

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO
ROUTT COUNTY, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2017



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FINANCIAL STATEMENTS - 2017

HAYDEN SCHOOL DISTRICT NO. RE: 1
ROUTT COUNTY

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June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hayden School District No. RE: 1
Hayden, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hayden, School District No. RE: 1, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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 Hayden School District No. RE: 1, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General and Transportation Funds budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District contributions on pages 3-8 and 49-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental

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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 made for the purpose of forming opinions on the basic financial statements taken as a whole. The combining statements and individual fund financial statements and schedules on pages 59-65 are presented for the purposes of additional analysis, and are not required part of the basic financial statements of Hayden School District No. RE: 1. Such information is the responsibility of the management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subject 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CaloCPA Services, PC

Rangely, Colorado
September 27, 2017

MANAGEMENT DISCUSSION & ANALYSIS

It is a privilege to present to you the financial picture of Hayden School District No. RE: 1. The discussion and analysis of Hayden School District No. RE: 1's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2017. The intent of the discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Managements Discussion and Analysis for State and Local governments, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total net position of the District is \$(8,564,086), which includes \$5,557,026 in total assets, \$8,422,528 in deferred out flows, \$22,447,194 in total liabilities, and \$96,466 in deferred inflows. The total assets include \$788,505 in current assets and \$4,768,521 in long term capital assets.
- Total general revenues were \$4,379,620 and total program revenues were \$1,412,159. During the year, the District had expenses that were \$9,805,167. This resulted in a decrease in total net position of \$4,013,388 from the previous year.

Using the Annual Financial Report

Within the annual report is a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and include fixed assets and depreciation on those assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Hayden School District No. RE: 1's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information including fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.

Government-wide Financial Statements.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the District, that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements of the District have only one category:

- 1) **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Hayden School District No. RE: 1 adopts a one-year budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the year ended June 30, 2017 budget.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The Districts fiduciary funds are used to account for their school activity funds.

Financial Analysis of the District as a Whole

Most of the District's net position is invested in capital assets (buildings, land, vehicles and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts. The designated balances are amounts set aside by management to finance future purchases or capital projects as planned by the District.

The results of this year's operations are reported in the Statement of Activities. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes that are assessed to community taxpayers and state equalization that is provided by the State of Colorado.

Table A-1
Fiscal Year Ended June 30, 2017
Hayden School District No. RE: 1 Net Position

| | <u>FY17 Total</u> | <u>FY16 Total</u> |
|-----------------------------------|-----------------------|-----------------------|
| Current and Other Assets | \$ 788,505 | \$ 1,029,633 |
| Capital Assets | <u>4,768,521</u> | <u>5,063,764</u> |
| Total Assets | <u>5,557,026</u> | <u>6,093,397</u> |
| Deferred Outflows | <u>8,422,528</u> | <u>1,450,432</u> |
| Current and Other Liabilities | 750,650 | 744,298 |
| Long Term Liabilities | <u>21,696,544</u> | <u>11,197,937</u> |
| Total Liabilities | <u>22,447,194</u> | <u>11,942,235</u> |
| Deferred Inflows | <u>96,446</u> | <u>152,292</u> |
| Net Position: | | |
| Net invested in Capital Assets | 4,312,157 | 4,510,317 |
| Restricted | 291,387 | 149,866 |
| Unrestricted | <u>(13,167,630)</u> | <u>(9,210,881)</u> |
| Total Net Position | <u>\$ (8,564,086)</u> | <u>\$ (4,550,698)</u> |

Table A-2
Fiscal Year Ended June 30, 2017
Hayden School District No. RE: 1
Changes in Net Position

| | <u>FY17 Total</u> | <u>FY16 Total</u> |
|--------------------------------------|-----------------------|-----------------------|
| Revenues | | |
| Program Revenues | | |
| Charges for Services | \$ 120,802 | \$ 64,445 |
| Operating Grants | 1,163,430 | 956,702 |
| Capital Grants & Contributions | 127,927 | 20,646 |
| General Revenues | | |
| Property Taxes | 3,050,972 | 3,048,296 |
| Other Taxes | 88,737 | 193,841 |
| Grants, subsidies, and contributions | 1,237,988 | 1,312,172 |
| Investment Earnings | 1,923 | 1,294 |
| Total Revenues | <u>5,791,779</u> | <u>5,597,396</u> |
| Expenses | | |
| Instruction | 5,809,914 | 3,598,416 |
| Pupil Health and Attendance | 566,207 | 334,006 |
| Instructional Staff Library | 141,744 | 412,168 |
| General Administration | 647,592 | 471,467 |
| School Administration | 637,514 | 408,617 |
| Operations and Maintenance | 675,990 | 580,529 |
| Transportation | 325,346 | 207,649 |
| Other | 246,111 | 147,956 |
| Capital Outlay | 335,609 | 40,090 |
| Interest on Long-Term Debt | 16,466 | 12,982 |
| Insurance Premiums | 79,214 | 73,201 |
| Unallocated Depreciation | 80,321 | 78,292 |
| Food Service | 243,139 | 174,155 |
| Total Expenses | <u>9,805,167</u> | <u>6,539,528</u> |
| Increase (Decrease) in Net Position | (4,013,388) | (942,132) |
| Net Position Beginning | <u>(4,550,698)</u> | <u>(3,608,566)</u> |
| Net Position Ending | <u>\$ (8,564,086)</u> | <u>\$ (4,550,698)</u> |

