

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

Financial Statements  
For the Year Ended June 30, 2016



*“The Best Little School in Colorado”*

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

# WINFREY, COUNTY & HAYS, PC

## Certified Public Accountants

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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, 2016, 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, 2016, 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 on pages a-g and 20-22 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.

WINFREY, COUNTY, & HAYS, PC  
Certified Public Accountants



by: Gerald County, CPA

October 31, 2016

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2016

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, 2016. The focus of the information is on the primary government-general fund.

The District has adopted a financial reporting model promulgated by the Government Accounting Standards Board (GASB). 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 (\$1,459,942), which is a decrease of \$149,658 from the previous year. At of close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$798,940 a decrease of \$26,682 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.

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2016

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.

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, 2016

Financial Analysis of the District as a Whole:

Table 1  
Fiscal Year Ended June 30, 2016  
Net Position

	<u>Governmental Activities</u>	
	<u>6/30/2016</u>	<u>6/30/2015</u>
Current and other assets	945,865	972,737
Capital assets, net	<u>1,089,562</u>	<u>1,151,370</u>
Total assets	2,035,427	2,124,107
Deferred outflows	429,356	158,245
Current liabilities	146,924	147,115
Noncurrent liabilities	<u>3,481,780</u>	<u>3,300,982</u>
Total liabilities	3,628,705	3,448,097
Deferred inflows	296,021	144,539
Net position:		
Invested in capital assets	1,089,562	1,151,370
Restricted for preschool	14,532	3,194
Restricted for capital projects	299	299
Restricted for TABOR	56,020	54,060
Unrestricted	<u>(2,620,355)</u>	<u>(2,519,207)</u>
Total net position	<u>(1,459,942)</u>	<u>(1,310,284)</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 \$1,459,942, a decrease of \$149,658 from the prior year.

The District has \$1,089,562 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, 2016

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, 2016  
Change in Net Position

REVENUES	<u>Governmental Activities</u>	
	<u>6/30/2016</u>	<u>6/30/2015</u>
Program revenues		
Charges for service	26,000	26,623
Operating grants	335,401	417,851
Capital grants	30,796	0
General revenues		
Property taxes	368,976	336,658
Auto taxes	46,804	45,011
State equalization	1,143,542	1,145,627
Other	<u>34,840</u>	<u>26,381</u>
Total revenues	1,986,360	1,998,151
EXPENSES		
Instruction	1,262,159	1,198,886
Pupil services	50,749	58,329
Instructional services	35,171	17,885
General administration	333,707	306,267
School administration	4,125	9,411
Business	926	1,088
Operations & maintenance	229,480	227,000
Pupil transportation	50,841	56,697
Central services	41,426	49,425
Non-instructional	21,890	23,930
Food services	<u>105,544</u>	<u>117,037</u>
Total expenses	<u>2,136,018</u>	<u>2,065,953</u>
Increase (decrease) in net position	<u>(149,658)</u>	<u>(67,802)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
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Management Discussion and Analysis  
For the Year Ended June 30, 2016

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, 2016  
Government Activities

Functions/Programs	<u>Total Cost of Programs</u>	<u>Net Cost of Services</u>	<u>Prior Year</u>
Instruction	1,262,159	968,917	858,595
Pupil services	50,749	50,749	58,329
Instructional services	35,171	35,171	17,885
General administration	333,707	333,707	306,267
School administration	4,125	4,125	9,411
Business	926	926	1,088
Operations & maintenance	229,480	229,480	227,000
Pupil transportation	50,841	38,844	42,443
Central services	41,426	41,426	49,425
Non-instructional	21,890	11,703	12,558
Food services	<u>105,544</u>	<u>28,773</u>	<u>38,480</u>
Total governmental activities	2,136,018	1,743,821	1,621,479
Less state equalization		<u>1,143,542</u>	<u>1,145,627</u>
Total needs from local taxes and other revenue		<u>600,279</u>	<u>475,852</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2016

The District Funds

At June 30, 2016, the District's governmental funds reported a combined fund balance of \$798,940 which is a decrease of \$26,682.

In the General Fund, revenues for the District decreased by \$8,820 while expenses increased by \$96,661. 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 programing.

