

**BUENA VISTA SCHOOL DISTRICT NO. R-31  
BUENA VISTA, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2017**

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## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of Education  
Buena Vista School District No. R-31  
Buena Vista, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buena Vista School District No. R-31, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buena Vista School District No. R-31, as of June 30, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share, and the schedule of the District's contributions on pages 35-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

*John Lutler & Associates, LLC*

December 9, 2017

## **Buena Vista School District R-31 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017**

The discussion and analysis of Buena Vista School District R-31's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

### **FINANCIAL HIGHLIGHTS**

- In total, the net position of the District decreased by \$ 7,264,409. The liabilities of the Buena Vista School District R-31 exceeded its assets at the close of the most recent fiscal year by \$9,353,473. Fiscal year 2017 saw an increase in the Net Pension Liability of \$19,378,167 resulting in a balance in Net Pension of \$40,641,589 as compared to a Net Pension of \$21,263,422 at the close of fiscal year 2016.
- General Revenues accounted for \$9,769,877 in revenue or 85 percent of all governmental revenues. The increase in General Fund Revenues as a percent of total Revenue over the fiscal year 2016, was caused by a bond maturing in December of 2016 and a decline in bond property tax collections. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,738,121 or 15 percent of total governmental revenues of \$11,507,998.
- The District incurred \$12,206,249 in expenses related to total governmental funds. The District received revenue of \$11,516,680. The excess of expenses in the amount of \$689,569, over revenue was caused by \$139,000 reduction in revenue from Payment in Lieu of Taxes in the General Fund resulting in revenue below expenditures of \$101,261. The Bond Fund also expended a final payment of a matured bond in December of 2016 for \$606,900 for principal and interest resulting in expenditures exceeding the bond fund revenue \$570,460.
- The Food Service Fund has been included in with Other Governmental Funds on the Statement of Revenues, Expenditures and Changes in Fund Balance.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: Management’s Discussion and Analysis, the basic financial statements, required supplementary information, and 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 government 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. The supplementary information contains combining statements for non-major governmental funds, as well as budgetary comparisons for all other funds.

### **District-wide Statements**

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

The two district-wide statements report the District’s net position and how they have changed. Net position (the difference between the District’s assets and liabilities) are one way to measure the District’s financial position. Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating. To assess the District’s overall health, you need to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school facilities.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

- **Governmental activities-** Most of the District's basic services are included here, such as instruction, transportation, maintenances and operation, and administration. These activities are financed mainly through property taxes and state equalization funds. Because of the change in classification, the Food Service fund is also reported under governmental activities as a special revenue fund. The Food Service fund receives much of its revenue from federal reimbursements with the balance of revenue from charging students and staff and transfers from the General fund.

### **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 used 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 maintains six separate Governmental funds and one Agency Fund which encompasses the student activities at the school level:

**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 reconciliations of the governmental funds statements to the district-wide statements explain the relationships (or differences) between them.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

As noted earlier, net position is used to serve as a potential indicator of a government's financial position. However, with the new requirement under GASB 68, the District has incurred a proportional share of net unfunded liability of \$40,641,589 for fiscal year end 2017. This has resulted in liabilities including deferred inflows exceeding assets and deferred outflows by \$9,353,473.

**Table 1**

**Condensed Statement of Net Position**

<b>Assets and Deferred Outflows:</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>Net Difference</u></b>
Current Assets	\$ 7,253,184	\$ 6,633,672	\$ (619,512)
Capital Assets	15,080,982	14,601,050	(479,932)
Deferred Outflow	3,380,050	16,024,441	12,644,391
<b>Total Assets and Deferred Outflows:</b>	<b><u>\$25,714,216</u></b>	<b><u>\$37,259,163</u></b>	<b><u>\$ 11,544,947</u></b>
<b>Liabilities and Deferred Inflows</b>			
Current Liabilities	1,988,289	1,482,984	(505,305)
Long Term Liabilities	4,250,194	3,995,016	(255,178)
Pension Liability	21,263,422	40,641,589	19,378,167
Deferred Outflow Related to Pensions	301,375	493,047	191,672
<b>Total Liabilities and Deferred Inflows</b>	<b><u>\$ 27,803,280</u></b>	<b><u>\$ 46,612,636</u></b>	<b><u>\$ 18,809,356</u></b>
<b>Net Position</b>			
Invested in Capital Assets	9,990,452	10,344,226	353,774
Restricted	2,062,623	1,346,960	(715,663)
Unrestricted	(14,142,139)	(21,044,659)	( 6,902,520)
<b>Total Net Position</b>	<b><u>\$ (2,089,064)</u></b>	<b><u>\$ (9,353,473)</u></b>	<b><u>\$ ( 7,264,409 )</u></b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b><u>\$25,714,216</u></b>	<b><u>\$ 37,259,163</u></b>	<b><u>\$ 11,544,947</u></b>

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

The largest portion of the Districts assets are capital assets. This is the result of the construction of the addition of the elementary school wing. The balance of current assets are primarily cash and investments. At the close of the fiscal year, the District reported a negative net position due to the implementation of GASB 68.