The following table A-3 shows the total cost and the net cost of the District's functions: instructional programs, pupils health and attendance, instructional staff library, administration, operations and maintenance, pupil transportation, student activities, capital outlay, interest on long-term debt, insurance, preschool, and food services. Net cost is the total cost, less revenues generated by each activity. This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the extent to which the remaining financial needs are supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal Year Ended June 30, 2017
Hayden School District No. RE: 1
Governmental Activities

| Functions/Programs | Total Cost of Services | Net Cost of Services FY17 | Net Cost of Services FY16 |
|--|---------------------------|------------------------------|------------------------------|
| Instruction | \$ 5,809,914 | \$ 4,677,641 | \$ 2,716,326 |
| Pupil Health and Attendance | 566,207 | 566,207 | 334,006 |
| Instructional Staff Library | 141,744 | 141,744 | 412,168 |
| General Administration | 647,592 | 647,592 | 471,467 |
| School Administration | 637,514 | 637,514 | 408,617 |
| Operations and Maintenance | 675,990 | 675,990 | 580,529 |
| Transportation | 325,346 | 167,172 | 164,870 |
| Other | 246,111 | 246,111 | 147,956 |
| Capital Outlay | 335,609 | 335,609 | 19,444 |
| Interest on Long-Term Debt | 16,466 | 16,466 | 12,982 |
| Insurance Premiums | 79,214 | 79,214 | 73,201 |
| Unallocated Depreciation | 80,321 | 80,321 | 78,292 |
| Food Service | 243,139 | 121,427 | 77,877 |
| Total Governmental Activities | 9,805,167 | 8,393,008 | 5,497,735 |
| Less: Unrestricted Grants, Subsidies | (1,237,988) | (1,237,988) | (1,312,172) |
| Increase (Decrease) in Net Position | (4,013,388) | (4,013,388) | (942,132) |
| Total Needs from Local Taxes & Other Revenue | \$ 4,553,791 | \$ 3,141,632 | \$ 3,243,431 |

The District Funds

At June 30, 2017 the District governmental funds reported a combined fund balance of \$139,042, which is a decrease of \$243,376 from the June 30, 2016 balances.

General Fund Budget

During the fiscal year, the board of education authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received in the general fund is provided on pages 49 through 52 of the audit.

Capital Assets

At June 30, 2017, the District had \$4,768,521 invested in a broad range of capital assets net of depreciation, including: land, buildings, improvements, vehicles, furniture and equipment. This represents additions of \$46,493, and depreciation of \$341,737 for a net decrease of \$295,244 from the prior year.

Debt Administration

As of June 30, 2017, the District had a lease agreement with Key Bank for a wireless upgrade and a refinanced lease with Suntrust.

Economic Factors and Future Budgets

The District has experienced steady enrollment for several years, and all indications show that the trend will continue for the foreseeable future. The state formula for funding school districts in Colorado is tied directly to the number of pupils enrolled, along with inflation based adjustments. This has kept total revenues flat for several years and will most likely continue into the future.

Local and county sources continue to fund most of the District with 63 percent of all funding. The state share is 31 percent, and the federal share is 6 percent. Expenditures include 56 percent for direct instruction of students, 9 percent for support services, 14 percent for general and school administration, 8 percent for operations and maintenance (including utilities), and 13 percent for student transportation and all other expenses.

Contacting the District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, please contact Phil Kasper, Superintendent, at Hayden School District No. RE: 1, 495 West Jefferson Avenue, Hayden, Colorado 81639, (970) 276-3864.