Financial Analysis of the District's Funds:

Revenues in governmental activities decreased by \$11,723. 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, 2016, the District had \$1,089,562 invested in capital assets. This represents a net decrease (including additions and depreciation) of \$61,808.

	Governmental Activities	
	<u>June 30, 2016</u>	<u>June 30, 2015</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>(1,465,777)</u>	<u>(1,403,969)</u>
Net capital assets	<u>1,089,562</u>	<u>1,151,370</u>

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

The District had no debt at June 30, 2016.

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2016

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.

Though the State of Colorado is experiencing an economic upturn, this improvement has yet to positively impact the community. The recession will continue to plague this rural community and local economics. The District's has experienced a fluctuation in enrollment further jeopardizing the reserves. 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, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	400,994
Certificates of deposit	533,515
Accounts/grants receivable	327
Inventory	4,028
Accrued property taxes receivable	7,000
Capital assets, net of accumulated depreciation	<u>1,089,562</u>
Total assets	2,035,427
DEFERRED OUTFLOWS	429,356
<b>LIABILITIES</b>	
Current liabilities	
Accrued salaries payable	146,924
Noncurrent liabilities	
Due within one year	11,095
Due in more than one year	57,265
Net pension liability	<u>3,413,420</u>
Total liabilities	3,628,705
DEFERRED INFLOWS	296,021
<b>NET POSITION</b>	
Invested in capital assets	1,089,562
Restricted for preschool	14,532
Restricted for capital projects	299
Restricted for TABOR	56,020
Unrestricted	<u>(2,620,355)</u>
Total net position	<u>(1,459,942)</u>

KIT CARSON SCHOOL DISTRICT R-5  
Bethune, Colorado  
Statement of Activities  
For the Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
Governmental Activities				
Instructional	1,262,159		262,446	30,796
Support services				
Pupil services	50,749			
Instructional services	35,171			
General administration	333,707			
School administration	4,125			
Business	926			
Operations & maintenance	229,480			
Pupil transportation	50,841		11,997	
Central services	41,426			
Food services	105,544	15,813	60,958	0
Non-instructional	<u>21,890</u>	<u>10,187</u>	<u>0</u>	<u>0</u>
Total governmental activities	<u>2,136,018</u>	<u>26,000</u>	<u>335,401</u>	<u>30,796</u>

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

(968,917)

(50,749)

(35,171)

(333,707)

(4,125)

(926)

(229,480)

(38,844)

(41,426)

(28,773)

(11,703)

(1,743,821)

368,976

46,804

1,143,542

33,047

1,793

1,594,163

(149,658)

(1,310,284)

(1,459,942)

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Balance Sheet  
Governmental Funds  
June 30, 2016

	<u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	321,907	79,087	400,994
Certificates of deposit	533,515	0	533,515
Accounts/grants receivable	0	327	327
Inventory	0	4,028	4,028
Accrued property taxes receivable	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Total assets	<u>862,423</u>	<u>83,442</u>	<u>945,865</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accrued salaries payable	138,622	8,302	146,924
Fund Balances			
Committed	7,594	25,000	32,594
Restricted for:			
TABOR emergencies	56,020	0	56,020
Preschool	14,532	0	14,532
Capital projects	0	299	299
Nonspendable	0	4,028	4,028
Assigned	0	45,814	45,814
Unassigned	<u>645,653</u>	<u>0</u>	<u>645,653</u>
Total fund balances	<u>723,800</u>	<u>75,140</u>	<u>798,940</u>
 Total liabilities and fund balances	 <u>862,423</u>	 <u>83,442</u>	 <u>945,865</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Balance Sheet  
Governmental Funds  
June 30, 2016

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

Total governmental fund balances	798,940
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	1,089,562
Deferred outflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	429,356
Long-term liabilities, including accrued paid days off, are not due and payable in the current period and therefore are not reported in the funds	(3,481,780)
Deferred inflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	<u>(296,021)</u>
Net position of governmental activities	<u>(1,459,942)</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, 2016

