

**MONTEZUMA COUNTY (DOLORES)
SCHOOL DISTRICT RE-4A**

Accountants' Reports
and
Basic Financial Statements

June 30, 2017

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

TABLE OF CONTENTS

June 30, 2017

| | |
|---|-------|
| Independent Auditors' Report on Basic Financial Statements | 1-2 |
| Management's Discussion and Analysis | 3-12 |
| Basic Financial Statements | |
| Government -Wide Financial Statements | |
| Statement of Net Position | 13 |
| Statement of Activities | 14 |
| Fund Financial Statements | |
| Balance Sheet-Governmental Funds | 15 |
| Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds | 17 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds to the Statement of Activities | 18 |
| Statement of Fiduciary Net Position | 19 |
| Notes to the Financial Statements | 20-41 |
| Required Supplemental Information | 42 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual- General Fund | 43-47 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual- Lunch Fund | 48 |
| Schedule of District Pension Contributions | 49 |
| Schedule of the District's Proportionate Share of the Net Pension Liability | 50 |
| Other Supplementary Information | 51 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Capital Reserve Capital Projects Fund | 52 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Debt Service Fund | 53 |
| Schedule of Revenues, Expenditures and Changes in Due to Agency Recipients-Budget and Actual-Pupil Activity Fund | 54 |
| Colorado Department of Education Auditors' Integrity Report | 55 |

Majors and Haley, P.C.
Certified Public Accountants

P.O. Box 1478
Cortez, CO 81321
(970) 565-9521
Fax: (970) 565-9441

Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Montezuma County (Dolores) School District RE-4A
Dolores, Colorado 81323

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Montezuma County (Dolores) School District RE-4A, Colorado 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate fund information of the Montezuma County (Dolores) School District RE-4A, Colorado, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters

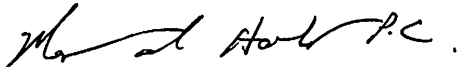
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of District Contributions, and Schedule of the District's Proportionate Share of the Net Pension Liability on pages 3 through 12 and pages 42 through 50 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montezuma County (Dolores) School District RE-4A, Colorado's basic financial statements. The budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the Colorado Department of Education Auditors' Integrity Report are the responsibility of management and was 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, the budgetary comparison schedules, and the Colorado Department of Education Auditors' Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Majors and Haley, P.C.
August 21, 2017

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2017

FINANCIAL HIGHLIGHTS

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

- In total, net position decreased \$3,647,702 from \$(2,023,753) to \$(5,671,455). This decrease was solely the result of the District's share of PERA pension expense which totaled \$4,674,259.
- General revenues accounted for \$6,612,182 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,041,838 or 14 percent of total revenues of \$7,654,020.
- Governmental activities total assets increased by \$45,379 and deferred outflows of resources increased by \$7,680,205. Total liabilities increased by \$11,272,563 mainly due to the increase in the District's share of the PERA net pension liability. Total deferred inflows of resources increased by \$100,723.
- The District incurred \$11,301,722 in expenses related to government activities. \$1,041,838 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of \$6,612,182 covered all but \$3,647,702 of the cost of these programs.
- Among the major funds, the General Fund had \$6,988,330 in revenues and \$6,724,781 in expenditures including transfers. It's fund balance increased by \$263,549 from \$3,494,465 to \$3,758,014.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources if applicable. 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 district-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources if applicable) is one way to measure the District's financial position.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2017

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

In the district-wide financial statements, the District's activities are included in one category:

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

Fund Financial Statements

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

The District uses two types of funds:

- **Governmental funds-** Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Fiduciary funds-** The District is the agent, or fiduciary, for assets that belong to others, such as the Pupil Activity Fund. The District is responsible for ensuring that the assets reported in the fund are used only

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2017

for their intended purposes and by those whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total assets increased by \$45,379. Net capital assets decreased by \$194,821. Total liabilities increased by \$11,272,563.

The District's combined net position was smaller on June 30, 2017 than it was at June 30, 2016, decreasing by \$3,647,702 to \$(5,671,455).

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

Table 1
Condensed Statement of Net Position
(In millions)

| | Governmental Activities | |
|-------------------------------|----------------------------|-------------------|
| | <u>2017</u> | <u>2016</u> |
| Assets | | |
| Current assets | \$ 5.363 | \$ 5.122 |
| Capital assets | <u>9.450</u> | <u>9.645</u> |
| Total assets | <u>14.813</u> | <u>14.767</u> |
| Deferred outflows | <u>9.511</u> | <u>1.831</u> |
| Liabilities | | |
| Current liabilities | 1.159 | 1.129 |
| Noncurrent liabilities | <u>28.500</u> | <u>17.257</u> |
| Total liabilities | <u>29.659</u> | <u>18.386</u> |
| Deferred inflows of resources | <u>0.337</u> | <u>0.236</u> |
| Net Position | | |
| Net invest capital assets | 5.357 | 5.238 |
| Non-spendable | 0.009 | 0.014 |
| Restricted | 0.891 | 0.888 |
| Unrestricted | <u>(11.929)</u> | <u>(8.164)</u> |
| Total net position | <u>\$ (5.672)</u> | <u>\$ (2.024)</u> |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2017

Table 2 shows the changes in net position for fiscal year 2017 as compared to 2016.

Table 2
Changes in Net Position
(In millions)

| | Governmental Activities | |
|-------------------------------------|----------------------------|-----------------|
| | 2017 | 2016 |
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 0.249 | \$ 0.242 |
| Operating grants & contributions | 0.737 | 0.605 |
| Capital grants & contributions | 0.055 | - |
| General revenues | | |
| Property taxes | 2.013 | 2.021 |
| State equalization | 4.225 | 4.283 |
| Other | 0.375 | 0.878 |
| Total revenues | <u>7.654</u> | <u>8.029</u> |
| Expenses | | |
| Instruction | 6.784 | 4.362 |
| Pupil and instructional services | 0.579 | 0.366 |
| Administration and business | 1.418 | 1.069 |
| Maintenance and operations | 0.896 | 0.749 |
| Transportation | 0.497 | 0.351 |
| Food Service | 0.366 | 0.275 |
| Other | 0.762 | 0.736 |
| Total expenses | <u>11.302</u> | <u>7.908</u> |
| Increase (decrease) in net position | <u>\$ (3.648)</u> | <u>\$ 0.121</u> |

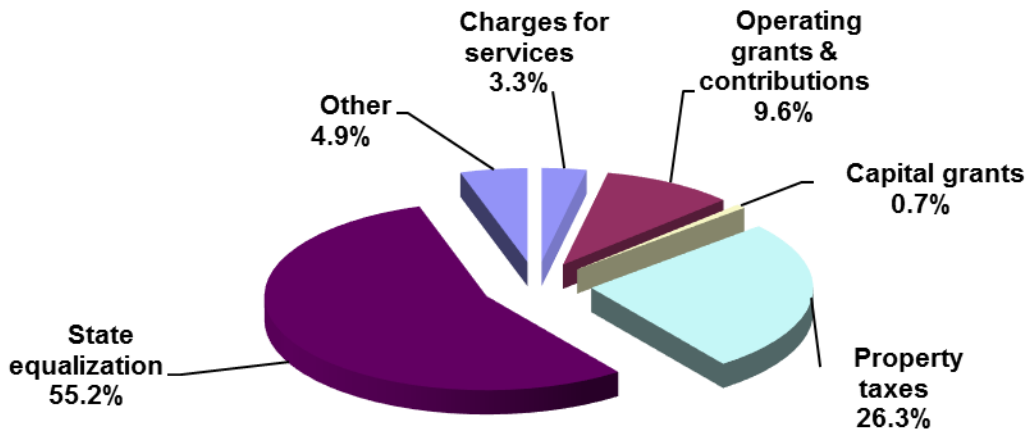
MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2017**

State equalization and property taxes accounted for most of the District's total revenue, with each contributing 55.2 percent and 26.3 percent respectively (See Table 3). Another 10.3 percent came from state and federal grants and the remainder from charges for services and miscellaneous sources.