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FINANCIAL STATEMENTS

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HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF NET POSITION
June 30, 2017

| | <u>Primary Governmental Activities</u> |
|---------------------------------------|--|
| ASSETS | |
| Cash and cash equivalents | \$ 625,996 |
| Other receivables | 92,181 |
| Property taxes receivable, net | 47,718 |
| Inventory | 7,250 |
| Co-op stock | 15,360 |
| Capital assets, nondepreciable | 109,455 |
| Capital assets, net | <u>4,659,066</u> |
| TOTAL ASSETS | <u>5,557,026</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | <u>8,422,528</u> |
| LIABILITIES | |
| Accounts payable | 39,214 |
| Accrued salaries and benefits | 610,249 |
| Noncurrent liabilities: | |
| Due within one year | 101,187 |
| Due in more than one year | <u>21,696,544</u> |
| TOTAL LIABILITIES | <u>22,447,194</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | <u>96,446</u> |
| NET POSITION | |
| Net investment in capital assets | 4,312,157 |
| Restricted for: | |
| Labor emergencies | 149,016 |
| Food service | 17,086 |
| Transportation | 125,285 |
| Unrestricted | <u>(13,167,630)</u> |
| TOTAL NET POSITION | <u>\$ (8,564,086)</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE:1, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

| | | <u>Program Revenues</u> | |
|--------------------------------------|-----------------------------|-----------------------------|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| FUNCTIONS/PROGRAMS | | | |
| Primary government | | | |
| Governmental activities | | | |
| Instruction | \$ 5,809,914 | \$ 77,188 | \$ 1,055,085 |
| Supporting services | | | |
| Pupils health and attendance | 566,207 | - | - |
| Instructional staff library | 141,744 | - | - |
| General administration | 647,592 | - | - |
| School administration principals | 637,514 | - | - |
| Operations and maintenance | 675,990 | - | - |
| Pupil transportation | 325,346 | - | 40,277 |
| Other business services | 246,111 | - | - |
| Food services | 232,416 | 43,614 | 57,345 |
| Capital Outlay | 335,609 | - | - |
| Interest expense | 16,466 | - | - |
| Insurance premiums | 79,214 | - | - |
| Unallocated depreciation | 80,321 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 9,794,444</u> | <u>\$ 120,802</u> | <u>\$ 1,152,707</u> |

General revenues:
Taxes:
 Property taxes
 Specific ownership taxes
State equalization
Mineral lease
Unrestricted investment earnings

Total general revenues

Change in net position

Net position - beginning

Net position - ending

| <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities</u> |
|---|---|
| \$ - | \$ (4,677,641) |
| - | (566,207) |
| - | (141,744) |
| - | (647,592) |
| - | (637,514) |
| - | (675,990) |
| 117,897 | (167,172) |
| - | (246,111) |
| 10,030 | (121,427) |
| - | (335,609) |
| - | (16,466) |
| - | (79,214) |
| - | (80,321) |
| <u>\$ 127,927</u> | <u>(8,393,008)</u> |

| |
|-----------------------|
| 3,050,972 |
| 88,737 |
| 1,197,456 |
| 40,532 |
| <u>1,923</u> |
| <u>4,379,620</u> |
| (4,013,388) |
| <u>(4,550,698)</u> |
| <u>\$ (8,564,086)</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE:1, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

| | <u>General Fund</u> | <u>Transportation Fund</u> |
|--|--------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 460,986 | \$ 123,460 |
| Other receivables | 87,287 | - |
| Property taxes receivable, net | 45,893 | 1,825 |
| Inventory | - | - |
| Co-op stock | <u>15,360</u> | <u>-</u> |
| TOTAL ASSETS | <u><u>\$ 609,526</u></u> | <u><u>\$ 125,285</u></u> |
| LIABILITIES AND FUND EQUITY | | |
| LIABILITIES | | |
| Accounts payable | \$ 39,214 | \$ - |
| Accrued payroll | 411,078 | - |
| Accrued liabilities | 155,921 | - |
| Employees compensated absences | <u>43,250</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>649,463</u> | <u>-</u> |
| FUND BALANCE | | |
| Restricted for: | | |
| Labor emergencies | 112,408 | - |
| Food service | - | - |
| Transportation | - | 125,285 |
| Unassigned (deficit) | <u>(152,345)</u> | <u>-</u> |
| TOTAL FUND EQUITY | <u>(39,937)</u> | <u>125,285</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$ 609,526</u></u> | <u><u>\$ 125,285</u></u> |

| Non-major | | Total |
|------------------|------------------|-------------------|
| Capital Projects | Food Service | Governmental |
| Fund | Fund | Funds |
| \$ 36,608 | \$ 4,942 | \$ 625,996 |
| - | 4,894 | 92,181 |
| - | - | 47,718 |
| - | 7,250 | 7,250 |
| - | - | 15,360 |
| <u>\$ 36,608</u> | <u>\$ 17,086</u> | <u>\$ 788,505</u> |
| | | |
| \$ - | \$ - | \$ 39,214 |
| - | - | 411,078 |
| - | - | 155,921 |
| - | - | 43,250 |
| <u>-</u> | <u>-</u> | <u>649,463</u> |
| | | |
| 36,608 | - | 149,016 |
| - | 17,086 | 17,086 |
| - | - | 125,285 |
| - | - | (152,345) |
| <u>36,608</u> | <u>17,086</u> | <u>139,042</u> |
| | | |
| <u>\$ 36,608</u> | <u>\$ 17,086</u> | <u>\$ 788,505</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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HAYDEN SCHOOL DISTRICT RE:1, COLORADO

