,353</u>	<u>98,884</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	1,024,195	998,421	961,372	971,733	954,013	962,436	981,067	1,006,408	1,003,978	934,580
Contributions as a percentage of covered-employee payroll	18.38%	17.75%	17.33%	15.98%	15.53%	14.63%	13.28%	12.11%	11.49%	10.58%

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“The Best Little School in Colorado”

OTHER INFORMATION

COMBINING STATEMENTS

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Non-Major Governmental Funds
Combining Balance Sheet
At June 30, 2017

	<u>Food Service</u>	<u>Capital Projects</u>	<u>Student Activity</u>	<u>Total</u>
ASSETS				
Cash in Bank	40,614	25,299	4,817	70,729
Accounts/Grants Receivable	0	0	0	0
Inventory	<u>4,304</u>	<u>0</u>	<u>0</u>	<u>4,304</u>
Total Assets	<u>44,918</u>	<u>25,299</u>	<u>4,817</u>	<u>75,033</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accrued Salaries & Benefits	9,061	0	0	9,061
Unearned Revenue	<u>172</u>	<u>0</u>	<u>0</u>	<u>172</u>
Total Liabilities	9,233	0	0	9,233
FUND BALANCE				
Nonspendable	4,304	0	0	4,304
Restricted for Capital Projects	0	299	0	299
Committed for Capital Projects	0	25,000	0	25,000
Assigned	<u>31,380</u>	<u>0</u>	<u>4,817</u>	<u>36,197</u>
Total Fund Balance	<u>35,684</u>	<u>25,299</u>	<u>4,817</u>	<u>65,800</u>
Total Liabilities and Fund Balance	<u>44,918</u>	<u>25,299</u>	<u>4,817</u>	<u>75,033</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	<u>Food Service</u>	<u>Capital Projects</u>	<u>Student Activity</u>	<u>Total</u>
REVENUES				
Local Sources	11,549	0	9,198	20,747
State Sources	1,648	0	0	1,648
Federal Sources	<u>57,241</u>	<u>0</u>	<u>0</u>	<u>57,241</u>
Total Revenues	70,438	0	9,198	79,636
EXPENDITURES				
Current				
Salaries & Benefits	56,328	0	0	56,328
Purchased services	2,092	0	16,068	18,160
Supplies	46,737	0	1,527	48,264
Other	83	0	2,345	2,428
Non capital equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>105,240</u>	<u>0</u>	<u>19,940</u>	<u>125,179</u>
Excess of Revenues over (under) Expenditures	(34,802)	0	(10,742)	(45,544)
Other Financing Sources				
Operating Transfers	24,790	0	5,312	30,102
Commodities	<u>6,102</u>	<u>0</u>	<u>0</u>	<u>6,102</u>
Total Other Financing Sources	<u>30,892</u>	<u>0</u>	<u>5,312</u>	<u>36,204</u>
Excess of Revenues and Other Sources over (under) Expenditures	(3,910)	0	(5,430)	(9,340)
Fund Balance - Beginning	<u>39,594</u>	<u>25,299</u>	<u>10,247</u>	<u>75,140</u>
Fund Balance - Ending	<u>35,684</u>	<u>25,299</u>	<u>4,817</u>	<u>65,800</u>