The District's expenses are predominately related to instruction, (60 percent) (See Table 4). The District's administrative and business activities accounted for 13 percent of total costs.

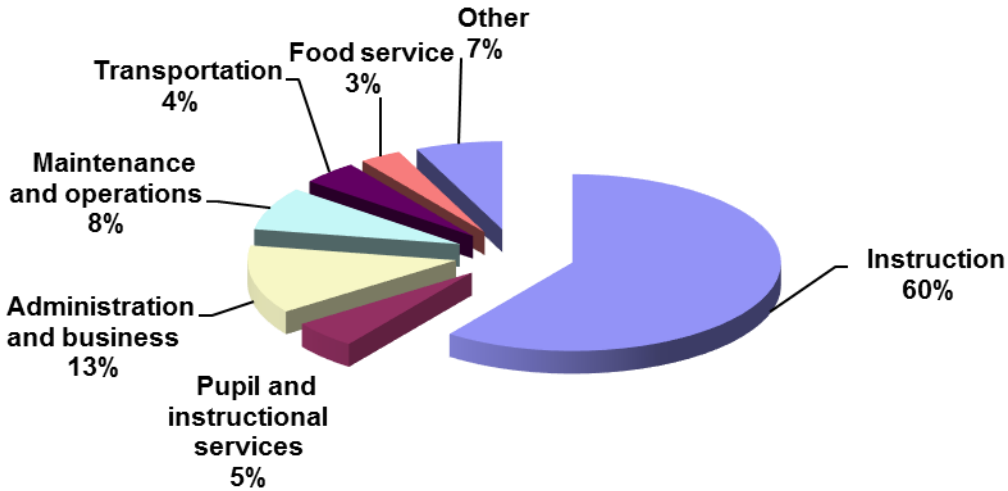
Table 3
Sources of Revenue for Fiscal Year 2017



MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2017**

**Table 4
Expenses for Fiscal Year 2017**



Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$7,844 per funded student. In fiscal year 2017 the funded pupil count was 704.7. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 76 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2017

Table 5
Government Activities
(In millions)

| | Total Cost of Services | | Net Cost of Services | |
|----------------------------------|---------------------------|-----------------|-------------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Instruction | \$ 6.784 | \$ 4.362 | \$ 6.177 | \$ 3.676 |
| Pupil and instructional services | 0.579 | 0.366 | 0.518 | 0.319 |
| Administration and business | 1.418 | 1.069 | 1.418 | 0.990 |
| Maintenance and operations | 0.896 | 0.749 | 0.883 | 0.860 |
| Transportation | 0.497 | 0.351 | 0.444 | 0.274 |
| Food service | 0.366 | 0.275 | 0.123 | 0.016 |
| Other | 0.762 | 0.736 | 0.697 | (0.980) |
| Total | \$ 11.302 | \$ 7.908 | \$ 10.260 | \$ 5.155 |

- The cost of all governmental activities during the year was \$11.302 million.
- Some of the cost was financed by the users of the District's programs (\$0.249 million)
- Federal and state government subsidized certain programs with grants and contributions (\$0.793 million).
- However, most of the District's costs (\$6.612 million) were financed by State and District taxpayers. This portion of governmental activities was financed with \$4.225 million in state equalization and \$2.171 million in property and specific ownership taxes.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$7.654 million and expenditures of \$7.428 million.

General Fund Budgetary Highlights

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

Over the course of the year, the District revised the annual operating budget by increasing appropriations by \$142,717 mainly to reflect revenues that were greater than anticipated at the time of the original budget.

- Actual expenditures were \$3.703 million below budget.

CAPITAL ASSET ADMINISTRATION

By the end of 2017, the District has invested \$14.281 million in land, buildings, and equipment (including vehicles).

Table 6 shows capital assets for 2017 compared to 2016:

***Table 6
Capital Assets at June 30 (in millions)***

| | Governmental Activities | |
|-----------|----------------------------|------------------|
| | 2017 | 2016 |
| Land | \$ 0.070 | \$ 0.070 |
| Buildings | 12.802 | 12.775 |
| Equipment | 1.409 | 1.302 |
| Total | <u>\$ 14.281</u> | <u>\$ 14.147</u> |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2017**

Additional information on the District's capital assets can be found in Note 4 on page 28 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Montezuma County (Dolores) School District RE-4A, P.O. Box 727 Dolores, Colorado 81323.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Net Position

June 30, 2017

| | Governmental Activities | Total |
|--|----------------------------|----------------|
| Assets | | |
| Cash | \$ 353,542 | \$ 353,542 |
| Cash with County Treasurer | 12,022 | 12,022 |
| Investments | 4,851,607 | 4,851,607 |
| Grants receivable | 9,811 | 9,811 |
| Taxes receivable | 127,454 | 127,454 |
| Inventory | 8,487 | 8,487 |
| Capital assets | 14,281,399 | 14,281,399 |
| Accumulated depreciation | (4,831,534) | (4,831,534) |
| Total capital assets, net of depreciation | 9,449,865 | 9,449,865 |
| Total Assets | 14,812,788 | 14,812,788 |
| Deferred Outflows of Resources | | |
| Pension items | 9,510,937 | 9,510,937 |
| Liabilities | | |
| Accrued salaries and benefits payable | 699,491 | 699,491 |
| Grants unearned revenue | 133,821 | 133,821 |
| Long-term liabilities | | |
| Due within one year | 325,306 | 325,306 |
| Due in more than one year | 3,767,138 | 3,767,138 |
| Net pension obligation | 24,732,798 | 24,732,798 |
| Total Liabilities | 29,658,554 | 29,658,554 |
| Deferred Inflows of Resources | | |
| Unearned property tax revenues | 45,274 | 45,274 |
| Pension items | 291,352 | 291,352 |
| Total Deferred Inflows of Resources | 336,626 | 336,626 |
| Net Position | | |
| Net investment in capital assets | 5,357,421 | 5,357,421 |
| Nonspendable | | |
| Inventories | 8,487 | 8,487 |
| Restricted | | |
| TABOR | 250,000 | 250,000 |
| Debt service | 641,351 | 641,351 |
| Unrestricted | (11,928,714) | (11,928,714) |
| Total Net Position | \$ (5,671,455) | \$ (5,671,455) |