REVENUES	<u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Local sources			
Property taxes	368,585	0	368,585
Specific ownership taxes	46,804	0	46,804
Delinquent taxes & penalties	391	0	391
Interest	1,793	0	1,793
Charges for service	0	15,813	15,813
Other	37,857	10,187	48,044
Intergovernmental			
State sources			
Equalization	1,143,542	0	1,143,542
Other	241,780	1,803	243,583
Federal sources	<u>58,649</u>	<u>53,713</u>	<u>112,362</u>
Total revenues	1,899,402	81,516	1,980,918
EXPENDITURES			
Current			
Instruction	1,145,375	0	1,145,375
Supporting services			
Students	49,336	0	49,336
Instructional staff services	34,995	0	34,995
General administration	326,266	0	326,266
School administration	4,125	0	4,125
Business	926	0	926
Operations & maintenance	224,728	0	224,728
Pupil transportation	41,530	0	41,530
Central services	32,822	0	32,822
Non-instructional	193	21,890	22,083
Food service	0	102,908	102,908
Capital outlay	<u>27,946</u>	<u>0</u>	<u>27,946</u>
Total expenditures	<u>1,888,243</u>	<u>124,798</u>	<u>2,013,041</u>
Excess of revenues over (under) expenditures	11,159	(43,282)	(32,124)
Other financing sources (uses)	<u>(33,778)</u>	<u>39,220</u>	<u>5,442</u>
Excess of revenues and other sources over (under) expenditures	(22,619)	(4,062)	(26,682)
Fund balance - beginning	746,420	79,203	825,622
Fund balance - ending	<u>723,800</u>	<u>75,140</u>	<u>798,940</u>

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

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, 2016  
(continued)

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	(26,682)
<p>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.</p>	
Capital outlays	0
Depreciation expense	(61,808)
<p>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.</p>	
Pension expenses	(47,669)
Compensated absences	<u>(13,499)</u>
Change in net position of government activities	<u>(149,658)</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Statement of Fiduciary Net Position  
Student Activity Agency Fund  
June 30, 2016

	Student Activity Fund
<b>ASSETS</b>	
Cash in bank	<u>40,116</u>
<b>LIABILITIES</b>	
Due to student activities	<u>40,116</u>
<b>NET POSITION</b>	<u>0</u>

## Notes to the Financial Statements

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Notes to Financial Statements  
June 30, 2016

(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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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, 2016 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, 2016, the accrued sick leave payable was \$68,280.

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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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, 2016 the amounts restricted were \$56,020 for the TABOR Reserve, \$14,532 for preschool, and \$299 for capital projects. Amounts in governmental funds were committed for paid days off of \$7,594 in the General Fund and \$25,000 for capital projects. There was \$4,028 nonspendable in the Food Services Fund. There was \$10,247 assigned for student activities and \$35,567 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 one financial institution. 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.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

At June 30, 2016, 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	39,042	39,042
Deposits collateralized in one institution pool	<u>448,215</u>	<u>435,584</u>
Total Cash	\$987,257	\$974,626
Amount of certificates of deposit		(533,515)
Amount with agency fund		<u>(40,117)</u>
Net cash		400,994

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As presented above, deposits with a bank balance of \$448,215 and a carrying balance of \$435,584 as of June 30, 2016, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

ColoTrust has a rating of AAAM by Standard & Poor's.

- 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.

- 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	41,422	2,199	-0-	43,621
Buildings & improvements	815,474	42,590	6	858,058
Equipment	220,857	8,499	-0-	229,356
Transportation	<u>326,211</u>	<u>8,520</u>	<u>-0-</u>	<u>334,731</u>
Total	<u>1,403,964</u>	<u>61,808</u>	<u>6</u>	<u>1,465,766</u>
Government activities capital assets, net	<u>1,151,376</u>	<u>(61,808)</u>	<u>6</u>	<u>1,089,562</u>

Depreciation expense for the governmental activities was allocated \$52,066 to instruction, \$8,520 to transportation, and \$1,222 to food services.

- D. The District had no long term debt at June 30, 2016.

(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

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for members' 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 \$26,544 to the Food Services Fund and \$7,234 to the Student Activity Special Revenue Fund for operating purposes.
- 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](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. § 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.