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2017

| | | | |
|---|-----------------|----|---------------------------|
| Balance sheet - total fund balances | | \$ | 139,042 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds. | | | 4,768,521 |
| Long-term liabilities, including net pension liability, bonds payable, and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds | | | (21,797,731) |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. | | | |
| Deferred outflows of resources related to pensions | 8,422,528 | | |
| Deferred inflows of resources related to pensions | <u>(96,446)</u> | | |
| Net deferred outflows (inflows) | | | <u>8,326,082</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | | \$ | <u><u>(8,564,086)</u></u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE:1, COLORADO

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

| | General Fund | Transportation Fund |
|--|-----------------|------------------------|
| REVENUES | | |
| Local sources | \$ 3,419,834 | \$ 125,285 |
| County sources | 53,608 | - |
| State sources | 1,780,019 | - |
| Federal sources | 289,398 | - |
| Interest earned | 1,803 | - |
| | <hr/> | <hr/> |
| TOTAL REVENUES | 5,544,662 | 125,285 |
| | <hr/> | <hr/> |
| EXPENDITURES | | |
| Instruction | 3,412,752 | - |
| Supporting services | | |
| Pupils health and attendance | 394,156 | - |
| Instructional staff library | 269 | - |
| General administration | 299,287 | - |
| School administration principals | 376,155 | - |
| Operations and maintenance | 464,480 | - |
| Pupil transportation | 211,013 | - |
| Other business services | 139,278 | - |
| Food services | - | - |
| Insurance premiums | 79,214 | - |
| Capital outlay | 319,168 | - |
| Debt service: | | |
| Principal | 53,237 | - |
| Interest | 7,228 | - |
| | <hr/> | <hr/> |
| TOTAL EXPENDITURES | 5,756,237 | - |
| | <hr/> | <hr/> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (211,575) | 125,285 |
| | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | - | - |
| Transfers out | (167,000) | - |
| | <hr/> | <hr/> |
| TOTAL OTHER FINANCING SOURCES (USES) | (167,000) | - |
| | <hr/> | <hr/> |
| EXCESS OF REVENUES OVER (UNDER) EXPEND- ITURES AND OTHER FINANCING USES | (378,575) | 125,285 |
| | <hr/> | <hr/> |
| FUND BALANCE, BEGINNING OF YEAR | 338,638 | - |
| | <hr/> | <hr/> |
| FUND BALANCE, END OF YEAR | \$ (39,937) | \$ 125,285 |
| | <hr/> | <hr/> |

| Capital Projects Fund | Non-major Food Service Fund | Total Governmental Funds |
|--------------------------|-----------------------------------|--------------------------------|
| \$ - | \$ 43,614 | \$ 3,588,733 |
| - | - | 53,608 |
| - | 2,691 | 1,782,710 |
| - | 64,685 | 354,083 |
| 51 | 69 | 1,923 |
| 51 | 111,059 | 5,781,057 |
| - | - | 3,412,752 |
| - | - | 394,156 |
| - | - | 269 |
| - | - | 299,287 |
| - | - | 376,155 |
| - | - | 464,480 |
| - | - | 211,013 |
| - | - | 139,278 |
| - | 152,178 | 152,178 |
| - | - | 79,214 |
| 62,934 | - | 382,102 |
| 43,846 | - | 97,083 |
| 9,238 | - | 16,466 |
| 116,018 | 152,178 | 6,024,433 |
| (115,967) | (41,119) | (243,376) |
| 120,000 | 47,000 | 167,000 |
| - | - | (167,000) |
| 120,000 | 47,000 | - |
| 4,033 | 5,881 | (243,376) |
| 32,575 | 11,205 | 382,418 |
| \$ 36,608 | \$ 17,086 | \$ 139,042 |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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HAYDEN SCHOOL DISTRICT RE:1, COLORADO

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

| | |
|---|------------------------------|
| Net change in fund balances - total governmental funds | \$ (243,376) |
| Amounts reported for governmental activities in the statement of net activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$341,737) exceeded capital outlay (\$46,493) in the current period. | (295,244) |
| Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment. | 97,083 |
| Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | <u>(3,571,851)</u> |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ (4,013,388)</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE:1, COLORADO