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Activities

For the Year Ended June 30, 2017

| | Expenses | Program Revenues | | | Net (Expenses) Revenue And Changes in Net Position | |
|--|----------------------|----------------------------|--|--|---|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Total |
| Governmental Activities | | | | | | |
| Instructional Program Services | | | | | | |
| Salaries | \$ 2,602,045 | \$ 149,085 | \$ 395,908 | | \$ (2,057,052) | \$ (2,057,052) |
| Employee benefits | 3,618,019 | | | | (3,618,019) | (3,618,019) |
| Purchased services | | | | | | |
| Professional and technical | 58,299 | | | | (58,299) | (58,299) |
| Property | 42,879 | | | | (42,879) | (42,879) |
| Other | 196,780 | | 5,527 | | (191,253) | (191,253) |
| Supplies | 243,507 | 1,500 | | | (242,007) | (242,007) |
| Property | 17,855 | | | \$ 55,250 | 37,395 | 37,395 |
| Other | 4,382 | | | | (4,382) | (4,382) |
| Total Instructional Program | 6,783,766 | 150,585 | 401,435 | 55,250 | (6,176,496) | (6,176,496) |
| Support Program Services | | | | | | |
| Students | 430,123 | | 47,840 | | (382,283) | (382,283) |
| Instructional staff | 148,337 | | 12,137 | | (136,200) | (136,200) |
| General administration | 439,990 | | | | (439,990) | (439,990) |
| School administration | 762,097 | | | | (762,097) | (762,097) |
| Business | 216,068 | | | | (216,068) | (216,068) |
| Operation and maintenance of plant | 896,299 | 13,650 | | | (882,649) | (882,649) |
| Student transportation | 496,637 | | 52,376 | | (444,261) | (444,261) |
| Central | 278,524 | | 65,045 | | (213,479) | (213,479) |
| Other | 68,630 | | | | (68,630) | (68,630) |
| Non instructional | 1,200 | | | | (1,200) | (1,200) |
| Food service | 366,117 | 85,029 | 158,491 | | (122,597) | (122,597) |
| Enterprise operations | 1,933 | | | | (1,933) | (1,933) |
| Community | 972 | | | | (972) | (972) |
| Other | 450 | | | | (450) | (450) |
| Interest on long-term debt | 139,937 | | | | (139,937) | (139,937) |
| Depreciation excluding amounts directly allocated to programs | 270,642 | | | | (270,642) | (270,642) |
| Total Support Programs | 4,517,956 | 98,679 | 335,889 | - | (4,083,388) | (4,083,388) |
| Total Governmental Activities | 11,301,722 | 249,264 | 737,324 | 55,250 | (10,259,884) | (10,259,884) |
| Total School District | \$ 11,301,722 | \$ 249,264 | \$ 737,324 | \$ 55,250 | \$ (10,259,884) | \$ (10,259,884) |
| General Revenues | | | | | | |
| Property tax for general purposes | | | | | 1,595,458 | 1,595,458 |
| Specific Ownership tax for general purposes | | | | | 158,766 | 158,766 |
| Property tax for debt repayment | | | | | 417,143 | 417,143 |
| Delinquent taxes and interest | | | | | 6,983 | 6,983 |
| Intergovernmental | | | | | | |
| State Equalization | | | | | 4,224,788 | 4,224,788 |
| Mineral Leasing | | | | | 41,998 | 41,998 |
| Forest Service | | | | | 3,294 | 3,294 |
| Earnings on investments | | | | | 36,519 | 36,519 |
| Miscellaneous | | | | | 127,233 | 127,233 |
| Total General Revenues | | | | | 6,612,182 | 6,612,182 |
| Changes in Net Position | | | | | (3,647,702) | (3,647,702) |
| Net Position Beginning of the Year | | | | | (2,023,753) | (2,023,753) |
| Net Position End of the Year | | | | | \$ (5,671,455) | \$ (5,671,455) |

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Balance Sheet
Governmental Funds

June 30, 2017

| | General Fund | Lunch Fund | Debt Service Fund | Capital Reserve Capital Projects Fund | Total Governmental Funds |
|---|---------------------|------------------|-------------------------|---|--------------------------------|
| Assets | | | | | |
| Cash | \$ 297,923 | \$ 48,113 | | \$ 7,506 | \$ 353,542 |
| Cash with County Treasurer | 9,582 | | \$ 2,440 | | 12,022 |
| Investments | 4,192,114 | | 621,654 | 37,839 | 4,851,607 |
| Grants receivable | 9,811 | | | | 9,811 |
| Taxes receivable | 101,016 | | 26,438 | | 127,454 |
| Inventory | | 8,487 | | | 8,487 |
| Total Assets | \$ 4,610,446 | \$ 56,600 | \$ 650,532 | \$ 45,345 | \$ 5,362,923 |
| Liabilities | | | | | |
| Accrued salaries and benefits payable | \$ 682,518 | \$ 16,973 | | | \$ 699,491 |
| Grants unearned revenue | 133,821 | | | | 133,821 |
| Total Liabilities | 816,339 | 16,973 | - | - | 833,312 |
| Deferred Inflows of Resources | | | | | |
| Unearned property tax revenue | 36,093 | | \$ 9,181 | | 45,274 |
| Fund Balances | | | | | |
| Nonspendable | | | | | |
| Inventories | | 8,487 | | | 8,487 |
| Restricted | | | | | |
| TABOR | 250,000 | | | | 250,000 |
| Debt service | | | 641,351 | | 641,351 |
| Unrestricted | | | | | |
| Assigned for fiscal year 18 expenditures | 3,508,014 | 31,140 | | \$ 45,345 | 3,584,499 |
| Total Fund Balances | 3,758,014 | 39,627 | 641,351 | 45,345 | 4,484,337 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 4,610,446 | \$ 56,600 | \$ 650,532 | \$ 45,345 | \$ 5,362,923 |

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position

June 30, 2017

Total Fund Balance Governmental Funds \$ 4,484,337

Amounts reported for governmental activities in the Statement of Net Position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

| | | |
|--------------------------|--------------------|-----------|
| Capital assets | \$ 14,281,399 | |
| Accumulated depreciation | <u>(4,831,534)</u> | 9,449,865 |

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet

| | | |
|---------------------------|--------------------|-------------|
| Due within one year | (325,306) | |
| Due in more than one year | <u>(3,767,138)</u> | (4,092,444) |

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet

| | | |
|------------------------|--|--------------|
| Net pension obligation | | (24,732,798) |
|------------------------|--|--------------|

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds balance sheet

| | | |
|--|------------------|-----------|
| Deferred outflows of resources related to pensions | 9,510,937 | |
| Deferred inflows of resources related to pensions | <u>(291,352)</u> | 9,219,585 |

Total Net Position Governmental Activities \$ (5,671,455)

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2017

| | General Fund | Lunch Fund | Debt Service Fund | Capital Reserve Capital Projects Fund | Total Governmental Funds |
|---|---------------------|------------------|-------------------------|---|--------------------------------|
| Revenues | | | | | |
| Taxes | \$ 1,759,813 | | \$418,537 | | \$ 2,178,350 |
| State sources | 4,639,532 | \$ 3,777 | | | 4,643,309 |
| Federal sources | 209,381 | 154,714 | | | 364,095 |
| Earnings on investments | 33,863 | 18 | 2,237 | \$ 401 | 36,519 |
| Other | 345,741 | 86,006 | | | 431,747 |
| Total Revenues | <u>6,988,330</u> | <u>244,515</u> | <u>420,774</u> | <u>401</u> | <u>7,654,020</u> |
| Expenditures | | | | | |
| Instructional Program | | | | | |
| Salaries | 2,602,045 | | | | 2,602,045 |
| Employee benefits | 930,828 | | | | 930,828 |
| Purchased services | | | | | |
| Professional and technical | 58,299 | | | | 58,299 |
| Property | 42,879 | | | | 42,879 |
| Other | 196,780 | | | | 196,780 |
| Supplies | 243,507 | | | | 243,507 |
| Property | 72,175 | | | | 72,175 |
| Other | 4,382 | | | | 4,382 |
| Total Instructional Program | <u>4,150,895</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,150,895</u> |
| Support Programs | | | | | |
| Pupils | 238,466 | | | | 238,466 |
| Instructional staff | 104,416 | | | | 104,416 |
| General administration | 288,262 | | | | 288,262 |
| School administration | 438,676 | | | | 438,676 |
| Business | 120,240 | | | | 120,240 |
| Operation and maintenance of plant | 701,005 | | | 12,390 | 713,395 |
| Student transportation | 288,623 | | | 52,000 | 340,623 |
| Central | 188,398 | | | 34,226 | 222,624 |
| Other | 68,630 | | | | 68,630 |
| Non instructional | 1,200 | | | | 1,200 |
| Food service | 21,603 | 252,246 | | | 273,849 |
| Enterprise operations | 11,413 | | | | 11,413 |
| Community | 972 | | | | 972 |
| Other uses | | | 450 | | 450 |
| Debt Service | | | | | |
| Principal | 33,845 | | 280,000 | | 313,845 |
| Interest | 3,137 | | 136,800 | | 139,937 |
| Total Support Programs | <u>2,508,886</u> | <u>252,246</u> | <u>417,250</u> | <u>98,616</u> | <u>3,276,998</u> |
| Total Expenditures | <u>6,659,781</u> | <u>252,246</u> | <u>417,250</u> | <u>98,616</u> | <u>7,427,893</u> |
| Excess revenues over (under) expenditures | <u>328,549</u> | <u>(7,731)</u> | <u>3,524</u> | <u>(98,215)</u> | <u>226,127</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in (out) | (65,000) | | | 65,000 | - |
| Total Other Financing Sources (Uses) | <u>(65,000)</u> | <u>-</u> | <u>-</u> | <u>65,000</u> | <u>-</u> |
| Net Change in Fund Balances | 263,549 | (7,731) | 3,524 | (33,215) | 226,127 |
| Fund Balances beginning of the year | 3,494,465 | 47,358 | 637,827 | 78,560 | 4,258,210 |
| Fund Balances end of the year | <u>\$ 3,758,014</u> | <u>\$ 39,627</u> | <u>\$641,351</u> | <u>\$ 45,345</u> | <u>\$ 4,484,337</u> |