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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 (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:

	For the Years Ended December 31	
	2015	2016
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. § 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. § 24-51-411 <sup>1</sup>	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	<u>4.00%</u>	<u>4.50%</u>
Total Employer Contribution Rate to the SCHDTF <sup>1</sup>	<u>17.33%</u>	<u>18.13%</u>

<sup>1</sup> 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 \$177,176 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$3,413,420 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District proportion was 0.0223182609 percent, which was a decrease of 0.0016324229 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$224,845. At June 30, 2016, 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	45,075	142
Changes of assumptions or other inputs	-0-	48,238
Net difference between projected and actual earnings on pension plan investments	290,236	-0-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-0-	247,641
Contributions subsequent to the measurement date	<u>94,045</u>	<u>N/A</u>
Total	429,356	296,021

There is \$94,045 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 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:

<b>Fiscal year ended June 30,</b>	
2017	(112,833)
2018	(96,799)
2019	(38,009)
2020	-0-
2021	-0-
Thereafter	-0-



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*Actuarial assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

Mortality rates 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.

The actuarial assumptions used in the December 31, 2014 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.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefits.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF’s long-term expected rate of return on pension plan investments was determined using 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 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.

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As of the November 15, 2013 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	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	<u>7.00%</u>	7.15%
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 7.50%.

*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:

- 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 3.90%.
- 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

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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 actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	4,424,791	3,413,420	2,572,149

*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).

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](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 years ending June 30, 2016, 2015 and 2014, the District contributions to the HCTF were \$10,184, \$9,806 and \$10,560, 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, 2015, total assets were \$2,633,823, deferred outflows were \$388,938, total liabilities were \$8,833,532, deferred inflows were \$329,949, net position was (\$6,140,720), revenues were \$8,424,082, and expenses were \$8,882,336.

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, 2016

	<u>General Fund</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	446,021	446,021	455,431	9,410
State sources	1,369,680	1,369,680	1,385,322	15,642
Federal sources	<u>38,683</u>	<u>38,683</u>	<u>58,649</u>	<u>19,966</u>
Total revenues	1,854,384	1,854,384	1,899,402	45,018
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	1,191,089	1,191,089	1,145,375	45,714
Supporting services				
Pupils	59,653	59,653	49,336	10,317
Instructional staff - library	31,791	31,791	34,995	(3,204)
General administration	319,746	319,746	326,266	(6,520)
School administration	4,450	4,450	4,125	325
Business services	1,500	1,500	926	574
Operations & maintenance	226,293	226,293	224,728	1,565
Pupil transportation	45,004	45,004	41,530	3,474
Central support	30,275	30,275	32,822	(2,547)
Non-instructional	1,105	1,105	193	912
Capital outlay	40,800	40,800	27,946	12,854
Appropriated reserves	<u>615,319</u>	<u>615,319</u>	<u>0</u>	<u>615,319</u>
Total expenditures	<u>2,567,025</u>	<u>2,567,025</u>	<u>1,888,243</u>	<u>678,782</u>
Excess of revenues over (under) expenditures	(712,641)	(712,641)	11,159	723,800
Other financing sources (uses)				
Operating transfers in (out)	<u>(33,778)</u>	<u>(33,778)</u>	<u>(33,778)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	(746,419)	(746,419)	(22,619)	723,800
Fund balance - beginning	<u>746,419</u>	<u>746,419</u>	<u>746,420</u>	<u>1</u>
Fund balance - ending	<u>0</u>	<u>0</u>	<u>723,800</u>	<u>723,800</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.022318%	0.023951%	0.025501%
Proportionate share of the collective net pension liability	3,413,420	3,246,122	3,252,643
Covered payroll	962,066	1,028,030	1,003,356
Proportionate share of the net pension liability as a percentage of its covered employee payroll	354.80%	315.76%	324.18%
Plan fiduciary net position as a percentage of the total pension liability	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>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>	<u>2007</u>
Statutorily required contributions	177,176	166,606	155,307	148,158	140,804	130,303	121,865	115,353	98,884	94,369
Contributions in relation to the statutorily required contribution	<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>	<u>94,369</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	998,421	961,372	971,733	954,013	962,436	981,067	1,006,408	1,003,978	934,580	954,774
Contributions as a percentage of covered-employee payroll	17.75%	17.33%	15.98%	15.53%	14.63%	13.28%	12.11%	11.49%	10.58%	9.88%