**Table 2**

**Buena Vista School District Change in Net Position**

	<u>2016</u>	<u>2017</u>	<u>Net Difference</u>
Program Revenues			
Charges for services	\$ 229,326	\$ 267,514	\$ 38,188
Operating Grants and Contributions	1,619,187	1,470,607	(148,580)
General Revenues			
Property taxes	5,894,352	5,321,188	(573,164)
Specific Ownership taxes	663,726	693,789	30,063
State Equalization	3,708,984	3,683,336	(25,648)
Other Revenues	282,025	50,235	(231,790)
Investment Earnings	13,378	21,329	7,951
<b>Total Revenues</b>	<b>\$ 12,410,978</b>	<b>\$ 11,507,998</b>	<b>\$ (902,980)</b>
Expenses			
Instruction	\$ 7,634,740	11,510,931	(3,876,191)
Supporting Services	5,368,319	7,168,900	(1,800,581)
Interest on long-term debt	104,291	92,576	11,715
<b>Total Expenses</b>	<b>\$ 13,107,350</b>	<b>\$ 18,772,407</b>	<b>\$ (5,665,057)</b>
change in net position	(696,372)	(7,264,409)	(6,568,037)
Net position -beginning	(1,392,692)	(2,089,064)	(696,372)
Net-position-ending	<b>\$ (2,089,064)</b>	<b>\$ (9,353,473)</b>	<b>\$ (7,264,409)</b>

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

**Governmental Activities**

A large part of the District's revenue comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$7,594 per funded student for the close of 2017. In fiscal year 2017, the funded pupil count was 891. As noted earlier the Food Service fund was reclassified as a special revenue fund and is no longer an enterprise fund of the District. This program is included in with other governmental funds. The General Fund did transfer to the Food Service fund \$70,000. In addition, the Food Service fund received Federal and state revenue of \$224,222 which includes commodity contributions of \$27,139.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,303,107, a decrease of \$689,569 in comparison with the prior year. The decrease was primarily due to reduced property tax collections since a final bond payment was made in December of 2016 for \$606,900. Reserves were intentionally spent down in the bond fund to an amount reasonable for the remaining debt.

Approximately 24 percent of this total amount of fund balance or \$1,298,049 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable ,restricted or assigned to indicate that it is not available for new spending because it has already been committed to comply with emergency reserve statutory requirements \$350,000, pay debt service of \$733,454 and to set aside funding for the District's insurance and capital projects totaling \$2,891,447. The District also has non spendable reserves of \$30,157.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

The General fund is the chief operating fund for the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$1,298,049 or down \$156,561 from the previous year. This decrease was due to fund balance being spent down for one time expenditures of \$20,500 for a kitchen steamer, \$28,000 for an activity bus, \$10,000 for radios for student safety, \$66,000 for workman comp settlement, \$7,000 for a snowplow \$10,000 for food service transfers. The balance of \$15,151 was used for tablet purchases. Total General Fund balance decreased to \$4,276,117.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12 percent of total general fund expenditures, while total fund balance represents 40 percent of that same amount.

The debt service fund has a total fund balance of \$733,454 which is a decrease of \$570,460 due to the final payoff of a 20-year bond due December 1, 2016. The District certified a lower amount for the remaining debt to bring fund balance to a reasonable level. The full \$733,454 is restricted for the payment of debt service relating to the Bond passed in 2012 for the elementary school addition. The addition was needed to house the early child hood center and kindergarten.

**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.

Actual expenditures were under budget, primarily because the District did not use all the reserve request.

**CAPITAL ASSET ADMINISTRATION**

By the end of 2017, the District has invested \$14,601,050 in land, buildings and equipment (including vehicles), all of this total was from governmental activities. Additional information on the District's capital assets can be found in Footnote 4 of this report.

**Buena Vista School District R-31  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the District had total bonded debt outstanding of \$3,685,000.

State statutes limit the amount of general obligation debt a governmental entity may issue to the largest of twenty percent of its assessed value or six percent of its market value. The current debt limitation for the District using the assessed value approach is \$38,577,456 which is significantly in excess of the District's outstanding general obligation debt. Under the actual value approach, the District's debt limit is \$103,802,160.

Additional information on the District's long-term debt can be found in Note 6 of the audited 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, Buena Vista School District R-31, P.O. Box 2027, Buena Vista, Colorado 81211.