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2017

Net Change in Fund Balances Governmental Funds \$ 226,127

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

| | | | |
|----------------------|----|-----------|-----------|
| Capital outlay | \$ | 134,120 | |
| Depreciation expense | | (328,941) | |
| | | | (194,821) |

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.

| | | | |
|----------------------------------|--|---------|---------|
| General obligation bond payments | | 280,000 | |
| Capital lease payments | | 33,845 | |
| | | | 313,845 |

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

| | | | |
|---|--|-------------|-------------|
| District pension contributions | | 681,406 | |
| Cost of benefits earned net of employee contributions | | (4,674,259) | |
| | | | (3,992,853) |

Change in Net Position of Governmental Activities \$ (3,647,702)

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Fiduciary Net Position

June 30, 2017

| | <u>Agency Fund</u> |
|--------------------------|------------------------|
| Assets | |
| Cash | \$ 85,591 |
| Total Assets | <u>\$ 85,591</u> |
| | |
| Liabilities | |
| Due to agency recipients | \$ 85,591 |
| Total Liabilities | <u>\$ 85,591</u> |

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

- 1. Summary of Significant Accounting Policies** – The accounting policies of the Montezuma County School District RE-4A (“District”) conform to U.S. generally accepted accounting principles, as applicable to school districts. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

Reporting Entity - The Montezuma County School District RE-4A Board of Education (“Board”) is the basic level of government which has financial accountability and control over all activities related to the public school education in the Town of Dolores, Colorado. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement s 14 and 39, which are included in the District’s reporting entity.

Fund Accounting – The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped, into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”.

Governmental Funds- are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the District’s major governmental funds:

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

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by certain capital outlay expenditures, food service expenditures, extracurricular athletic and other pupil activities, and insurance transactions.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Lunch Fund- is used to account for the financial transactions related to the food service operations of the District.

Debt Service Fund- is used to account for the accumulation of resources for, and the payment of, long term debt principal, interest and related costs.

Capital Projects Fund- the Capital Projects Fund accounts for the accumulation of resources and expenditure of resources for capital improvements within the District.

Fiduciary Fund- reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. The District has one agency fund, the Pupil Activity Agency Fund.

Basis of Presentation-

District-wide Financial Statements- The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

The district-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements- Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

Fiduciary funds are reported using the economic resources measurement focus.

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, tuition, grants and student fees.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

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.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net assets as an expense with a like amount reported as donated commodities revenue.

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

Budgets and Budgetary Accounting – The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (GAAP basis) as that used for accounting purposes, except for the Lunch Fund, which is prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Superintendent's staff submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to June 30, the budget is legally adopted through passage of a resolution by the Board of Education. However, the Board can review and change the adopted budget through December 31.

Formal budgetary integration is employed as a management control device during the year.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Education throughout the year. Following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets in fiscal year 2017.

| | <u>Original Budget</u> | <u>Total Revisions</u> | <u>Revised Budget</u> |
|-----------------------|----------------------------|----------------------------|---------------------------|
| General Fund | \$ 10,234,852 | \$ 127,717 | \$ 10,362,569 |
| Lunch Fund | \$ 281,566 | \$ (13,367) | \$ 268,199 |
| Capital Projects Fund | \$ 124,876 | \$ 18,834 | \$ 143,710 |
| Debt Service Fund | \$ 1,037,477 | \$ 1,500 | \$ 1,038,977 |

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Encumbrance Accounting – under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the District as an extension of formal budgetary integration. Encumbrances outstanding at year-end are cancelled and represent neither a liability nor a reservation of equity.

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Fund is considered to be all of the highly liquid investments with a maturity of six months or less.

Inventories- Inventories in the Lunch Fund consists of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using the first-in, first-out concept.

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

| Description | <u>Governmental Activities Estimated Lives</u> | <u>Business-Type Activities Estimated Lives</u> |
|----------------------------|--|---|
| Buildings and Improvements | 20-50 Years | N/A |
| Furniture and Equipment | 5-15 Years | 5-15 Years |
| Vehicles | 8 Years | 15 Years |

Property Tax Revenue Recognition - of the District is recognized when the Montezuma County Treasurer collects it, on behalf of the District. The property tax is levied in December of the year prior to the year the taxes are collected on all taxable property located in the District. Property taxes become an enforceable lien on January 1 of each year, are due on or before June 15 and are delinquent on June 16.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. Property taxes levied on January 1 and not collected by June 30 are reflected as a receivable; deferred revenue is the portion of property taxes included in the receivable but not yet available as explained above.

Accumulated Unpaid Vacations and Sick Pay- Vacations for twelve- month non-professional employees is two weeks per year after the completion of one year on the job and three weeks per year after the completion of five years on the job. Vacations normally must be taken during the summer months unless special arrangements are made with the immediate supervisor. Vacation time may be accrued and carried over for two years at which time any unused vacation time lapses.

Certified employees will receive ten sick days on the first day of employment to accrue annually to a maximum of sixty days. Support staff employees will begin accruing sick leave on the first day of employment at the rate of one day per month of service, to a maximum of sixty days. A sick leave bank is available to all participating employees.

Personal leave shall be granted at the rate of two days per year, non-accumulative. Personal leave must be approved by the superintendent after being recommended by the immediate supervisor of the employee.

Vacation time, sick leave and personal leave do not vest or accumulate with the employees, that is, the employees have no right to be paid for any of these if not taken in the time indicated, or if they terminate. Under generally accepted accounting principles, there is, therefore, no expense or liability included in the financial statements.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the District's TABOR reserve for emergencies.

Committed- Amounts that can be used only for specific purposes determined by a formal action by the Board of Education.

Assigned- Amounts that are designated by the Board of Education for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures and for debt service.

Unassigned- All amounts not included in other spendable classifications.

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications- committed and then assigned fund balances before using unassigned fund balances.