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the government which are not required legally or by sound financial management to be accounted for in another fund.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
General Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash In Bank	220,220	321,907	(101,687)
Certificates of Deposit	501,160	533,515	(32,355)
Accounts/Grants Receivable	0	0	0
Accrued Property Tax Receivable	<u>7,828</u>	<u>7,000</u>	<u>827</u>
 Total Assets	 <u>729,208</u>	 <u>862,423</u>	 <u>(133,215)</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued Salaries and Benefits Payable	136,897	138,622	(1,726)
 Fund Balance			
Restricted for TABOR Reserve	51,802	56,020	(4,218)
Restricted for Preschool	1,107	14,532	(13,426)
Committed for Paid Time Off	(5,313)	7,594	(12,907)
Unassigned	<u>544,715</u>	<u>645,653</u>	<u>(100,938)</u>
 Total Fund Balance	 <u>592,311</u>	 <u>723,800</u>	 <u>(131,489)</u>
 Total Liabilities and Fund Balance	 <u>729,208</u>	 <u>862,423</u>	 <u>(133,215)</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property Taxes	362,171	364,131	1,960	368,585
Specific Ownership Taxes	46,362	42,358	(4,004)	46,804
Delinquent Taxes & Penalties	250	319	69	391
Investment Interest	900	2,968	2,068	1,793
Indirect Costs From Preschool	0	1,031	1,031	1,992
Other	<u>34,001</u>	<u>42,711</u>	<u>8,710</u>	<u>35,866</u>
Total Local Sources	443,684	453,518	9,834	455,431
State Sources				
Equalization	1,153,761	1,152,542	(1,219)	1,143,542
Transportation	15,000	13,259	(1,741)	11,997
BOCES Flowthrough	10,000	14,134	4,134	66,180
Other	<u>67,460</u>	<u>83,320</u>	<u>15,860</u>	<u>163,603</u>
Total State Sources	1,246,221	1,263,255	17,034	1,385,322
Federal Sources				
Grants	15,000	17,795	2,795	32,166
BOCES Flowthrough	<u>22,300</u>	<u>29,212</u>	<u>6,912</u>	<u>26,483</u>
Total Federal Source	<u>37,300</u>	<u>47,007</u>	<u>9,707</u>	<u>58,649</u>
Total Revenues	1,727,205	1,763,780	36,575	1,899,402
Expenditures				
	<u>2,307,907</u>	<u>1,865,167</u>	<u>442,740</u>	<u>1,888,243</u>
Excess of Revenues over				
(under) Expenditures	(580,702)	(101,387)	479,315	11,159
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(30,102)	(30,102)	<u>0</u>	<u>(33,778)</u>
Excess of Revenues and Other Sources over				
(under) Expenditures & Other Uses	(610,804)	(131,489)	479,315	(22,619)
Fund Balance - Beginning				
	<u>610,804</u>	<u>723,800</u>	<u>112,996</u>	<u>746,420</u>
Fund Balance - Ending				
	<u>0</u>	<u>592,311</u>	<u>592,311</u>	<u>723,800</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior Year
INSTRUCTION				
Current				
Salaries	686,299	683,408	2,891	692,528
Employee Benefits	292,109	303,301	(11,192)	268,632
Purchased Services	87,800	85,209	2,591	124,471
Supplies and Material	53,636	57,051	(3,415)	53,434
Other	1,050	498	552	6,311
Capital Outlay	<u>9,700</u>	<u>21,975</u>	<u>(12,275)</u>	<u>19,343</u>
Total Instruction	1,130,594	1,151,442	(20,848)	1,164,718
 SUPPORTING SERVICES				
Pupil				
Current				
Salaries	0	0	0	31,388
Benefits	0	0	0	12,998
Purchased Services	1,000	5,971	(4,971)	4,938
Supplies and Material	240	0	240	14
Other	30	0	30	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Pupil	1,270	5,971	(4,701)	49,336
 Instructional Staff Services				
Current				
Salaries	15,500	13,635	1,865	15,001
Employee Benefits	3,319	2,746	573	3,047
Purchased Services	8,600	16,045	(7,445)	8,142
Supplies and Material	4,800	5,741	(941)	8,806
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instructional Staff	32,219	38,168	(5,949)	34,995

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016
(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
SUPPORTING SERVICES (continued)				
General Administration				
Current				
Salaries	165,377	172,675	(7,298)	165,272
Employee Benefits	76,886	77,947	(1,061)	74,809
Purchased Services	45,635	37,532	8,103	40,858
Supplies and Material	11,500	26,057	(14,557)	13,985
Other	31,100	23,105	7,995	31,343
Capital Outlay	<u>0</u>	<u>4,721</u>	<u>(4,721)</u>	<u>0</u>
Total General Administration	330,498	342,036	(11,538)	326,266
School Administration				
Current				
Purchased Services	4,000	3,272	728	3,642
Other	<u>400</u>	<u>385</u>	<u>15</u>	<u>385</u>
Total School Administration	4,400	3,657	743	4,125
Business				
Current				
Purchased Services	1,000	909	91	926
Operations and Maintenance				
Current				
Salaries	109,109	110,999	(1,890)	105,525
Employee Benefits	45,243	46,183	(940)	42,210
Purchased Services	31,998	35,100	(3,102)	26,232
Supplies and Material	47,000	45,457	1,543	50,675
Other	100	0	100	86
Capital Outlay	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
Total Operations & Maintenance	238,450	237,738	712	224,728

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016
(continued)