## **BASIC FINANCIAL STATEMENTS**

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	
	2017	2016
<b>ASSETS</b>		
Cash and Investments	\$ 6,162,493	\$ 6,672,588
Cash with Fiscal Agent	40,743	-
Taxes Receivable	359,158	329,424
Accounts Receivable	41,121	95,752
Other Receivables	-	123,042
Prepaid Items	21,439	21,439
Inventories	8,718	10,939
Capital Assets, Not Depreciated	1,175,321	1,175,321
Capital Assets, Depreciated, Net of Accumulated Depreciation	13,425,729	13,905,661
<b>TOTAL ASSETS</b>	<b>21,234,722</b>	<b>22,334,166</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Loss on Refunding	-	5,516
Related to Pensions	16,024,441	3,374,534
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>16,024,441</b>	<b>3,380,050</b>
<b>LIABILITIES</b>		
Accounts Payable	37,937	34,485
Accrued Salaries and Benefits	1,183,239	1,107,952
Noncurrent Liabilities		
Due Within One Year	261,808	845,852
Due in More Than One Year	3,995,016	4,250,194
Pension Liability	40,641,589	21,263,422
<b>TOTAL LIABILITIES</b>	<b>46,119,589</b>	<b>27,501,905</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Related to Pensions	493,047	301,375
<b>NET POSITION</b>		
Investment in Capital Assets	10,344,226	9,990,452
Restricted for Debt Service	733,454	1,303,914
Restricted for Capital Projects	263,506	296,709
Restricted for Emergencies	350,000	350,000
Restricted for Insurance	13,432	112,000
Unrestricted	(21,058,091)	(14,142,139)
<b>TOTAL NET POSITION</b>	<b>\$ (9,353,473)</b>	<b>\$ (2,089,064)</b>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2017	2016
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
Instruction	\$ 11,510,931	\$ -	\$ 1,150,645	\$ (10,360,286)	\$ (6,355,815)
Supporting Services	7,168,900	267,514	319,962	(6,581,424)	(4,798,731)
Interest and Fiscal Charges	92,576	-	-	(92,576)	(104,291)
Total Governmental Activities	<u>18,772,407</u>	<u>267,514</u>	<u>1,470,607</u>	<u>(17,034,286)</u>	<u>(11,258,837)</u>
<b>GENERAL REVENUES</b>					
				5,321,188	5,894,352
Local Property Taxes				693,789	663,726
Specific Ownership Taxes				3,683,336	3,708,984
State Equalization				50,235	282,025
Other Revenues				21,329	13,378
Earnings on Investments					
TOTAL GENERAL REVENUES				<u>9,769,877</u>	<u>10,562,465</u>
CHANGE IN NET POSITION				(7,264,409)	(696,372)
NET POSITION, Beginning				<u>(2,089,064)</u>	<u>(1,392,692)</u>
NET POSITION, Ending				<u>\$ (9,353,473)</u>	<u>\$ (2,089,064)</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	General	Bond Redemption	Capital Projects	Other Governmental Funds	Total Governmental Funds	
					2017	2016
<b>ASSETS</b>						
Cash and Investments	\$ 5,129,503	\$ 717,265	\$ 263,506	\$ 52,219	\$ 6,162,493	\$ 6,672,588
Cash with Fiscal Agent	38,678	2,065	-	-	40,743	-
Taxes Receivable	339,357	19,801	-	-	359,158	329,424
Grants Receivable	41,121	-	-	-	41,121	95,752
Other Receivables	-	-	-	-	-	123,042
Inventory	-	-	-	8,718	8,718	10,939
Prepaid Expenses	21,439	-	-	-	21,439	21,439
<b>TOTAL ASSETS</b>	<u>\$ 5,570,098</u>	<u>\$ 739,131</u>	<u>\$ 263,506</u>	<u>\$ 60,937</u>	<u>\$ 6,633,672</u>	<u>\$ 7,253,184</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 36,237	\$ -	\$ -	\$ 1,700	\$ 37,937	\$ 34,485
Accrued Salaries and Benefits	1,154,032	-	-	29,207	1,183,239	1,107,952
Unearned Revenues	103,712	5,677	-	-	109,389	118,071
<b>TOTAL LIABILITIES</b>	<u>1,293,981</u>	<u>5,677</u>	<u>-</u>	<u>30,907</u>	<u>1,330,565</u>	<u>1,260,508</u>
<b>FUND BALANCES</b>						
Nonspendable	21,439	-	-	8,718	30,157	32,378
Restricted for Emergencies	350,000	-	-	-	350,000	350,000
Restricted for Insurance	13,432	-	-	-	13,432	112,000
Restricted for Debt Service	-	733,454	-	-	733,454	1,303,914
Restricted for Capital Projects	-	-	263,506	-	263,506	296,709
Assigned	2,606,629	-	-	21,312	2,627,941	2,443,065
Unassigned	1,284,617	-	-	-	1,284,617	1,454,610
<b>TOTAL FUND BALANCES</b>	<u>4,276,117</u>	<u>733,454</u>	<u>263,506</u>	<u>30,030</u>	<u>5,303,107</u>	<u>5,992,676</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,570,098</u>	<u>\$ 739,131</u>	<u>\$ 263,506</u>	<u>\$ 60,937</u>		

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 in the funds.	14,601,050	15,080,982
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.	109,389	118,071
Long-term liabilities and related deferred outflows, including bonds payable (\$3,796,798), early retirement (\$293,475), and compensated absences (\$166,551), are not due and payable in the current period and are not reported in the funds.	(4,256,824)	(5,090,530)
Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$40,641,589) deferred outflows related to pensions \$16,024,441 and deferred inflows related to pensions (\$493,047).	(25,110,195)	(18,190,263)
<b>Net position of governmental activities</b>	<u>\$ (9,353,473)</u>	<u>\$ (2,089,064)</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2017

	General	Bond Redemption	Capital Projects	Other Governmental Funds	Total Governmental Funds	
					2017	2016
<b>REVENUES</b>						
Local Sources	\$ 5,846,631	\$ 321,090	\$ 49	\$ 194,967	\$ 6,362,737	\$ 7,070,089
State Sources	4,254,897	-	-	3,105	4,258,002	4,388,463
Federal Sources	674,824	-	-	221,117	895,941	939,708
<b>TOTAL REVENUES</b>	<b>10,776,352</b>	<b>321,090</b>	<b>49</b>	<b>419,189</b>	<b>11,516,680</b>	<b>12,398,260</b>
<b>EXPENDITURES</b>						
Current						
Instruction	6,454,818	-	-	-	6,454,818	6,245,124
Supporting Services	4,322,433	-	-	473,834	4,796,267	4,839,146
Capital Outlay	30,362	-	33,252	-	63,614	90,502
Debt Service						
Principal	-	790,000	-	-	790,000	775,000
Interest and Fiscal Charges	-	101,550	-	-	101,550	115,725
<b>TOTAL EXPENDITURES</b>	<b>10,807,613</b>	<b>891,550</b>	<b>33,252</b>	<b>473,834</b>	<b>12,206,249</b>	<b>12,065,497</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(31,261)</b>	<b>(570,460)</b>	<b>(33,203)</b>	<b>(54,645)</b>	<b>(689,569)</b>	<b>332,763</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer Out	(70,000)	-	-	-	(70,000)	(100,000)
Transfer In	-	-	-	70,000	70,000	100,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(70,000)</b>	<b>-</b>	<b>-</b>	<b>70,000</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(101,261)</b>	<b>(570,460)</b>	<b>(33,203)</b>	<b>15,355</b>	<b>(689,569)</b>	<b>332,763</b>
FUND BALANCES, Beginning	4,377,378	1,303,914	296,709	14,675	5,992,676	5,659,913
FUND BALANCES, Ending	<u>\$ 4,276,117</u>	<u>\$ 733,454</u>	<u>\$ 263,506</u>	<u>\$ 30,030</u>	<u>\$ 5,303,107</u>	<u>\$ 5,992,676</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ (689,569)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$525,699) exceeded capital outlay \$45,767 in the current period.	(479,932)
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.	(8,682)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These include bond principal payments \$790,000, increase in early retirement (\$7,862) decrease in compensated absences \$42,594, amortization of bond premium \$14,490 and loss on refunding (\$5,516).	833,706
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	<u>(6,919,932)</u>
Change in net position of governmental activities	<u>\$ (7,264,409)</u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
June 30, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 265,972</u>
LIABILITIES	
Due to Student Groups	<u><u>\$ 265,972</u></u>

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Buena Vista School District No. R-31 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

**Reporting Entity**

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the application of these criteria, no additional organizations are includable within the District’s reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary funds utilize the accrual basis of accounting.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental funds:

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

The *Bond Redemption Fund* accounts for resources accumulated for, and payments made on, long-term debt obligations of the District's governmental funds.