Net Position- Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. Cash and Investments – Cash and investments consist of the following:

| | |
|----------------------------|---------------------|
| Demand accounts | \$ 108,885 |
| Certificates of deposit | 330,249 |
| Colotrust | 4,851,606 |
| Total cash and investments | <u>\$ 5,290,740</u> |

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the District’s cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

At June 30, 2017 the District had investments in one local government investment pool, the Colorado Liquid Asset Trust (COLOTRUST). This investment pool is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The pool is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, and Section 6. The fair value of the investments in the pool is the same as the value of the pool shares. This type of investment is not categorized because it is not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAA by Standard and Poors.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

3. Federal, State and Local Administered Grants- are considered to be earned to the extent of expenditures under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned. Receivables and deferred revenues are as follows:

| General Fund | Receivable | Deferred |
|----------------------------|------------|------------|
| Federal Grants | | |
| Title I | \$ 6,529 | |
| Title II Part A | 3,282 | |
| State Grants | | |
| Early Literacy | | \$ 10,000 |
| Small Rural Schools | | 68,571 |
| Local Grants | | |
| Colorado Health Foundation | | 55,250 |
| Total | \$ 9,811 | \$ 133,821 |

4. Capital Assets – Capital asset activity for the fiscal year ended June 30, 2017 follows:

| | Capital Assets July 1, 2016 | Additions | Deletions Inventory Adjustments/ Transfers | Capital Assets June 30, 2017 |
|--|-----------------------------------|--------------|---|------------------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 70,000 | | | \$ 70,000 |
| Capital assets, being depreciated: | | | | |
| Buildings | 12,775,496 | \$ 26,870 | | 12,802,366 |
| Equipment | 1,301,783 | 107,250 | | 1,409,033 |
| Total capital assets being depreciated | 14,077,279 | 134,120 | - | 14,211,399 |
| Less accumulated depreciation for: | | | | |
| Buildings | (3,498,393) | (266,326) | | (3,764,719) |
| Equipment | (1,004,200) | (62,615) | | (1,066,815) |
| Total accumulated depreciation | (4,502,593) | (328,941) | - | (4,831,534) |
| Total capital assets, being depreciated, net | 9,574,686 | (194,821) | - | 9,379,865 |
| Governmental Activities Capital Assets, net | \$ 9,644,686 | \$ (194,821) | \$ - | \$ 9,449,865 |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Depreciation expense was charged as a direct expense to the following governmental programs:

| | |
|--|-------------------|
| Instruction | \$ 930 |
| Transportation | 56,286 |
| Operations and Maintenance | 651 |
| Food Service | 432 |
| Unallocated | 270,642 |
| Total depreciation governmental activities | <u>\$ 328,941</u> |

5. Defined Benefit Pension Plan –

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by 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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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.

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 Year Ended December 31, 2016 | For the Year Ended December 31, 2016 |
|---|---|---|
| Employer Contribution Rate ¹ | 10.15% | 10.15% |
| Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹ | (1.02)% | (1.02)% |
| Amount Apportioned to the SCHDTF ¹ | 9.13% | 9.13% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹ | 4.50% | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹ | 4.50% | 5.00% |
| Total Employer Contribution Rate to the SCHDTF ¹ | 18.13% | 18.63% |

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$682,068 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 \$24,732,798 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was .0830688125 percent, which was an decrease of .003 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$4,674,259. 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>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 309,198 | \$ 218 |
| Changes in assumptions | 8,025,277 | 111,532 |
| Net difference between projected and actual earnings on pension plan investments | 827,013 | |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | | 179,601 |
| Contributions subsequent to the measurement date | 349,449 | |
| Total | <u>\$ 9,510,937</u> | <u>\$ 291,351</u> |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

\$349,449 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------|--------------|
| 2018 | \$ 3,573,203 |
| 2019 | 3,546,490 |
| 2020 | 1,738,820 |
| 2021 | 11,624 |

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

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

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

| | |
|---|-------------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50-9.70 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 5.26 percent |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 | |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

| | |
|--|--|
| and DPS benefit structure (automatic) | 2.00 percent |
| PERA benefit structure 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. 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 rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table adjusted as follows:

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

Females- Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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 assumptions 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 for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment 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 the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | 10 Year Expected Geometric Real Rate of Return |
|---------------------------------|--------------------------|---|
| U.S. Equity – Large Cap | 21.20% | 4.30% |
| U.S. Equity – Small Cap | 7.42% | 4.80% |
| Non U.S. Equity – Developed | 18.55% | 5.20% |
| Non U.S. Equity – Emerging | 5.83% | 5.40% |
| Core Fixed Income | 19.32% | 1.20% |
| Non U.S. Fixed Income Developed | 1.84% | 0.60% |
| Emerging Market Debt | 0.46% | 3.90% |
| High Yield | 1.38% | 4.30% |
| Opportunity Fund | 6.00% | 3.80% |
| Private Equity | 8.50% | 6.60% |
| Core Real Estate | 8.50% | 4.90% |
| Cash | 1.00% | 0.20% |
| Total | 100.00% | |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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

Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

Total covered payroll for the initial projection year consisted 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 years, total covered payroll was assumed to increase annually at a rate of 3.50%.

Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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 of the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted). AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041, and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return 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%.

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

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

| | 1% Decrease (4.26%) | Current Discount Rate (5.26%) | 1% Increase (6.26%) |
|--|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net pension liability | \$31,100,698 | \$24,732,798 | \$19,546,373 |

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.

6. Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2017, program members contributed \$19,794 to the Voluntary Investment Program.

7. 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 \$37,779, \$38,261 and \$37,302, respectively, equal to their required contributions for each year.

8. Accrued Salaries – Certified instructors of the District are contracted for nine months annually between Labor Day and June 1. These instructors, while only working nine months, are paid for their services in twelve equal monthly installments. On June 30 of each year they have completed their entire contract, but have only received 10/12 of the related compensation with the difference to be paid over the summer break. The difference, totaling \$699,491 is reflected as an accrued expense at June 30.

9. General Long Term Debt-

Capital Lease- In fiscal year 2009 the District entered into a lease agreement for energy saving heating and cooling equipment. The lease is payable in 40 quarterly payments of \$9,250, including interest at 4.25% beginning on February 25, 2009. The lease is serviced by the General Fund and the equipment serves as collateral. All payment obligations of the District are subject to annual appropriation by the Board of Education.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

A summary of the minimum lease payments required to maturity follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|------------------|
| 2018 | \$ 35,306 | \$ 1,676 | \$ 36,982 |
| 2019 | 17,138 | 270 | 17,408 |
| Total | <u>\$ 52,444</u> | <u>\$ 1,946</u> | <u>\$ 54,390</u> |

2008 General Obligation Bonds Payable- In November of 1994, the voters of the District approved the issuance of \$3,500,000 of general obligation building bonds. The bonds, dated December 15, were issued on December 21, 1994. The proceeds of the bonds were used in a school construction project. These bonds were fully retired in the year ended June 30, 2005.

In August of 1997 the District issued \$3,100,000 of bonds and \$299,768 of B-coupon interest. The proceeds from this issue were used to defease \$3,100,000 of the 1994 bonds. The advance refunding was undertaken to reduce total payments by \$272,388. The economic gain was \$160,809.

Interest on both series of bonds is due June 1 and December 1 of each year. The interest on the 1994 series is from 5.8% to 6.1% and interest on the 1998 series is 4.5% to 5.1%. Principal payments are due starting with the December 1, 2001 payment. Property taxes collected by the Debt Service Fund will be used to retire this bond issue.

In January of 2008 the District refinanced the bonds through an advance refunding. The refinancing called for the issuance of \$2,600,000 in general obligation refunding bonds. The refunding bonds are payable in semi-annual installments and bear interest ranging from 3.05% to 4.50%. The advance refunding provided a present value economic gain to the District of \$204,678. The repayment of the bonds is recorded in the Debt Service Fund.

The annual requirements to amortize the bonds outstanding at June 30, 2017 are as follows:

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------|-------------------|------------------|-------------------|
| December 1, 2017 | \$ 250,000 | \$ 22,800 | \$ 272,800 |
| December 1, 2018 | 250,000 | 23,175 | 273,175 |
| December 1, 2019 | 265,000 | 11,925 | 276,925 |
| Total | <u>\$ 765,000</u> | <u>\$ 57,900</u> | <u>\$ 822,900</u> |

2013 General Obligation Bonds Payable- In November of 2012, the voters of the District approved the issuance of \$3,470,000 of general obligation bonds. The bonds were issued January 9, 2013 for the purpose of providing matching money for the State of Colorado Building Excellent Schools Today (BEST) grant program. The proceeds, along with the grant funds will be used for the construction of District facilities. The bonds are payable in annual

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

installments and bear interest ranging from 2% to 3%. The repayment of the bonds is recorded in the Debt Service Fund.