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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, 2016

	<u>Food Service</u>	<u>Capital Projects</u>	<u>Student Activity</u>	<u>Total</u>
<b>ASSETS</b>				
Cash in bank	43,541	25,299	10,247	79,087
Accounts/grants receivable	327	0	0	327
Inventory	<u>4,028</u>	<u>0</u>	<u>0</u>	<u>4,028</u>
Total assets	<u>47,896</u>	<u>25,299</u>	<u>10,247</u>	<u>83,442</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accrued salaries & benefits	8,302	0	0	8,302
FUND BALANCE				
Nonspendable	4,028	0	0	4,028
Restricted for capital projects	0	299	0	299
Committed for capital projects	0	25,000	0	25,000
Assigned	<u>35,567</u>	<u>0</u>	<u>10,247</u>	<u>45,814</u>
Total fund balance	<u>39,594</u>	<u>25,299</u>	<u>10,247</u>	<u>75,140</u>
Total liabilities and fund balance	<u>47,896</u>	<u>25,299</u>	<u>10,247</u>	<u>83,442</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, 2016

	<u>Food Service</u>	<u>Capital Projects</u>	<u>Student Activity</u>	<u>Total</u>
<b>REVENUES</b>				
Local sources	15,813	0	10,187	26,000
State sources	1,803	0	0	1,803
Federal sources	<u>53,713</u>	<u>0</u>	<u>0</u>	<u>53,713</u>
Total revenues	71,329	0	10,187	81,516
<b>EXPENDITURES</b>				
Current				
Salaries & benefits	53,193	0	0	53,193
Purchased services	166	0	16,311	16,476
Supplies	46,121	0	2,167	48,289
Other	0	0	3,157	3,157
Non-capital equipment	<u>3,428</u>	<u>0</u>	<u>255</u>	<u>3,683</u>
Total expenditures	<u>102,908</u>	<u>0</u>	<u>21,890</u>	<u>124,798</u>
Excess of revenues over (under) expenditures	(31,579)	0	(11,703)	(43,282)
Other financing sources				
Operating transfers	26,544	0	7,234	33,778
Commodities	<u>5,442</u>	<u>0</u>	<u>0</u>	<u>5,442</u>
Excess of revenues and other sources over (under) expenditures	407	0	(4,469)	(4,062)
Fund balance - beginning	<u>39,187</u>	<u>25,299</u>	<u>14,717</u>	<u>79,203</u>
Fund balance - ending	<u>39,594</u>	<u>25,299</u>	<u>10,247</u>	<u>75,140</u>