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2017

| | <u>High School Activity Fund</u> | <u>Middle School Activity Fund</u> |
|---------------------------|--------------------------------------|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 88,473 | \$ 31,101 |
| TOTAL ASSETS | <u>88,473</u> | <u>31,101</u> |
| LIABILITIES | | |
| Due to student groups | <u>88,473</u> | <u>31,101</u> |
| TOTAL LIABILITIES | <u>88,473</u> | <u>31,101</u> |
| NET ASSETS HELD | <u>\$ -</u> | <u>\$ -</u> |

| <u>Elementary School Activity Fund</u> | <u>Total</u> |
|--|-------------------|
| <u>\$ 44,380</u> | <u>\$ 163,954</u> |
| <u>44,380</u> | <u>163,954</u> |
| <u>44,380</u> | <u>163,954</u> |
| <u>44,380</u> | <u>163,954</u> |
| <u>\$ -</u> | <u>\$ -</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hayden School District No. RE: 1 conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

In evaluating how to define the District for financial reporting entity purposes, management uses the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14). Under GASB 14, the financial reporting entity consists of: a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Hayden School District No. RE: 1 is a special-purpose primary government that meets all the following criteria as described in GASB 14:

- 1.) It has a separately elected five member governing board
- 2.) It is legally separate from any other governmental body
- 3.) It is fiscally independent with the authority to do all three of the following:
 - a.) Determine its budget without another government's authority to approve or modify.
 - b.) Levy taxes or charges without another government's approval.
 - c.) Issue bonded debt without approval by another government.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organizations governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on it.

The Hayden School District is not financially accountable under the above criteria, to any other governmental entity and accordingly there are no component entities included within the accompanying financial statements.

The District receives funding from local, state and federal government sources and must comply with the requirements of those funding source entities. However, the district is not included in any other governmental "financial reporting entity" as defined by GASB 14.

The Hayden School District No. RE: 1 is one of six districts participating in the Northwest Colorado Board of Cooperative Educational Services (BOCES). The BOCES is a regional education service unit created under the "Board of Cooperative Services Act of 1965" and is governed by an independent board made up of one representative from each of the six districts. The governing board of the BOCES has final authority over all funds and fiscal responsibility including budgetary and reporting. As such, this joint venture does not meet the criteria for inclusion within the reporting entity. Additional information regarding the Hayden School District No. RE: 1 accounting for this joint venture is provided in Note 2.

B. Description of Government-Wide Financial Statements

During fiscal year 2004, the District adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001, and; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Description of Government-Wide Financial Statements, continued

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 *"Accounting and Financial Reporting for Non-exchange Transactions."*

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a 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 customers or applicants 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 identified as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. 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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of fiscal year end. For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 90 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Fund Accounting

The accounts of the School District are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following funds are currently being used by the District:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.

Transportation Fund - The Transportation Fund is used to account for designated property taxes. The Transportation fund is reflected as a Special Revenue Fund.

Food Service Fund - Food Service Fund is used to record financial transactions related to food service operations. The Food Services Fund is reflected as a Special Revenue Fund.

Capital Projects Fund - Capital Projects Funds are used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles. The Capital Reserve Fund is reflected as a Capital Projects Fund.

Fiduciary Fund Type

Agency Funds - Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds include the High School Activity Fund, Middle School Activity Fund and Elementary School Activity Fund.

E. Capital Assets

Capital assets, which include land, building, building improvements and equipment are reported in the governmental activities columns in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment is a unit cost of \$5,000 or more. Donated capital assets are recorded at estimated fair market value at 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.

Depreciation of buildings and building improvements of the District placed in service subsequent to fiscal year 2001 will be calculated using the straight line method beginning in the year after they are placed in service. Equipment is depreciated using the straight line method and the mid-year convention. The Districts capital assets have the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 25-50 |
| Administrative software/systems | 20 |
| Equipment | 5 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds 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 debt service expenditures.

G. Budgets and Budgetary Accounting

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submitted to the School Board a proposed operating budget for the Year ending June 30, 2017. The operating budget included proposed expenditures and the means of financing them.
2. Public hearings were conducted at the School to obtain taxpayer comments.
3. Prior to June 30, 2016 the budget was legally enacted through passage of a resolution.
4. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Budgets are adopted as necessary and required.
8. Budgeted amounts are as amended by transfers, adopted by Board approval, from the Contingency Reserve Fund.
9. For the year ending June 30, 2017, the General Fund expenditures were over budget by \$3,929 which may be a violation of state statutes.