The annual requirements to amortize the bonds outstanding at June 30, 2017 are as follows:

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------|----------------------------|--------------------------|----------------------------|
| December 1, 2017 | \$ 40,000 | \$ 97,850 | \$ 137,850 |
| December 1, 2018 | 50,000 | 97,050 | 147,050 |
| December 1, 2019 | 50,000 | 95,550 | 145,550 |
| December 1, 2020 | 200,000 | 94,050 | 294,050 |
| December 1, 2021 | 205,000 | 88,050 | 293,050 |
| 2022-2026 | 1,135,000 | 343,350 | 1,478,350 |
| 2027-2031 | 1,310,000 | 163,200 | 1,473,200 |
| 2032 | 285,000 | 8,550 | 293,550 |
| Total | <u>\$ 3,275,000</u> | <u>\$ 987,650</u> | <u>\$ 4,262,650</u> |

Changes in Long-Term Debt- A summary of changes in general long-term debt follows:

| <u>Description</u> | <u>Balance Beginning</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance Ending</u> |
|---------------------------|------------------------------|--------------------|----------------------------|----------------------------|
| General Obligation Bonds: | | | | |
| 2008 Series | \$ 1,000,000 | | \$ (235,000) | \$ 765,000 |
| 2013 Series | 3,320,000 | | (45,000) | 3,275,000 |
| Capital Lease | 86,289 | | (33,845) | 52,444 |
| | <u>\$ 4,406,289</u> | <u>\$ -</u> | <u>\$ (313,845)</u> | <u>\$ 4,092,444</u> |

10. Inter-fund Operating Transfers – consist of the following:

| | <u>Transfer in</u> | <u>Transfer out</u> |
|-----------------------|-------------------------|-------------------------|
| General Fund | | \$ 65,000 |
| Capital Projects Fund | \$ 65,000 | |
| Total | <u>\$ 65,000</u> | <u>\$ 65,000</u> |

The transfer was made for the purpose of subsidizing the Capital Projects Fund.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

- 11. Fund Balance Restrictions and Assignments** – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Board of Education but are not spendable until appropriated. The District uses the following restrictions and assignments:

Non-spendable

Inventory- indicates that the portion of fund balance represented by inventories is not available for appropriation and expenditure at the balance sheet date. Non-spendable fund balance related to inventory consists of \$8,487 in the Lunch Fund.

Restricted

TABOR – indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$250,000 in the General Fund.

Debt Service- indicates the amount of fund balance that is restricted for the repayment of the District's outstanding general obligation bonds. Fund balance restricted for debt service consists of \$641,351 in the Debt Service Fund.

Assigned

Assigned for future expenditures – indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for future expenditures consists of \$3,508,014 in the General Fund, \$31,140 in the Lunch Fund and \$45,345 in the Capital Projects Fund.

- 12. 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 is a member of the Colorado School Districts Self-Insurance Pool (The Pool). The Pool was formed in 1981 to provide 93 member school districts and related educational facilities with defined property and liability coverage through joint self-insurance and excess insurance. The District pays an annual premium for its general insurance coverage. The Pool is self-sustaining through member premiums and obtains excess insurance to limit per occurrence exposure to \$250,000.

The District continues to carry commercial insurance for all other risks of loss including worker's compensation and employee health and accident insurance. There have been no settled claims that have exceeded insurance coverage in any of the past three fiscal years. There have been no significant decreases in insurance coverage from the prior year.

- 13. Tax, Spending, and Debt Limitations** – 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.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

The people of the District voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenue, including state grants and taxes, generated during fiscal year 1998 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with all other requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

- 14. Commitments and Contingent Liabilities** – There were no commitments or contingent liabilities at June 30.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Required Supplementary Information

June 30, 2017

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedules

General Fund

Lunch Fund

Pension Schedules

Schedule of District Contributions

Schedule of the District's Proportionate Share of the Net Pension Liability

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| Revenues from local sources | | | | |
| Current property taxes | \$ 1,545,353 | \$ 1,591,653 | \$ 1,595,458 | \$ 3,805 |
| Specific ownership taxes | 100,314 | 99,102 | 158,766 | 59,664 |
| Delinquent taxes and interest on taxes | 600 | 600 | 5,589 | 4,989 |
| Earnings on investments | 10,000 | 20,000 | 33,863 | 13,863 |
| Tuition | 125,000 | 125,000 | 144,085 | 19,085 |
| Other | 119,367 | 230,264 | 201,656 | (28,608) |
| Total revenues from local sources | 1,900,634 | 2,066,619 | 2,139,417 | 72,798 |
| Revenues from state sources | | | | |
| State Equalization | 4,327,215 | 4,224,798 | 4,224,788 | (10) |
| Transportation | 54,490 | 53,000 | 52,376 | (624) |
| Vocational Education | | 30,000 | 19,225 | (10,775) |
| Early Literacy | | 220,249 | 212,354 | (7,895) |
| English Language Proficiency Act | 2,858 | 2,627 | 2,919 | 292 |
| State ELPA | 4,254 | 3,776 | 5,527 | 1,751 |
| Read Act | 22,825 | 35,577 | 35,577 | - |
| Library Grant | 3,000 | 3,500 | 3,500 | - |
| Small Rural Schools | | | 38,787 | 38,787 |
| Additional At Risk Students | 30,000 | | 3,639 | 3,639 |
| Services within BOCES | 61,500 | 40,822 | 40,840 | 18 |
| Total revenues from state sources | 4,506,142 | 4,614,349 | 4,639,532 | 25,183 |
| Revenues from federal sources | | | | |
| Title I | 118,951 | 118,944 | 81,354 | (37,590) |
| Rural Low Income Schools | 10,000 | 15,370 | 8,637 | (6,733) |
| Title II Part A | 24,000 | 39,716 | 26,258 | (13,458) |
| RTTT Early Childhood | 581 | 581 | | (581) |
| Services within other districts | 1,000 | 1,000 | | (1,000) |
| Forest Service | 23,606 | 23,606 | 3,294 | (20,312) |
| Medicaid | 8,000 | 11,000 | 47,840 | 36,840 |
| Mineral Leasing | 52,059 | 41,998 | 41,998 | - |
| Total revenues from federal sources | 238,197 | 252,215 | 209,381 | (42,834) |
| Total revenues | 6,644,973 | 6,933,183 | 6,988,330 | 55,147 |

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures, and Changes in
Fund Balances- Budget and Actual
General Fund
(Continued)

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|----------------------------------|------------------|------------------|------------------|--|
| | Original | Final | | |
| Instruction | | | | |
| Salaries | \$ 2,819,085 | \$ 2,756,025 | \$ 2,602,045 | \$ 153,980 |
| Employee benefits | 1,029,926 | 1,000,693 | 930,828 | 69,865 |
| Purchased services | | | | |
| Professional and technical | 29,700 | 57,612 | 58,299 | (687) |
| Property | 37,300 | 37,300 | 42,879 | (5,579) |
| Other | 173,618 | 206,609 | 196,780 | 9,829 |
| Supplies | 192,568 | 262,068 | 243,507 | 18,561 |
| Property | 20,000 | 130,930 | 72,175 | 58,755 |
| Other | 4,950 | 4,950 | 4,382 | 568 |
| Total instruction | 4,307,147 | 4,456,187 | 4,150,895 | 305,292 |
| Pupils | | | | |
| Salaries | 161,800 | 184,500 | 170,000 | 14,500 |
| Employee benefits | 58,043 | 63,137 | 62,221 | 916 |
| Purchased services | | | | |
| Other | 4,700 | 4,700 | 3,392 | 1,308 |
| Supplies | 3,067 | 3,067 | 2,853 | 214 |
| Total pupils | 227,610 | 255,404 | 238,466 | 16,938 |
| Instructional staff | | | | |
| Salaries | 42,500 | 46,075 | 45,010 | 1,065 |
| Employee benefits | 14,750 | 15,501 | 12,995 | 2,506 |
| Purchased services | | | | |
| Professional and technical | 25,000 | 20,000 | 12,314 | 7,686 |
| Other | 6,700 | 6,279 | 3,158 | 3,121 |
| Supplies | 20,600 | 21,100 | 20,277 | 823 |
| Property | 12,000 | 17,370 | 10,662 | 6,708 |
| Total instructional staff | 121,550 | 126,325 | 104,416 | 21,909 |