The *Capital Projects Fund* accounts for resources accumulated for, and payments made on, long-term debt obligations related to the District's Best grant project.

Additionally, the District reports the following fund types:

The *Agency Fund* is used to account for resources used to support each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

**Deferred Outflows/Inflows of Resources**

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

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position**

*Deposits and Investments* – For purposes of the statement of cash flows, the District considers cash and cash equivalents to be all demand deposits as well as short- term investments with a maturity date of three months or less. Investments are stated at fair value.

*Receivables* – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Inventories* – Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

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

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

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives.

Land Improvements	20 years
Buildings and Improvements	50 years
Equipment	5 to 20 years

*Unearned Revenues* – The deferred revenues include amounts received but not yet available for expenditure.

*Vacation, Sick Leave, and Other Compensated Absences* – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. These compensated absences are recognized as current salary costs when accrued in the proprietary fund types and when paid in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

Employees earn 10 – 20 days of vacation leave annually based on the length of service. District policy allows employees to carryover two years of unused vacation leave into the next year. All outstanding vacation leave is payable upon resignation, termination, retirement, or death.

Employees also earn sick leave and can accumulate up to 90 days. Accumulated sick leave is payable only upon retirement at 100% of the daily substitute teachers' per diem rates as specified in the District's policy. Upon resignation, termination, or death, any outstanding sick leave is forfeited.

*Long-Term Debt* – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

*Property Taxes* – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

*Net Position*— The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District considers prepaid expenses and inventories as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District has also classified amounts held for insurance, capital projects, and amounts held for debt service as restricted as required by the Colorado Department of Education and the bond trustee.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2017.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified portions of the fund balances of the General Fund, Food Service Fund, and Capital Reserve Fund as assigned because their use has been designated for a specific purpose by the Finance Director.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on a Non-GAAP basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund equity at fiscal yearend because they have lapsed and are pending reinstatement.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 3: CASH AND INVESTMENTS**

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Deposits	\$ 3,815,592
Investments	<u>2,612,873</u>
Total Cash and Investments	<b><u>\$ 6,428,465</u></b>

Cash and investments are reported in the financial statements as follows:

Governmental Activities	\$ 6,162,493
Fiduciary Funds	<u>265,972</u>
Total	<b><u>\$ 6,428,465</u></b>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At June 30, 2017, the District had deposits with financial institutions with a carrying amount of \$3,815,592. The bank balances with the financial institutions were \$3,910,094. Of these balances, \$257,202 was covered by federal depository insurance and \$3,652,892 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**Investments**

As of June 30, 2017, the District has the following investments:

	<u>Fair Value</u>	<u>Investment Maturity (Years)</u>	
		<u>Less than One Year</u>	<u>1 to 5 Years</u>
Governmental Agency Securities	\$ 459,520	\$ 459,520	\$ -
Money Markets	180,545	180,545	-
Colostrust	<u>1,972,808</u>	<u>1,972,808</u>	<u>-</u>
Total	<u><b>\$ 2,612,873</b></u>	<u><b>\$ 2,612,873</b></u>	<u><b>\$ -</b></u>

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Government Agency Securities above are authorized for all funds and fund types used by Colorado school districts, and have a credit rating of AA+ and Aaa by Standard and Poor's and Moody's, respectively.

June 30, 2017

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

At June 30, 2017, the District held investments in U.S. Agency Securities in the amount of \$459,520 with maturity dates of less than one and four years. Given the low risk of this type of investment, the District has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

The District had invested \$1,972,808 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using Level 2 inputs.

The District invested \$180,545 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 4: CAPITAL ASSETS**

	Balances <u>6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/17</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ <u>1,175,321</u>	<u>-</u>	<u>-</u>	\$ <u>1,175,321</u>
Capital Assets, depreciated				
Land Improvements	1,530,501	-	-	1,530,501
Buildings and Improvements	20,255,854	-	-	20,255,854
Equipment	<u>1,449,785</u>	<u>45,767</u>	<u>-</u>	<u>1,495,552</u>
Total Capital Assets, depreciated	<u>23,236,140</u>	<u>45,767</u>	<u>-</u>	<u>23,281,907</u>
Less Accumulated Depreciation				
Land Improvements	758,243	70,405	-	828,648
Buildings and Improvements	7,535,567	410,171	-	7,945,738
Equipment	<u>1,036,669</u>	<u>45,123</u>	<u>-</u>	<u>1,081,972</u>
Total Accumulated Depreciation	<u>9,330,479</u>	<u>525,699</u>	<u>-</u>	<u>9,856,178</u>
Total Capital Assets, depreciated, Net	<u>13,905,661</u>	<u>(525,699)</u>	<u>-</u>	<u>13,425,729</u>
Governmental Activities, Capital Assets, Net	<u>\$ 15,080,982</u>	<u>\$ (479,932)</u>	<u>\$ -</u>	<u>\$ 14,601,050</u>

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

<b>Governmental Activities</b>	
Instruction	\$ 473,129
Supporting Services	<u>52,570</u>
Total	<u>\$ 525,699</u>

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, were \$1,154,032 and \$29,207 in the General and Food Service Funds, respectively.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 6: LONG-TERM DEBT**

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2017:

	Balance <u>6/30/16</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/17</u>	Due In <u>One Year</u>
Series 2012 Refunding					
Bonds (2002 GO)	\$ 595,000	-	\$ 595,000	\$ -	\$ -
Series 2012 Premium	7,277	-	7,277	-	-
2013 General Obligation					
Bonds	3,880,000	-	195,000	3,685,000	195,000
Series 2013 Premium	119,011	-	7,213	111,798	-
Early Retirement	285,613	63,714	55,852	293,475	66,808
Compensated Absences	<u>209,145</u>	<u>-</u>	<u>42,594</u>	<u>166,551</u>	<u>-</u>
Total	<u>\$ 5,096,046</u>	<u>\$ 63,714</u>	<u>\$ 902,936</u>	<u>\$ 4,256,824</u>	<u>\$ 261,808</u>

Compensated absences and early retirement are expected to be liquidated with revenues of the General Fund.