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

## 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>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
<b>ASSETS</b>			
Cash in bank	321,907	345,338	(23,430)
Certificates of deposit	533,515	531,996	1,519
Accounts/grants receivable	0	583	(583)
Accrued property tax receivable	<u>7,000</u>	<u>8,096</u>	<u>(1,096)</u>
 Total assets	 <u>862,423</u>	 <u>886,013</u>	 <u>(23,591)</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accrued salaries and benefits payable	138,622	139,594	(971)
 Fund balance			
Restricted for TABOR reserve	56,020	54,060	1,960
Restricted for preschool	14,532	3,194	11,338
Committed for paid time off	7,594	9,757	(2,162)
Unassigned	<u>645,653</u>	<u>679,408</u>	<u>(33,754)</u>
 Total fund balance	 <u>723,800</u>	 <u>746,420</u>	 <u>(22,619)</u>
 Total liabilities and fund balance	 <u>862,423</u>	 <u>886,013</u>	 <u>(23,591)</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local sources				
Property taxes	352,315	368,585	16,270	336,316
Specific ownership taxes	51,322	46,804	(4,518)	45,011
Delinquent taxes & penalties	250	391	141	342
Investment interest	570	1,793	1,223	607
Indirect costs from preschool	0	1,992	1,992	1,900
Other	<u>41,564</u>	<u>35,866</u>	<u>(5,698)</u>	<u>29,275</u>
Total local sources	446,021	455,431	9,410	413,450
State sources				
Equalization	1,180,265	1,143,542	(36,723)	1,145,627
Transportation	15,000	11,997	(3,003)	14,254
BOCES flowthrough	69,437	66,180	(3,257)	70,760
Other	<u>104,978</u>	<u>163,603</u>	<u>58,625</u>	<u>189,399</u>
Total state sources	1,369,680	1,385,322	15,642	1,420,040
Federal sources				
Grants	13,000	32,166	19,166	43,570
BOCES flowthrough	<u>25,683</u>	<u>26,483</u>	<u>800</u>	<u>31,162</u>
Total federal sources	<u>38,683</u>	<u>58,649</u>	<u>19,966</u>	<u>74,732</u>
Total revenues	1,854,384	1,899,402	45,018	1,908,222
Expenditures	<u>2,567,025</u>	<u>1,888,243</u>	<u>678,782</u>	<u>1,791,582</u>
Excess of revenues over (under) expenditures	(712,641)	11,159	723,800	116,640
Other financing sources (uses)				
Operating transfers in (out)	<u>(33,778)</u>	<u>(33,778)</u>	<u>0</u>	<u>(60,542)</u>
Excess of revenues and other sources over (under) expenditures & other uses	(746,419)	(22,619)	723,800	56,098
Fund balance - beginning	<u>746,419</u>	<u>746,420</u>	<u>1</u>	<u>690,321</u>
Fund balance - ending	<u>0</u>	<u>723,800</u>	<u>723,800</u>	<u>746,420</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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>INSTRUCTION</b>				
Current				
Salaries	722,225	692,528	29,697	624,123
Employee benefits	284,195	268,632	15,563	223,068
Purchased services	98,995	124,471	(25,476)	155,528
Supplies and material	79,524	53,434	26,090	67,731
Other	6,150	6,311	(161)	173
Capital outlay	<u>3,250</u>	<u>19,343</u>	<u>(16,093)</u>	<u>30,162</u>
Total instruction	1,194,339	1,164,718	29,621	1,100,784
 <b>SUPPORTING SERVICES</b>				
Pupil				
Current				
Salaries	37,665	31,388	6,278	37,248
Benefits	15,718	12,998	2,720	14,457
Purchased services	5,500	4,938	562	3,966
Supplies and material	740	14	726	162
Other	<u>30</u>	<u>0</u>	<u>30</u>	<u>0</u>
Total pupil	59,653	49,336	10,317	55,833
 Instructional staff services				
Current				
Salaries	15,500	15,001	499	11,253
Employee benefits	3,241	3,047	194	3,123
Purchased services	9,300	8,142	1,158	1,918
Supplies and material	3,750	8,806	(5,056)	837
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total instructional staff	31,791	34,995	(3,204)	17,131

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
General Fund  
Statement of Expenditures - Budget and Actual  
For the Year Ended June 30, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015  
(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
SUPPORTING SERVICES (continued)				
General administration				
Current				
Salaries	164,288	165,272	(984)	154,583
Employee benefits	71,008	74,809	(3,801)	64,881
Purchased services	41,350	40,858	492	38,738
Supplies and material	12,000	13,985	(1,985)	14,155
Other	31,100	31,343	(243)	23,360
Capital outlay	<u>500</u>	<u>0</u>	<u>500</u>	<u>442</u>
Total general administration	320,246	326,266	(6,020)	296,160
School administration				
Current				
Salaries	0	0	0	5,000
Employee benefits	0	0	0	975
Purchased services	3,500	3,642	(142)	2,926
Supplies and material	850	98	752	90
Other	<u>100</u>	<u>385</u>	<u>(285)</u>	<u>85</u>
Total school administration	4,450	4,125	325	9,076
Business				
Current				
Purchased services	<u>1,500</u>	<u>926</u>	<u>574</u>	<u>838</u>
Total business	1,500	926	574	838
Operations and maintenance				
Current				
Salaries	101,436	105,525	(4,089)	100,957
Employee benefits	43,441	42,210	1,231	39,167
Purchased services	32,916	26,232	6,684	26,585
Supplies and material	48,500	50,675	(2,175)	49,545
Other	0	86	(86)	0
Capital outlay	<u>11,800</u>	<u>0</u>	<u>11,800</u>	<u>3,981</u>
Total operations & maintenance	238,093	224,728	13,365	220,235