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund
(Continued)

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------|------------------|------------|------------|--|
| | Original | Final | | |
| General administration | | | | |
| Salaries | \$ 141,000 | \$ 143,500 | \$ 146,537 | \$ (3,037) |
| Employee benefits | 53,930 | 54,561 | 54,245 | 316 |
| Purchased services | | | | |
| Professional and technical | 56,300 | 41,300 | 14,118 | 27,182 |
| Property | 32,400 | 20,400 | 20,556 | (156) |
| Other | 31,900 | 31,700 | 22,126 | 9,574 |
| Supplies | 27,500 | 27,500 | 20,888 | 6,612 |
| Property | 1,000 | 1,000 | | 1,000 |
| Other | 12,000 | 11,000 | 9,792 | 1,208 |
| Total general administration | 356,030 | 330,961 | 288,262 | 42,699 |
| School administration | | | | |
| Salaries | 353,450 | 352,850 | 326,076 | 26,774 |
| Employee benefits | 122,486 | 124,725 | 104,280 | 20,445 |
| Purchased services | | | | |
| Property | 1,400 | 1,100 | 740 | 360 |
| Other | 5,700 | 5,900 | 4,679 | 1,221 |
| Supplies | 1,915 | 1,865 | 1,631 | 234 |
| Property | 500 | 300 | | 300 |
| Other | 2,600 | 2,600 | 1,270 | 1,330 |
| Total school administration | 488,051 | 489,340 | 438,676 | 50,664 |
| Business services | | | | |
| Salaries | 89,005 | 89,505 | 89,606 | (101) |
| Employee benefits | 28,610 | 28,758 | 26,501 | 2,257 |
| Purchased services | | | | |
| Other | 8,000 | 4,500 | 3,908 | 592 |
| Other | 650 | 650 | 225 | 425 |
| Total business services | 126,265 | 123,413 | 120,240 | 3,173 |

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures, and Changes in
Fund Balances- Budget and Actual
General Fund
(Continued)

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|---|------------------|----------------|----------------|--|
| | Original | Final | | |
| Operations and maintenance | | | | |
| Salaries | \$ 188,195 | \$ 188,195 | \$ 197,548 | \$ (9,353) |
| Employee benefits | 79,845 | 79,845 | 68,417 | 11,428 |
| Purchased services | | | | |
| Property | 72,300 | 72,300 | 57,658 | 14,642 |
| Other | 159,432 | 161,600 | 179,535 | (17,935) |
| Supplies | 233,000 | 233,000 | 190,761 | 42,239 |
| Property | 10,000 | 10,000 | 7,086 | 2,914 |
| Other | 50 | 50 | | 50 |
| Total operations and maintenance | 742,822 | 744,990 | 701,005 | 43,985 |
| Student transportation | | | | |
| Salaries | 156,350 | 159,850 | 140,568 | 19,282 |
| Employee benefits | 55,875 | 51,055 | 40,695 | 10,360 |
| Purchased services | | | | |
| Professional and technical | 15,400 | 10,600 | 11,418 | (818) |
| Property | 1,500 | 1,500 | 1,404 | 96 |
| Other | 15,950 | 16,750 | 25,105 | (8,355) |
| Supplies | 92,200 | 78,700 | 67,122 | 11,578 |
| Property | 2,500 | 2,500 | 2,265 | 235 |
| Other | 400 | 300 | 46 | 254 |
| Total student transportation | 340,175 | 321,255 | 288,623 | 32,632 |
| Central support | | | | |
| Salaries | 53,000 | 53,000 | 53,149 | (149) |
| Employee benefits | 16,965 | 16,985 | 17,055 | (70) |
| Purchased services | | | | |
| Professional and technical | 24,000 | 39,716 | 26,258 | 13,458 |
| Property | 1,000 | 1,000 | 316 | 684 |
| Other | 52,000 | 52,000 | 47,895 | 4,105 |
| Supplies | 5,000 | 5,000 | 4,938 | 62 |
| Property | 105,400 | 109,757 | 38,787 | 70,970 |
| Total central support | 257,365 | 277,458 | 188,398 | 89,060 |

(Continued)

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures, and Changes in
Fund Balances- Budget and Actual
General Fund
(Continued)

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|---------------------|--|
| | Original | Final | | |
| Other support services | | | | |
| Purchased services | | | | |
| Other | \$ 72,500 | \$ 72,500 | \$ 68,630 | \$ 3,870 |
| Total other support services | <u>72,500</u> | <u>72,500</u> | <u>68,630</u> | <u>3,870</u> |
| Non instructional | | | | |
| Purchased services | | | | |
| Property | 1,200 | 1,200 | 1,200 | - |
| Total non instructional | <u>1,200</u> | <u>1,200</u> | <u>1,200</u> | <u>-</u> |
| Food service operations | | | | |
| Salaries | 13,050 | 13,450 | 13,064 | 386 |
| Employee benefits | 8,185 | 8,245 | 8,539 | (294) |
| Total food service operations | <u>21,235</u> | <u>21,695</u> | <u>21,603</u> | <u>92</u> |
| Enterprise operations | | | | |
| Supplies | | | 1,933 | (1,933) |
| Property | | | 9,480 | (9,480) |
| Total enterprise operations | | | <u>11,413</u> | <u>(11,413)</u> |
| Community operations | | | | |
| Purchased services | | | | |
| Professional and technical | 400 | 600 | 972 | (372) |
| Total community operations | <u>400</u> | <u>600</u> | <u>972</u> | <u>(372)</u> |
| Debt Service | | | | |
| Principal | 33,845 | 33,845 | 33,845 | - |
| Interest | 3,138 | 3,138 | 3,137 | 1 |
| Total debt service | <u>36,983</u> | <u>36,983</u> | <u>36,982</u> | <u>1</u> |
| Appropriated reserves | <u>3,135,519</u> | <u>3,104,258</u> | | <u>3,104,258</u> |
| Total expenditures | <u>10,234,852</u> | <u>10,362,569</u> | <u>6,659,781</u> | <u>3,702,788</u> |
| Other financing sources (uses) | | | | |
| Transfer to Capital Projects Fund | (50,000) | (65,000) | (65,000) | - |
| Total other financing sources (uses) | <u>(50,000)</u> | <u>(65,000)</u> | <u>(65,000)</u> | <u>-</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | <u>(3,639,879)</u> | <u>(3,494,386)</u> | <u>263,549</u> | <u>3,757,935</u> |
| Fund balance, beginning | 3,639,879 | 3,494,386 | 3,494,465 | 79 |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,758,014</u> | <u>\$ 3,758,014</u> |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|--|------------------|-----------------|------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Lunch sales | \$ 93,800 | \$ 79,700 | \$ 85,027 | \$ 5,327 |
| Earnings on investments | 16 | 16 | 18 | 2 |
| Other | 500 | 500 | 979 | 479 |
| Total local sources | 94,316 | 80,216 | 86,024 | 5,808 |
| State sources | | | | |
| State Matching Grant | 2,300 | 2,300 | 2,193 | (107) |
| Smart Start Grant | 425 | 425 | 318 | (107) |
| School Lunch Protection Program | 1,400 | 1,400 | 1,266 | (134) |
| Total state sources | 4,125 | 4,125 | 3,777 | (348) |
| Federal sources | | | | |
| National School Lunch Program | 102,000 | 102,000 | 107,612 | 5,612 |
| School Breakfast Program | 23,500 | 23,500 | 26,855 | 3,355 |
| Donated commodities | 11,000 | 11,000 | 20,247 | 9,247 |
| Total federal sources | 136,500 | 136,500 | 154,714 | 18,214 |
| Total revenues | 234,941 | 220,841 | 244,515 | 23,674 |
| Expenditures | | | | |
| Food services | | | | |
| Salaries | 76,000 | 76,000 | 72,199 | 3,801 |
| Employee benefits | 34,093 | 34,093 | 32,302 | 1,791 |
| Purchased services | | | | |
| Professional and technical | 2,000 | 1,000 | 1,031 | (31) |
| Property | 500 | 100 | | 100 |
| Other | 100 | 100 | | 100 |
| Food and milk | 129,373 | 123,580 | 116,015 | 7,565 |
| Commodities uses | 11,000 | 11,000 | 20,247 | (9,247) |
| Supplies | 12,000 | 9,000 | 7,952 | 1,048 |
| Property | 8,000 | 7,500 | 2,500 | 5,000 |
| Other | 100 | | | - |
| Appropriated reserves | 8,400 | 5,826 | | 5,826 |
| Total expenditures | 281,566 | 268,199 | 252,246 | 15,953 |
| Excess of revenues and other sources over (under) expenditures and other uses | (46,625) | (47,358) | (7,731) | 39,627 |
| Fund balance, beginning | 46,625 | 47,358 | 47,358 | - |
| Fund balance, ending | \$ - | \$ - | \$ 39,627 | \$ 39,627 |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedules of Required Supplementary Information