SUPPORTING SERVICES (continued)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Pupil Transportation				
Current				
Salaries	16,430	16,297	133	17,564
Employee Benefits	3,342	3,730	(388)	4,257
Purchased Services	10,573	11,841	(1,268)	10,608
Supplies and Material	9,750	9,205	545	9,064
Other	75	2	73	37
Capital Outlay	<u>250</u>	<u>0</u>	<u>250</u>	<u>0</u>
Total Transportation	40,420	41,075	(655)	41,530
Central Support Services				
Current				
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Purchased Services	25,330	24,718	612	26,738
Supplies and Material	5,000	4,285	715	6,084
Other	0	0	0	0
Capital Outlay	<u>27,500</u>	<u>14,780</u>	<u>12,720</u>	<u>8,604</u>
Total Central Support	57,830	43,783	14,047	41,426
Non Instructional Services				
Current				
Salaries	1,000	320	680	160
Employee Benefits	<u>108</u>	<u>68</u>	<u>40</u>	<u>33</u>
Total Non Instructional Services	1,108	388	720	193
TOTAL SUPPORTING SERVICES	707,195	713,725	(6,530)	723,525
Appropriated Reserves	<u>470,118</u>	<u>0</u>	<u>470,118</u>	<u>0</u>
TOTAL EXPENDITURES	<u>2,307,907</u>	<u>1,865,167</u>	<u>442,740</u>	<u>1,888,243</u>



“The Best Little School in Colorado”

SPECIAL REVENUE FUNDS

Food Services Fund - to account for revenues and expenditures associated with providing hot meals to students, teachers, and visitors.

Student Activity Fund - to account for expenditures for non-instructional costs such as athletics. Financing is provided by gate admissions and transfers from the General Fund.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Food Services Special Revenue Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash In Bank	40,614	43,541	(2,928)
Accounts Receivable	0	327	(327)
Inventory	<u>4,304</u>	<u>4,028</u>	<u>277</u>
Total Current Assets	<u>44,918</u>	<u>47,896</u>	<u>(2,978)</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued Salaries & Benefits	9,061	8,302	759
Unearned Revenue	<u>172</u>	<u>0</u>	<u>172</u>
Total Liabilities	9,233	8,302	931
FUND BALANCE			
Nonspendable	4,304	4,028	277
Assigned	<u>31,380</u>	<u>35,567</u>	<u>(4,186)</u>
Total Fund Balance	<u>35,684</u>	<u>39,594</u>	<u>(3,910)</u>
 Total Liabilities and Fund Balance	 <u>44,918</u>	 <u>47,896</u>	 <u>(2,978)</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Food Services Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

REVENUES	<u>Budget</u>	<u>Actual</u> (Unfavorable)	Variance Favorable	Actual Prior Year
Local Sources				
Charges for Service				
Student Meals	4,500	4,657	157	5,909
Adult Meals	6,000	6,892	892	9,904
State Sources	1,500	1,648	148	1,803
Federal Sources	<u>38,000</u>	<u>57,241</u>	<u>19,241</u>	<u>53,713</u>
Total Revenues	50,000	70,438	20,438	71,329
EXPENDITURES				
Salaries	30,406	33,039	(2,633)	31,237
Benefits	22,789	23,288	(499)	21,956
Food & Milk	44,750	36,288	8,462	38,036
Commodities	5,550	6,598	(1,048)	5,456
Purchased Services	1,700	2,092	(392)	166
Non-Food	4,500	3,851	649	2,630
Dues & Fees	0	83	(83)	0
Non-capital Equipment	<u>3,700</u>	<u>0</u>	<u>3,700</u>	<u>3,428</u>
Total Expenditures	<u>113,395</u>	<u>105,240</u>	<u>8,155</u>	<u>102,908</u>
Revenues over (under) Expenditures	(63,395)	(34,802)	28,593	(31,579)
Other Operating Sources				
Operating Transfer In	24,790	24,790	0	26,544
Commodities	<u>5,450</u>	<u>6,102</u>	<u>652</u>	<u>5,442</u>
Excess of Revenues and Other Sources over (under) Expenditures	(33,155)	(3,910)	29,245	407
Fund Balance - Beginning	<u>33,155</u>	<u>39,594</u>	<u>6,439</u>	<u>39,187</u>
Fund Balance - Ending	<u>0</u>	<u>35,684</u>	<u>35,684</u>	<u>39,594</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Student Activity Special Revenue Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash In Bank	<u>4,817</u>	<u>10,247</u>	<u>(5,430)</u>
ASSIGNED FUND BALANCE	<u>4,817</u>	<u>10,247</u>	<u>(5,430)</u>