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

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
General Fund  
Statement of Expenditures - Budget and Actual  
For the Year Ended June 30, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015  
(continued)

SUPPORTING SERVICES (continued)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Pupil transportation				
Current				
Salaries	17,430	17,564	(134)	16,520
Employee benefits	3,486	4,257	(771)	3,467
Purchased services	11,263	10,608	655	9,264
Supplies and material	12,750	9,064	3,686	12,980
Other	75	37	38	66
Capital outlay	<u>250</u>	<u>0</u>	<u>250</u>	<u>0</u>
Total transportation	45,254	41,530	3,724	42,298
Central support services				
Current				
Salaries	0	0	0	2,937
Employee benefits	0	0	0	1,411
Purchased services	24,275	26,738	(2,463)	27,808
Supplies and material	6,000	6,084	(84)	2,599
Capital outlay	<u>25,000</u>	<u>8,604</u>	<u>16,396</u>	<u>14,473</u>
Total central support	55,275	41,426	13,849	49,228
Non-instructional services				
Current				
Salaries	1,000	160	840	0
Employee benefits	<u>105</u>	<u>33</u>	<u>72</u>	<u>0</u>
Total non-instructional services	1,105	193	912	0
Total supporting services	757,367	723,525	33,842	690,798
Appropriated reserves	<u>615,319</u>	<u>0</u>	<u>615,319</u>	<u>0</u>
Total expenditures	<u>2,567,025</u>	<u>1,888,243</u>	<u>678,782</u>	<u>1,791,582</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>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
<b>ASSETS</b>			
Current assets			
Cash in bank	43,541	39,967	3,574
Accounts receivable	327	0	327
Inventory	<u>4,028</u>	<u>6,741</u>	<u>(2,714)</u>
Total current assets	<u>47,896</u>	<u>46,709</u>	<u>1,188</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accrued salaries & benefits	8,302	7,521	781
 <b>FUND BALANCE</b>			
Nonspendable	4,028	6,741	(2,714)
Assigned	<u>35,567</u>	<u>32,446</u>	<u>3,121</u>
Total fund balance	<u>39,594</u>	<u>39,187</u>	<u>407</u>
 Total liabilities and fund balance	 <u>47,896</u>	 <u>46,709</u>	 <u>1,188</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, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local sources				
Charges for service				
Student meals	5,000	5,909	909	6,480
Adult meals	8,500	9,904	1,404	8,771
State sources	1,500	1,803	303	1,789
Federal sources	<u>41,916</u>	<u>53,713</u>	<u>11,797</u>	<u>56,007</u>
Total revenues	56,916	71,329	14,413	73,046
EXPENDITURES				
Salaries	30,765	31,237	(472)	31,268
Benefits	22,032	21,956	76	19,939
Food & milk	53,500	38,036	15,464	48,538
Commodities	3,450	5,456	(2,006)	5,199
Purchased services	1,700	166	1,535	582
Non-food	6,500	2,630	3,870	4,803
Dues & fees	0	0	0	0
Non-capital equipment	<u>4,700</u>	<u>3,428</u>	<u>1,272</u>	<u>3,224</u>
Total expenditures	<u>122,647</u>	<u>102,908</u>	<u>19,739</u>	<u>113,552</u>
Revenues over (under) expenditures	(65,731)	(31,579)	34,152	(40,506)
Other operating sources				
Operating transfer in	26,544	26,544	0	39,608
Commodities	<u>0</u>	<u>5,442</u>	<u>5,442</u>	<u>5,511</u>
Excess of revenues and other sources over (under) expenditures	(39,187)	407	39,594	4,613
Fund balance - beginning	<u>39,187</u>	<u>39,187</u>	<u>0</u>	<u>34,574</u>
Fund balance - ending	<u>0</u>	<u>39,594</u>	<u>39,594</u>	<u>39,187</u>