Schedule of District Pension Contributions

Last 10 Years

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 548,751 | \$ 621,495 | \$ 665,237 | \$ 682,068 |
| Contributions in relation to the contractually required contribution | 548,751 | 621,495 | 665,237 | 682,068 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 3,432,237 | \$ 3,657,057 | \$ 3,751,057 | \$ 3,751,058 |
| Contributions as a percentage of covered employee payroll | 15.99% | 16.99% | 17.73% | 18.18% |

Information is not available for years prior to 2014

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Years

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability (asset) | 0.0840% | 0.0842% | 0.0861% | 0.831% |
| District' share of the net pension liability (asset) | \$ 10,717,480 | \$ 11,409,260 | \$ 13,164,504 | \$ 24,732,798 |
| District's covered employee payroll | \$ 3,432,237 | \$ 3,657,057 | \$ 3,751,057 | \$ 3,703,786 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | 312.26% | 311.98% | 350.95% | 667.77% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.84% | 64.07% | 59.16% | 43.13% |

The amounts presented for each fiscal year were determined as of the calendar year that occurred within the fiscal year

Information is not available for years prior to 2014

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Other Supplementary Information

June 30, 2017

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedules
Capital Reserve Capital Projects Fund
Debt Service Fund
Fiduciary Fund

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Capital Reserve Capital Projects Fund

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|--|------------------|-----------------|------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Earnings on investments | \$ 110 | \$ 150 | \$ 401 | \$ 251 |
| Total revenues | <u>110</u> | <u>150</u> | <u>401</u> | <u>251</u> |
| Expenditures | | | | |
| Operations and plant maintenance | | | | |
| Property | | | | |
| Buildings | 25,000 | 30,000 | 12,390 | 17,610 |
| Equipment | 1,200 | 1,150 | | 1,150 |
| Student transportation | | | | |
| Property | | | | |
| Vehicles | 38,800 | 53,800 | 52,000 | 1,800 |
| Central support | | | | |
| Property | | | | |
| Equipment | 40,000 | 40,000 | 34,226 | 5,774 |
| Appropriated reserves | 19,876 | 18,760 | | 18,760 |
| Total expenditures | <u>124,876</u> | <u>143,710</u> | <u>98,616</u> | <u>45,094</u> |
| Other financing sources (uses) | | | | |
| Transfer in (out) | 50,000 | 65,000 | 65,000 | - |
| Total other financing sources (uses) | <u>50,000</u> | <u>65,000</u> | <u>65,000</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>(74,766)</u> | <u>(78,560)</u> | <u>(33,215)</u> | <u>45,345</u> |
| Fund balance, beginning | 74,766 | 78,560 | 78,560 | - |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,345</u> | <u>\$ 45,345</u> |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Debt Service Fund

For the Year Ended June 30, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|-------------------------|------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | | | | |
| Current property tax | \$ 417,231 | \$ 399,650 | \$ 417,143 | \$ 17,493 |
| Earnings on investments | 1,100 | 1,500 | 2,237 | 737 |
| Delinquent tax and interest | | | 1,394 | 1,394 |
| Total local sources | <u>418,331</u> | <u>401,150</u> | <u>420,774</u> | <u>19,624</u> |
| Total revenues | <u>418,331</u> | <u>401,150</u> | <u>420,774</u> | <u>19,624</u> |
| Expenditures | | | | |
| Supporting services | | | | |
| Other uses | 450 | 450 | 450 | - |
| Debt Service | | | | |
| Principal | 280,000 | 280,000 | 280,000 | - |
| Interest | 136,800 | 136,800 | 136,800 | - |
| Appropriated reserves | 620,227 | 621,727 | | 621,727 |
| Total expenditures | <u>1,037,477</u> | <u>1,038,977</u> | <u>417,250</u> | <u>621,727</u> |
| Excess revenue over (under) expenditures | (619,146) | (637,827) | 3,524 | 641,351 |
| Fund balance, beginning | 619,146 | 637,827 | 637,827 | - |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 641,351</u> | <u>\$ 641,351</u> |

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Due to Agency Recipients- Budget and Actual
Pupil Activity Agency Fund

For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Favorable (Unfavorable) |
|---|------------------|----------------|------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Earnings on investments | \$ 40 | \$ 40 | \$ 22 | \$ (18) |
| Miscellaneous | 217,500 | 217,500 | 172,636 | (44,864) |
| Total local sources | <u>217,540</u> | <u>217,540</u> | <u>172,658</u> | <u>(44,882)</u> |
| Total revenues | <u>217,540</u> | <u>217,540</u> | <u>172,658</u> | <u>(44,882)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| School accounts | 217,540 | 217,540 | 171,134 | 46,406 |
| Appropriated reserves | 73,286 | 73,286 | | 73,286 |
| Total expenditures | <u>290,826</u> | <u>290,826</u> | <u>171,134</u> | <u>119,692</u> |
| Excess of revenues over (under) expenditures | (73,286) | (73,286) | 1,524 | 74,810 |
| Due to Agency Recipients, beginning | 73,286 | 73,286 | 84,067 | 10,781 |
| Due to Agency Recipients, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 85,591</u> | <u>\$ 85,591</u> |



**Colorado Department of
Education**

Auditors Integrity Report

District: 2055 - DOLORES RE-4A
Fiscal Year 2016-17
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance & Prior Per Adj (6880*) | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---|--|--|---|---|
| Governmental | + | | | = |
| 10 General Fund | 3,478,586 | 6,909,658 | 6,647,976 | 3,740,268 |
| 18 Risk Mgmt Sub-Fund of General Fund | 15,880 | 13,672 | 11,805 | 17,746 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 3,494,465 | 6,923,330 | 6,659,781 | 3,758,014 |
| 11 Charter School Fund | 0 | 0 | 0 | 0 |
| 20,26-29 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 06 Supplemental Cap Const, Tech, Main. Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 47,358 | 244,515 | 252,246 | 39,627 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 0 | 0 | 0 |
| 23 Pupil Activity Special Revenue Fund | 0 | 0 | 0 | 0 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 637,827 | 420,773 | 417,250 | 641,351 |
| 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 | 78,560 | 65,401 | 98,616 | 45,345 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 4,258,211 | 7,654,019 | 7,427,894 | 4,484,337 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 0 | 0 | 0 | 0 |
| 74 Pupil Activity Agency Fund | 84,067 | 172,658 | 171,134 | 85,591 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 84,067 | 172,658 | 171,134 | 85,591 |

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.
9/28/17

9:38 AM