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

With Comparative Actual Amounts for the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	<u>Actual Prior Year</u>
REVENUES				
Charges for service	9,500	9,198	(302)	10,187
EXPENDITURES				
Purchased services	16,000	16,068	(68)	16,311
Supplies	3,150	1,527	1,623	2,167
Other	4,000	2,345	1,655	3,157
Non capital equipment	<u>1,000</u>	<u>0</u>	<u>1,000</u>	<u>255</u>
Total Expenditures	<u>24,150</u>	<u>19,940</u>	<u>4,210</u>	<u>21,890</u>
Excess of Revenues over (under) Expenditures	(14,650)	(10,742)	3,908	(11,703)
Operating Transfers	<u>5,312</u>	<u>5,312</u>	<u>0</u>	<u>7,234</u>
Excess of Revenues and Other Sources over (under) Expenditures	(9,338)	(5,430)	3,908	(4,469)
Fund Balance - Beginning	<u>9,338</u>	<u>10,247</u>	<u>909</u>	<u>14,717</u>
Fund Balance - Ending	<u>0</u>	<u>4,817</u>	<u>4,817</u>	<u>10,247</u>

CAPITAL PROJECTS FUNDS

Capital Projects Fund - to account for acquisition of land and construction of structures thereon, or acquisition of land with existing structures thereon and equipment and furnishing therein; construction of additions to existing structures; procurement of equipment for new buildings and additions to existing buildings and installation thereof; alterations and improvements to existing structures; and acquisition of school buses or other equipment, including any necessary installations. Lease agreements with option to purchase for a period of one year or less, including lease agreements consisting of a series of one-year terms renewable at the option of the District. Financing is provided by an allocation from the General Fund.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Capital Reserve Capital Projects Fund
Comparative Balance Sheet

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
ASSETS			
Cash			
In Bank	<u>25,299</u>	<u>25,299</u>	<u>0</u>
FUND BALANCE			
Committed	25,000	25,000	0
Restricted	<u>299</u>	<u>299</u>	<u>0</u>
Total Fund Balance	<u>25,299</u>	<u>25,299</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>25,299</u>	<u>25,299</u>	<u>0</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Capital Reserve Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

			Variance Favorable <u>Actual (Unfavorable)</u>	Actual Prior Year
Local Sources				
Investment Earnings	0	0	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Local Sources	0	0	0	0
EXPENDITURES				
Capital Outlay	0	0	0	0
Appropriated Reserves	<u>25,299</u>	<u>0</u>	<u>25,299</u>	<u>0</u>
Total Expenditures	<u>25,299</u>	<u>0</u>	<u>25,299</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	(25,299)	0	25,299	0
Other Financing Sources				
Operating Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (Under) Expenditures and Other Uses	(25,299)	0	25,299	0
Fund Balance - Beginning	<u>25,299</u>	<u>25,299</u>	(0)	<u>25,299</u>
Fund Balance - Ending	<u>0</u>	<u>25,299</u>	<u>25,299</u>	<u>25,299</u>

AGENCY FUND

Student Activity Fund – to act as custodian for the classes and activities of the District.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5
Bethune, Colorado
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

	Balance <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30</u>
Board of Education	2,421	6,767	5,948	3,239
Checking interest	1,962	3	0	1,965
Class of 2015	763	0	295	468
Class of 2016	721	0	32	689
Class of 2017	9,814	5,176	14,990	0
Class of 2018	916	15,376	8,573	7,718
Class of 2019	0	332	0	332
FBLA	1,045	0	0	1,045
FFA	1,140	0	0	1,140
SLAC	(119)	0	(119)	0
Drama	1,810	127	0	1,937
Cheerleaders	67	123	100	90
SADD	6	0	0	6
Student Council	4,096	132	222	4,006
Athletics	4,172	200	0	4,372
Volleyball	451	0	0	451
Football	288	0	0	288
Book Fair	(557)	1,923	1,877	(511)
Recycling	158	0	0	158
Bethune Memorial Scholarship	9,388	243	0	9,631
N Leonard Scholarship	500	0	0	500
J Thiede Family Memorial Scholarship	<u>1,077</u>	<u>0</u>	<u>0</u>	<u>1,077</u>
Total	40,116	30,402	31,919	38,600
 Budget	 <u>40,121</u>	 <u>32,000</u>	 <u>72,121</u>	 <u>0</u>
 Variance - Favorable (Unfavorable)	 <u>5</u>	 <u>(1,598)</u>	 <u>40,202</u>	 <u>38,600</u>

AUDITOR'S INTEGRITY REPORT