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

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

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
ASSETS			
Cash in bank	<u>10,247</u>	<u>14,717</u>	<u>(4,469)</u>
ASSIGNED FUND BALANCE	<u>10,247</u>	<u>14,717</u>	<u>(4,469)</u>

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2016  
With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Charges for service	9,399	10,187	788	11,372
EXPENDITURES				
Purchased services	20,700	16,311	4,389	16,105
Supplies	4,400	2,167	2,233	2,573
Other	4,000	3,157	843	2,874
Non-capital equipment	<u>2,250</u>	<u>255</u>	<u>1,995</u>	<u>2,377</u>
Total expenditures	<u>31,350</u>	<u>21,890</u>	<u>9,460</u>	<u>23,930</u>
Excess of revenues over (under) expenditures	(21,951)	(11,703)	10,248	(12,558)
Operating transfers	<u>7,234</u>	<u>7,234</u>	<u>0</u>	<u>20,934</u>
Excess of revenues and other sources over (under) expenditures	(14,717)	(4,469)	10,248	8,376
Fund balance - beginning	<u>14,717</u>	<u>14,717</u>	<u>0</u>	<u>6,340</u>
Fund balance - ending	<u>0</u>	<u>10,247</u>	<u>10,247</u>	<u>14,717</u>

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



## 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>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
<b>ASSETS</b>			
Cash in bank	<u>25,299</u>	<u>25,299</u>	<u>0</u>
<b>LIABILITIES</b>			
Accounts payable	0	0	0
<b>FUND BALANCE</b>			
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>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
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>	<u>0</u>	<u>25,299</u>
Fund balance - ending	<u>0</u>	<u>25,299</u>	<u>25,299</u>	<u>25,299</u>

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

## 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, 2016

	Balance <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30</u>
Board of Education	2,028	7,195	6,802	2,421
Checking interest	1,956	329	324	1,962
Class of 2014	50	0	50	0
Class of 2015	1,710	0	948	763
Class of 2016	10,128	2,459	11,867	721
Class of 2017	693	20,145	11,024	9,814
Class of 2018	114	802	0	916
FBLA	1,045	0	0	1,045
FFA	1,140	0	0	1,140
SLAC	(119)	0	0	(119)
Drama	2,753	305	1,249	1,810
Cheerleaders	0	67	0	67
SADD	6	0	0	6
Student Council	3,301	1,801	1,006	4,096
Athletics	4,222	300	350	4,172
Volleyball	348	612	509	451
Football	360	0	71	288
Book Fair	(211)	2,693	3,040	(557)
Recycling	158	0	0	158
Bethune Memorial Scholarship	11,356	196	2,165	9,388
N Leonard Scholarship	500	0	0	500
J Thiede Family Memorial Scholarship	<u>1,327</u>	<u>0</u>	<u>250</u>	<u>1,077</u>
Total	42,865	36,904	39,653	40,116
 Budget	 <u>42,865</u>	 <u>38,635</u>	 <u>81,500</u>	 <u>0</u>
 Variance - favorable (unfavorable)	 <u>(0)</u>	 <u>(1,731)</u>	 <u>41,847</u>	 <u>40,116</u>

AUDITOR'S INTEGRITY REPORT



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1490 - BETHUNE R-5  
 Fiscal Year 2015-16  
 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	743,225		1,825,391		1,859,349		709,268
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	3,194		40,232		28,894		14,532
<b>Sub-Total</b>	<b>746,420</b>		<b>1,865,624</b>		<b>1,888,243</b>		<b>723,800</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec. Revenue Fund	39,187		103,315		102,508		39,594
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	14,717		17,421		21,890		10,247
24 Full Day Kindergarten Mill 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	25,299		0		0		25,299
<b>Totals</b>	<b>825,622</b>		<b>1,986,360</b>		<b>2,013,041</b>		<b>798,940</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	42,865		36,904		39,653		40,116
79 GASB 34-Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>42,865</b>		<b>36,904</b>		<b>39,653</b>		<b>40,116</b>

FINAL

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.