H. Encumbrances and Appropriations

Encumbrance accounting - accounting for commitments related to unperformed contracts for goods or services is utilized by the District to the extent necessary to assure effective budgetary control and accountability to facilitate effective cash planning and control. Encumbrances outstanding at year-end represent estimated amounts of expenditures and do not constitute expenditures or liabilities. All appropriations lapse at year end whether or not encumbered.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Property Taxes Receivable and Reserve for Uncollectable – Taxes

Property taxes are levied on or before December 10 on property assessed as of January 1, (lien date) of each year. Tax bills are mailed on or before January 31 of the following year. The taxes are collectible in two installments, due February 28, and June 15, or in full by April 30. Property taxes are recognized as revenue, as of June 30, 2017, based on taxes collected and projected through August 31, 2017. The following is a summary of the property taxes receivable, net:

| | <u>General</u> | <u>Transportation</u> | <u>Total</u> |
|----------------------------------|------------------|-----------------------|------------------|
| Property taxes receivable | \$ 239,634 | \$ 9,528 | \$ 249,162 |
| Less allowance for uncollectable | <u>(193,741)</u> | <u>(7,703)</u> | <u>(201,444)</u> |
| Total | <u>\$ 45,893</u> | <u>\$ 1,825</u> | <u>\$ 47,718</u> |

J. Accumulated Unpaid Vacation, Sick Pay, or Other Compensated Time Off

All contract teachers are paid for the specified number of contract days worked. Any other personnel who are entitled to paid vacation must take that vacation in the current year.

Sick days are credited to the employee each year on July 1 as follows:

- 10 days for 9 month employees
- 11 days for 10 month employees
- 12 days for 12 month employees

These days may be used only for illness and/or up to a maximum of 3 days bereavement. Excess sick days may be accumulated or are paid to teachers at June 1 of each year. Pay for accumulated sick days upon termination will be one-half the current substitute rate for unused days over 60. Accrued sick pay for year end June 30, 2017 is \$43,250.

There is no compensated time off for extra hours worked.

K. Employees Sick Leave Bank

Each employee who desires to participate in the sick leave bank, will contribute one day per year until the bank has accumulated over 200 days. Participants may draw up to 15 days per year per employee for extended illness or long-term disability.

L. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

M. Accrued Salaries and PERA

The liability at June 30, 2017 for salaries earned by employees who contract for a period less than 12 months and receive payment over a twelve month period is reflected in the accompanying statements. The accrued liabilities are computed on these salaries and is shown as a liability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Net Position and Fund Balances

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

- Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.
- Restricted – assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.
- Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

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

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 2 - JOINT VENTURE

Pursuant to an agreement authorized by State Statutes, Hayden School District No. RE: 1 joined with five other local school districts to establish and operate the Northwest Colorado Board of Cooperative Educational Services. The five other Districts are as follows:

East Grand Schools
South Routt Schools
North Park Schools
Steamboat Springs Schools
West Grand Schools

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 - JOINT VENTURE, Continued

The District has included in the accompanying financial statements, assistance passed through from BOCES and District disbursements to BOCES as revenues and expenditures, respectively, in the General Fund. The District does not retain any ongoing financial interest in either assets or liabilities of BOCES.

NOTE 3 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Hayden School District No. RE: 1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions 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 Hayden School District No. RE: 1 are provided with pensions through the School Division Trust Fund (SCHDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

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

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

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 for the SCHDTF.

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

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

Contributions. Eligible employees and Hayden School District No. RE: 1 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 ¹ | 10.15% | 10.15% |
| Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹ | (1.02)% | (1.02)% |
| Amount Apportioned to the SCHDTF ¹ | 9.13% | 9.13% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹ | 4.20% | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹ | 4.50% | 5.00% |
| Total Employer Contribution Rate to the SCHDTF ¹ | 18.13% | 18.63% |

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Hayden School District No. RE: 1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Hayden School District No. RE: 1 were \$611,581 for the year ended June 30, 2017.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - 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 Hayden School District No. RE: 1 reported a liability of \$21,341,367 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 Hayden School District No. RE: 1 proportion of the net pension liability was based on Hayden School District No. RE: 1 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 Hayden School District No. RE-1 proportion was 0.07 percent, which was no significant difference from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Hayden School District No. RE: 1 recognized pension expense of \$3,571,851. At June 30, 2017, the Hayden School District No. RE: 1 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 | 266,800 | 188 |
| Changes of assumptions or other inputs | 6,924,829 | 96,239 |
| Net difference between projected and actual earnings on pension plan investments | 713,611 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 199,199 | 19 |
| Contributions subsequent to the measurement date | 318,089 | - |
| Total | 8,422,528 | 96,446 |

\$318,089 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 ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|-----------|
| 2018 | 3,125,260 |
| 2019 | 3,126,834 |
| 2020 | 1,549,601 |
| 2021 | 7,118 |
| 2022 | - |
| Thereafter | - |

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

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

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

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

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

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

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 on the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of 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 3 - 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.

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

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

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

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - 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 long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|-----------------------------------|--------------------------|---|
| U.S. Equity – Large Cap | 21.20% | 4.30% |
| U.S. Equity – Small Cap | 7.42% | 4.80% |
| Non U.S. Equity – Developed | 18.55% | 5.20% |
| Non U.S. Equity – Emerging | 5.83% | 5.40% |
| Core Fixed Income | 19.32% | 1.20% |
| 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% |
| Total | 100.00% | |

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

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, 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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

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

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of 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.