**General Obligation Bonds**

On October 16, 2012, the District issued General Obligation Refunding Bonds Series 2012, in the amount of \$2,325,000. Proceeds were used to advance refund a portion of the 2002 General Obligation Bonds. The bonds are due in annual installments starting on December 1, 2013 through December 1, 2017. These bonds bear interest at 1.0% to 2.5% payable semi-annually on June and December 1. The bonds were paid in full during the year ended June 30, 2017.

On February 20, 2013, the District issued General Obligation Bonds Series 2013, in the amount of \$4,460,000. Proceeds were used to finance costs of acquisition, construction, and equipment improvements at District facilities. These bonds bear interest ranging from 2.0% to 3.0%. Interest only payments are due annually on June 1 and payments of principal and interest are due annually on December 1 through 2033. As of June 30, 2017, \$3,685,000 was outstanding on these bonds.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 6: LONG-TERM DEBT** (Continued)

Debt Service requirements to maturity for the bonds are as follows:

Year Ended <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 195,000	\$ 90,138	\$ 285,138
2019	200,000	86,188	286,188
2020	200,000	82,188	282,188
2021	205,000	78,138	283,138
2022	210,000	73,988	283,988
2023-2027	1,125,000	300,469	1,425,469
2028-2032	1,270,000	139,500	1,409,500
2033	<u>280,000</u>	<u>4,200</u>	<u>284,200</u>
<b>Total</b>	<b><u>\$ 3,685,000</u></b>	<b><u>\$ 854,809</u></b>	<b><u>\$ 4,539,809</u></b>

**Early Retirement**

The District has an early retirement plan available for qualified employees. Benefits under the plan are based on a multiple of the difference between the retiring person’s salary and an entry level person’s salary. Payment schedules are negotiated with management by the retiring employee of the District and usually are spread over five years. Early retirement payments are reviewed annually by the Board of Education and are subject to annual appropriation by the Board.

**NOTE 7: JOINTLY GOVERNED ORGANIZATIONS**

BOCES

The District, in conjunction with other surrounding districts, created the Mountain Board of Cooperative Educational Services (the “BOCES”). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The BOCES financial statements can be obtained at their office located at 1713 Mount Lincoln Drive West, Leadville, Colorado 80461. The District paid \$68,950 to the BOCES during the year, and no amount was owed as of June 30, 2017.

**NOTE 8: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

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

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

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

**NOTE 8:**        **DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

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

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

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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, 2017
Employer contribution rate <sup>1</sup>	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	5.00%
<b>Total employer contribution rate to the SCHDTF<sup>1</sup></b>	<b>18.13%</b>	<b>18.63%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,184,687 for the year ended June 30, 2017.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

**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 \$40,641,589 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 proportion was 0.13650 percent, which is a decrease of 0.00253 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017 the District recognized pension expense of \$8,104,618. 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	\$ 508,082	\$ 358
Changes of assumptions or other inputs	\$13,187,348	\$ 183,273
Net difference between projected and actual earnings on pension plan investments	\$ 1,358,970	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$366,944	\$ 309,416
Contributions subsequent to the measurement date	\$ 603,097	N/A
Total	\$16,024,441	\$493,047

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

\$603,097 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:

<b>Year ended June 30,</b>	
2018	\$ 6,201,650
2019	\$ 5,917,194
2020	\$ 2,873,834
2021	\$ (63,608)
2022	\$ (773)

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

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

BUENA VISTA SCHOOL DISTRICT NO. R-31

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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.

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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 Retiree Mortality Table.

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

Several factors were considered in evaluating the long-term rate of return assumption for the SCHD'TF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
<b>Total</b>	<b>100.00%</b>	

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%.

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$51,105,493	\$40,641,589	\$32,119,119

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

**Other Post-Employment Benefits**

Health Care Trust Fund

*Plan Description* – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 8: DEFINED BENEFIT PENSION PLAN** (Continued)

**Other Post-Employment Benefits** (Continued)

*Funding Policy* – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2016 and 2017, the District's employer contributions to the HCTF were \$60,593, \$62,516, and \$62,283 respectively, equal to their required contributions for each year.

**NOTE 9: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or District coverage amounts in any of the past three years.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. In November 1999, electors within the District authorized the District to collect, retain and expend all revenues collected or received by the District effective for the 1997-98 fiscal year and each subsequent year thereafter, notwithstanding the limitations of the Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. A reservation of equity in the General Fund in the amount of \$350,000 has been recorded as an emergency reserve in accordance with the Amendment.

**NOTE 11: SUBSEQUENT EVENTS**

**Purchase and Sale Agreement**

On August 10, 2016, the District entered into a purchase and sale agreement with the Town of Buena Vista, Colorado. The District has agreed to convey the District's existing property currently used as the District's baseball and soccer field to the Town. Under the terms of the agreement, the Town will sought and received voter approval in the April 2017 special election to sell the Town's River Park parcel to the District as payment for the conveyance of the District's property to the Town. Title to the respective properties was transferred on August 1, 2017.

**Intergovernmental Agreement**

On July 11, 2017, the District entered into an Intergovernmental Agreement with the Town of Buena Vista for the River Park baseball field construction, joint use, and maintenance. Pursuant to the agreement, the Town will construction a baseball field on the property. Construction of the baseball field is to be completed by March of 2018. Upon completion of the construction, the District will assume full maintenance responsibilities of the property. The District will have priority use of the property and the Town may use the property subject to payment of District fees. The District also agreed to grant the Town a license to install a disc golf course on the property for public use.

**Purchase and Sale Agreement – Rodeo Grounds Parcel**

On August 10, 2016, the District entered into a purchase and sale agreement with the Town of Buena Vista, Colorado for the conveyance of the Town's five acre parcel described as the Town's rodeo grounds for the purchase price of \$10. Pursuant to the purchase and sale agreement of the District's baseball and soccer field property, the Town will seek voter approval to convey the Town's River Park property to the District. Once the Town has received voter approval, ownership of the rodeo grounds parcel will revert back to the Town.

On July 11, 2017, the agreement was amended. Pursuant to the amended agreement, the Town agrees to convey up to thirty acres of property to the District, should the Town fail to construct phases 1 through 4 of the temporary baseball field as agreed upon in the Ballfield Construction Joint Use and Maintenance Agreement.

**NOTE 12: DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position of \$9,353,473 due to the District including its Net Pension Liability per the requirements of GASB Statement No. 68.

**REQUIRED SUPPLEMENTARY INFORMATION**

BUENA VISTA SCHOOL DISTRICT NO. R-31

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

	2017			VARIANCE	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 4,916,416	\$ 5,026,796	\$ 5,015,777	\$ (11,019)	\$ 4,963,455
Specific Ownership Taxes	650,000	650,000	693,789	43,789	663,726
Tuition	45,000	50,000	72,548	22,548	53,773
Earnings on Investments	4,500	9,000	14,282	5,282	9,829
All Other Local Revenue Codes	185,000	185,000	50,235	(134,765)	282,025
Total Local Sources	<u>5,800,916</u>	<u>5,920,796</u>	<u>5,846,631</u>	<u>(74,165)</u>	<u>5,972,808</u>
<b>State Sources</b>					
State Equalization	3,753,381	3,686,524	3,683,336	(3,188)	3,708,984
Exceptional Children's Education Act	177,431	177,431	236,442	59,011	205,619
Transportation	85,000	90,000	95,740	5,740	101,308
All Other State Revenue	71,771	73,271	239,379	166,108	363,428
Total State Sources	<u>4,087,583</u>	<u>4,027,226</u>	<u>4,254,897</u>	<u>227,671</u>	<u>4,379,339</u>
<b>Federal Sources</b>					
Title I	170,430	170,849	170,849	-	160,970
Title II	36,918	36,801	36,801	-	37,339
Medicaid	64,000	90,000	120,664	30,664	100,039
Head Start	193,504	193,504	193,509	5	193,509
SWAP	80,000	85,000	-	(85,000)	87,612
Other Federal Sources	195,216	57,486	153,001	95,515	130,409
Total Federal Sources	<u>740,068</u>	<u>633,640</u>	<u>674,824</u>	<u>41,184</u>	<u>709,878</u>
<b>TOTAL REVENUES</b>	<u>10,628,567</u>	<u>10,581,662</u>	<u>10,776,352</u>	<u>194,690</u>	<u>11,062,025</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	4,329,355	4,416,440	4,568,118	(151,678)	4,401,234
Employee Benefits	1,334,552	1,456,236	1,459,690	(3,454)	1,438,565
Purchased Services	89,855	96,543	85,812	10,731	66,668
Supplies and Materials	300,779	314,248	271,626	42,622	300,271
Property	165,913	64,505	56,421	8,084	21,820
Other Objects and Uses	17,660	17,660	13,151	4,509	16,566
Total Instruction	<u>6,238,114</u>	<u>6,365,632</u>	<u>6,454,818</u>	<u>(89,186)</u>	<u>6,245,124</u>

(Continued)

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

	2017			VARIANCE	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Students					
Salaries	286,030	325,786	278,651	47,135	316,021
Employee Benefits	100,604	92,440	74,914	17,526	89,971
Purchased Services	95,735	101,614	120,389	(18,775)	118,308
Supplies and Materials	35,470	33,570	18,906	14,664	28,866
Total Students	517,839	553,410	492,860	60,550	553,166
Instructional Staff					
Salaries	440,673	448,010	351,585	96,425	409,570
Employee Benefits	147,403	147,454	123,102	24,352	120,407
Purchased Services	114,450	115,450	105,718	9,732	107,395
Supplies and Materials	87,193	86,823	73,657	13,166	74,679
Property	162,000	237,000	148,092	88,908	199,957
Total Instructional Staff	951,719	1,034,737	802,154	232,583	912,008
General Administration					
Salaries	215,660	228,322	252,387	(24,065)	216,748
Employee Benefits	59,874	69,090	67,336	1,754	63,157
Purchased Services	58,600	68,600	74,567	(5,967)	111,922
Supplies and Materials	74,000	84,000	74,360	9,640	91,466
Property	-	20,500	-	20,500	-
Other Objects and Uses	15,000	15,000	14,352	648	750
Total General Administration	423,134	485,512	483,002	2,510	484,043
School Administration					
Salaries	468,391	460,302	416,823	43,479	449,589
Employee Benefits	167,777	175,589	140,815	34,774	150,948
Purchased Services	22,000	22,000	14,944	7,056	14,623
Supplies and Materials	6,630	6,630	2,408	4,222	5,987
Property	-	-	-	-	3,055
Total School Administration	664,798	664,521	574,990	89,531	624,202

(Continued)