Sensitivity of the Hayden School District No. RE: 1 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 | 26,836,084 | 21,341,367 | 16,866,120 |

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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description - The Hayden School District No. RE: 1 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 may be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Hayden School District No. RE: 1 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 Hayden School District No. RE: 1 are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution 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 Hayden School District No. RE: 1 contributions to the HCTF were \$30,782, \$31,567, and \$33,927, respectively, equal to their required contributions for each year.

NOTE 5 - SUPPLEMENTAL EMPLOYMENT OF RETIRED STAFF MEMBERS

After retirement, an employee may generally work up to 110 days or 720 hours per calendar year for a PERA affiliated employer. If the work limit is exceeded, the monthly retirement benefit will be reduced by 5 percent for each day worked over 110. The work limit applies to all service and disability retirees.

NOTE 6 - EARLY RETIREMENT/SERVICE BONUS POLICY

An employee of the Hayden School District No. RE: 1 who retires or resigns from full-time active service after a period of 15 years of employment may receive payments from the District in accordance with the following conditions and payments schedule:

| <u>Years of Service</u> | <u>Amount (% of Salary)</u> | <u>Payment Schedule</u> |
|-------------------------|--|---|
| 20+ Years | 70% of annual salary in effect at time of application. | Both policies are payable in two equal annual installments, the first one month after retirement, |
| 15-19 Years | 35% of annual salary in effect at time of application. | the second in January of the next budget year. |

Receipt of benefits under the Early Retirement/Service Bonus Policy is limited to a maximum of 5 persons per year. Applicants are accepted on a first come first serve basis and application must be made on or before March 15 to be eligible for consideration of early retirement or service benefits for the following school year.

NOTE 7 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 - CASH AND INVESTMENTS, Continued

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments held as of June 30, 2017 are as follows:

| <u>June 30, 2017</u> | <u>Cost</u> | <u>Market Value</u> |
|----------------------|-------------------|---------------------|
| COLOTRUST | <u>\$ 199,455</u> | <u>\$ 199,455</u> |

The District has invested \$199,455 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operated similarly to a money market fund and each share is equal in net asset value (NAV) to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST 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 COLOTRUST. At June 30, 2017 the District's investment in the COLOTRUST was rated AAAM by Standard & Poor's. The District records this investment at NAV.

At June 30, 2017, cash and investments consisted of the following:

| | | |
|--|--|-------------------|
| Deposits: | | |
| Cash on Hand | | \$ 50 |
| Cash in Bank | | 251,550 |
| Cash with county | | 338,895 |
| Investments: | | |
| Cash with ColoTrust | | <u>199,455</u> |
| Net Cash and Investments | | <u>\$ 789,950</u> |
| Classifications: | | |
| Reserved – Tabor Amendment – Emergency Reserve | | \$ 152,871 |
| Designated for food service | | 16,587 |
| Designated for transportation | | 125,285 |
| Designated as Due to Specific Student Groups | | <u>163,954</u> |
| Total Designated | | 458,697 |
| Unreserved | | <u>331,253</u> |
| TOTAL | | <u>\$ 789,950</u> |

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended June 30, 2017 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 99,455 | \$ - | \$ - | \$ 99,455 |
| Water Rights | 10,000 | - | - | 10,000 |
| Total Capital Assets Not Being Depreciated | <u>109,455</u> | <u>-</u> | <u>-</u> | <u>109,455</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings & Improvements | 9,481,448 | 36,993 | - | 9,518,441 |
| Equipment | 1,348,493 | 9,500 | - | 1,357,993 |
| Vehicles | 672,093 | - | - | 672,093 |
| Site Improvements | 829,994 | - | - | 829,994 |
| Total Capital Assets Being Depreciated | <u>12,332,028</u> | <u>46,493</u> | <u>-</u> | <u>12,378,521</u> |
| Less: Accumulated Depreciation: | | | | |
| Buildings & Improvements | (5,358,518) | (215,105) | - | (5,573,623) |
| Equipment | (801,657) | (81,270) | - | (882,927) |
| Vehicles | (632,160) | (11,951) | - | (644,111) |
| Site Improvements | (585,383) | (33,411) | - | (618,794) |
| Total Accumulated Depreciation | <u>(7,377,718)</u> | <u>(341,737)</u> | <u>-</u> | <u>(7,719,455)</u> |
| Total Capital Assets Being Depreciated, Net | <u>4,954,310</u> | <u>(295,244)</u> | <u>-</u> | <u>4,659,066</u> |
| Governmental Activities Net Capital Assets | <u>\$ 5,063,765</u> | <u>\$ (295,244)</u> | <u>\$ -</u> | <u>\$ 4,768,521</u> |