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2017

	2017			VARIANCE	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	116,272	117,706	136,597	(18,891)	108,387
Employee Benefits	28,961	40,369	39,505	864	29,600
Purchased Services	20,400	20,100	14,582	5,518	73,769
Total Business Services	<u>165,633</u>	<u>178,175</u>	<u>190,684</u>	<u>(12,509)</u>	<u>211,756</u>
Operations and Maintenance					
Salaries	351,876	355,220	363,240	(8,020)	351,627
Employee Benefits	134,914	140,198	134,499	5,699	127,062
Purchased Services	480,600	506,383	522,386	(16,003)	425,211
Supplies and Materials	74,700	74,000	87,361	(13,361)	83,750
Property	960	7,960	-	7,960	-
Total Operations and Maintenance	<u>1,043,050</u>	<u>1,083,761</u>	<u>1,107,486</u>	<u>(23,725)</u>	<u>987,650</u>
Student Transportation					
Salaries	208,821	189,384	219,557	(30,173)	203,994
Employee Benefits	69,446	55,766	64,823	(9,057)	63,224
Purchased Services	78,639	80,539	70,526	10,013	73,431
Supplies and Materials	63,500	66,500	58,470	8,030	49,142
Property	11,294	11,294	18,075	(6,781)	27,130
Total Student Transportation	<u>431,700</u>	<u>403,483</u>	<u>431,451</u>	<u>(27,968)</u>	<u>416,921</u>
Central Support					
Salaries	125,000	125,000	99,659	25,341	115,705
Employee Benefits	3,010	3,731	4,703	(972)	8,560
Purchased Services	76,200	141,200	165,806	(24,606)	93,116
Total Central Support	<u>204,210</u>	<u>269,931</u>	<u>270,168</u>	<u>(237)</u>	<u>217,381</u>

(Continued)

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
Total Supporting Services	4,402,083	4,673,530	4,352,795	320,735	4,407,127
RESERVES					
Contingency	250,000	250,000	-	250,000	-
Emergency Reserves	300,000	350,000	-	350,000	-
TOTAL RESERVES	550,000	600,000	-	600,000	-
TOTAL EXPENDITURES	11,190,197	11,639,162	10,807,613	831,549	10,652,251
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(561,630)	(1,057,500)	(31,261)	1,026,239	409,774
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(90,000)	(80,000)	(70,000)	10,000	(100,000)
TOTAL OTHER FINANCING SOUR	(90,000)	(80,000)	(70,000)	10,000	(100,000)
CHANGE IN FUND BALANCE	(651,630)	(1,137,500)	(101,261)	1,036,239	309,774
FUND BALANCES, Beginning	3,946,022	3,946,022	4,377,378	431,356	4,067,604
FUND BALANCES, Ending	\$ 3,294,392	\$ 2,808,522	\$ 4,276,117	\$ 1,467,595	\$ 4,377,378

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School's proportionate share of the Net Pension Liability	0.1376%	0.1373%	0.1390%	0.1365%
School's proportionate share of the Net Pension Liability	\$ 17,556,591	\$ 18,616,976	\$ 21,263,422	\$ 40,641,589
School's covered-employee payroll	\$ 5,550,212	\$ 5,754,421	\$ 6,058,831	\$ 6,126,405
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	316.3%	323.5%	350.9%	663.4%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contributions	\$ 954,090	\$ 1,063,788	\$ 1,149,204	\$ 1,184,687
Contributions in relation to the Statutorily required contributions	<u>954,090</u>	<u>1,063,788</u>	<u>1,149,204</u>	<u>1,184,687</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 5,612,829	\$ 5,940,481	\$ 6,128,996	\$ 6,106,207
Contributions as a percentage of covered-employee payroll	17.00%	17.91%	18.75%	19.40%

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

BUENA VISTA SCHOOL DISTRICT NO. R-31

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2017

	Food Service Fund	Capital Reserve Fund	TOTALS	
			2017	2016
<b>ASSETS</b>				
Cash and Investments	\$ 51,486	\$ 733	\$ 52,219	\$ 31,883
Inventory	8,718	-	8,718	10,939
<b>TOTAL ASSETS</b>	<b>\$ 60,204</b>	<b>\$ 733</b>	<b>\$ 60,937</b>	<b>\$ 42,822</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,700	\$ -	\$ 1,700	\$ 1,700
Accrued Salaries and Benefits	29,207	-	29,207	26,447
<b>TOTAL LIABILITIES</b>	<b>30,907</b>	<b>-</b>	<b>30,907</b>	<b>28,147</b>
<b>FUND EQUITY</b>				
Fund Balance				
Nonspendable	8,718	-	8,718	10,939
Assigned	20,579	733	21,312	3,736
<b>TOTAL FUND EQUITY</b>	<b>29,297</b>	<b>733</b>	<b>30,030</b>	<b>14,675</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 60,204</b>	<b>\$ 733</b>	<b>\$ 60,937</b>	<b>\$ 42,822</b>

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 Year Ended June 30, 2017

	Food Service Fund	Capital Reserve Fund	TOTALS	
			2017	2016
REVENUES				
Local Sources	\$ 194,966	\$ 1	\$ 194,967	\$ 175,554
State Sources	3,105	-	3,105	9,124
Federal Sources	221,117	-	221,117	229,830
TOTAL REVENUES	<u>419,188</u>	<u>1</u>	<u>419,189</u>	<u>414,508</u>
EXPENDITURES				
Current				
Supporting Services	<u>473,834</u>	<u>-</u>	<u>473,834</u>	<u>462,381</u>
TOTAL EXPENDITURES	<u>473,834</u>	<u>-</u>	<u>473,834</u>	<u>462,381</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(54,646)</u>	<u>1</u>	<u>(54,645)</u>	<u>(47,873)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
TOTAL OTHER FINANCING SOURCES	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
NET CHANGE IN FUND BALANCES	15,354	1	15,355	22,127
FUND BALANCES, Beginning	<u>13,943</u>	<u>732</u>	<u>14,675</u>	<u>(7,452)</u>
FUND BALANCES, Ending	<u>\$ 29,297</u>	<u>\$ 733</u>	<u>\$ 30,030</u>	<u>\$ 14,675</u>

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

FOOD SERVICE FUND  
 BUDGETARY COMPARISON STATEMENT  
 Year Ended June 30, 2017

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Charges for Services	\$ 175,390	\$ 180,000	\$ 194,966	\$ 14,966	\$ 175,553
State and Federal Sources					
School Lunches	135,000	135,000	130,290	(4,710)	141,691
School Breakfast	51,500	51,500	63,688	12,188	64,974
Commodity Donations	35,000	35,000	27,139	(7,861)	23,165
State Match	8,800	8,800	3,105	(5,695)	9,124
TOTAL REVENUES	405,690	410,300	419,188	8,888	414,507
EXPENDITURES					
Salaries	182,070	160,000	158,988	1,012	153,707
Benefits	56,420	71,474	74,642	(3,168)	63,192
Purchased Services	600	1,100	397	703	279
Food	240,600	273,700	239,807	33,893	227,796
Other Supplies	1,000	-	-	-	17,407
TOTAL EXPENDITURES	480,690	506,274	473,834	32,440	462,381
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(75,000)	(95,974)	(54,646)	41,328	(47,874)
OTHER FINANCING SOURCES (USES)					
Transfers In	75,000	80,000	70,000	(10,000)	70,000
CHANGE IN FUND BALANCE	-	(15,974)	15,354	31,328	22,126
FUND BALANCES, Beginning	15,979	15,979	13,943	(2,036)	(8,183)
FUND BALANCES, Ending	\$ 15,979	\$ 5	\$ 29,297	\$ 29,292	\$ 13,943

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

CAPITAL RESERVE FUND  
 BUDGETARY COMPARISON STATEMENT  
 Year Ended June 30, 2017

	2017		VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Earnings on Investments	\$ -	\$ 1	\$ 1	\$ 1
TOTAL REVENUES	-	1	1	1
EXPENDITURES				
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1	1	1
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
CHANGE IN FUND BALANCE	-	1	1	1
FUND BALANCE, Beginning	-	732	732	731
FUND BALANCE, Ending	\$ -	\$ 733	\$ 733	\$ 732

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

BOND REDEMPTION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Property Taxes	\$ 904,994	\$ 930,044	\$ 307,946	\$ (622,098)	\$ 914,971
Delinquent Taxes	497	497	6,147	5,650	3,208
Earnings on Investments	3,186	3,186	6,997	3,811	3,527
TOTAL REVENUES	<u>908,677</u>	<u>933,727</u>	<u>321,090</u>	<u>(612,637)</u>	<u>921,706</u>
EXPENDITURES					
Debt Service					
Principal	790,000	790,000	790,000	-	775,000
Interest and Fiscal Charges	109,450	109,450	101,550	7,900	115,725
TOTAL EXPENDITURES	<u>899,450</u>	<u>899,450</u>	<u>891,550</u>	<u>7,900</u>	<u>890,725</u>
CHANGE IN FUND BALANCE	9,227	34,277	(570,460)	(604,737)	30,981
FUND BALANCE, Beginning	<u>899,340</u>	<u>899,340</u>	<u>1,303,914</u>	<u>404,574</u>	<u>1,272,933</u>
FUND BALANCE, Ending	<u>\$ 908,567</u>	<u>\$ 933,617</u>	<u>\$ 733,454</u>	<u>\$ (200,163)</u>	<u>\$ 1,303,914</u>

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

CAPITAL PROJECTS FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
BEST Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on Investments	15	15	49	34	21
TOTAL REVENUES	15	15	49	34	21
EXPENDITURES					
Capital Outlay	-	54,811	33,252	21,559	52,009
Other	6,000	-	-	-	8,131
TOTAL EXPENDITURES	6,000	54,811	33,252	21,559	60,140
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,985)	(54,796)	(33,203)	21,593	(60,119)
OTHER FINANCING SOURCES					
Transfer In	15,000	-	-	-	30,000
TOTAL OTHER FINANCING SOURCES	15,000	-	-	-	30,000
CHANGE IN FUND BALANCE	9,015	(54,796)	(33,203)	21,593	(30,119)
FUND BALANCE, Beginning	336,975	336,975	296,709	(40,266)	326,828
FUND BALANCE, Ending	\$ 345,990	\$ 282,179	\$ 263,506	\$ (18,673)	\$ 296,709

See the accompanying independent auditors' report.

BUENA VISTA SCHOOL DISTRICT NO. R-31

AGENCY FUND - PUPIL ACTIVITY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year Ended June 30, 2017

	BALANCE JULY 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS				
Cash	\$ 266,034	\$ 489,583	\$ 489,645	\$ 265,972
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
LIABILITIES				
Accounts Payable - Due to Student Groups	\$ 266,034	\$ 489,583	\$ 489,645	\$ 265,972
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

See the accompanying independent auditors' report.

## **COMPLIANCE**



## JOHN CUTLER & ASSOCIATES

Board of Education  
Buena Vista School District No. R-31  
Buena Vista, Colorado

### INDEPENDENT AUDITORS' REPORT ON ELECTRONIC FINANCIAL DATA INTEGRITY CHECK FIGURES

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buena Vista School District No. R-31, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The electronic data integrity check figures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the electronic data integrity check figures are fairly stated in all material respects in relation to the financial statements as a whole.

*John Luttrell & Associates, LLC*

December 9, 2017



Colorado Department of Education

Auditors Integrity Report

District: 0490 - BUENA VISTA R-31

Fiscal Year 2016-17

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	4,350,878	10,528,354	10,637,986	4,241,246
18 Risk Mgmt Sub-Fund of General Fund	26,498	178,000	169,626	34,871
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>4,377,376</b>	<b>10,706,354</b>	<b>10,807,613</b>	<b>4,276,117</b>
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	13,942	489,189	473,834	29,297
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	1,303,915	321,090	891,550	733,454
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	296,709	49	33,252	263,506
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	731	1	0	732
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>5,992,672</b>	<b>11,516,683</b>	<b>12,206,249</b>	<b>5,303,106</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	266,034	489,583	489,646	265,972
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>266,034</b>	<b>489,583</b>	<b>489,646</b>	<b>265,972</b>

FINAL

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