Depreciation expense was charged to function/programs of the primary government as follows:

| | |
|--|-------------------|
| Governmental Activities: | |
| General Administration | \$ 215,104 |
| Operations & Maint. | 33,411 |
| Pupil Transportation | 11,951 |
| Food services | 950 |
| Unallocated | <u>80,321</u> |
| Total depreciation expense – governmental activities | <u>\$ 341,737</u> |

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9 – INVENTORY

Inventory consists of the following:

| | Governmental Fund Food Service |
|---------------------|--------------------------------------|
| Inventory, at Cost: | |
| Food | \$ 507 |
| Non-Food | 500 |
| Commodities | 6,243 |
| Total Inventory | \$ 7,250 |

NOTE 10 - CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in Long-Term Liabilities:

| | July 1, 2016 Balance | Additions | Deductions | June 30, 2017 Balance | Due in One Year |
|--------------------------|-------------------------|---------------|-------------|--------------------------|--------------------|
| Lease refinance | \$ 329,924 | \$ - | \$ (43,846) | \$ 286,078 | \$ 46,225 |
| Equipment lease purchase | 223,523 | - | (53,237) | 170,286 | 54,962 |
| Net pension liability | 10,741,574 | 10,599,793 | - | 21,341,367 | - |
| Total | \$ 11,295,021 | \$ 10,599,793 | \$ (97,083) | \$ 21,797,731 | \$ 101,187 |

NOTE 11 - CAPITALIZED LEASE OBLIGATIONS

On August 15, 2007, the School District entered into a Lease Agreement with All American Investment Group LLC for energy efficient upgrades to the buildings. Title to the Equipment is vested in the School District. The Lease payments are payable quarterly at 3.05% interest rate. This lease was refinanced in March 2013.

The new lease is payable quarterly at 2.95% interest rate.

The following is a schedule by years of future minimum lease payments under the lease agreement as of June 30, 2017:

| Fiscal Year Ending June 30 | Principal | Interest | Total Payment |
|----------------------------|------------|-----------|------------------|
| 2018 | \$ 46,225 | \$ 7,921 | \$ 54,146 |
| 2019 | 48,696 | 6,532 | 55,228 |
| 2020 | 51,263 | 5,070 | 56,333 |
| 2021 | 53,928 | 3,532 | 57,460 |
| 2022 | 56,695 | 1,913 | 58,608 |
| 2023 | 29,271 | 324 | 29,595 |
| Total | \$ 286,078 | \$ 25,292 | \$ 311,370 |

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 - CAPITALIZED LEASE OBLIGATIONS, Continued

On August 12, 2015, the School District entered into a Lease Agreement with Key Bank for wireless system upgrades. Title to the Equipment is vested in the School District. The Lease payments are payable monthly at 3.192% interest rate.

The following is a schedule by years of future minimum lease payments under the lease agreement as of June 30, 2017:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payment</u> |
|-----------------------------------|-------------------|------------------|--------------------------|
| 2018 | \$ 54,962 | \$ 5,517 | \$ 60,479 |
| 2019 | 56,743 | 3,736 | 60,479 |
| 2020 | <u>58,581</u> | <u>1,897</u> | <u>60,478</u> |
| Total | <u>\$ 170,286</u> | <u>\$ 11,150</u> | <u>\$ 181,436</u> |

NOTE 12 - INDIVIDUAL FUND TRANSFERS

Transfers to and from other funds at June 30, 2017 consisted of the following:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> |
|----------------------|-----------------------|-------------------|
| General Fund | Capital Projects Fund | \$ 120,000 |
| General Fund | Food Service Fund | <u>47,000</u> |
| | | <u>\$ 167,000</u> |

Transfers among Funds are provided for as part of the Annual Budget process. Transfers are used to move Revenues from the Fund required to collect the Revenue to the Fund required or authorized to expend them. All Interfund Transfers for the fiscal year were routine in nature.

NOTE 13 - SPECIAL ELECTION (1994)

On November 8, 1994, the voters of Hayden School District No. RE: 1 approved a ballot issue allowing the district to raise, receive and expend local property taxes in all subsequent years in the amount of \$430,000.

NOTE 14 - COMPLIANCE WITH TAXPAYER'S BILL OF RIGHTS (TABOR)

In November 1992, Colorado Voter's amended Article X of the Colorado Constitution with the addition of Section 20, referred to as Tabor. The bill contains revenue, spending, tax and debt limitations which apply to Hayden School District No. RE: 1. Tabor requires advance voter approval, under specific guidelines, for the increase of any new tax or mill levy above that for the prior year. These provisions were applied in the November, 1994 election for Hayden School District No. RE: 1 and the override election as explained in Note 14, Note 17, Note 18, and Note 19.

Tabor also requires the establishment of emergency reserves restricted for specified uses as outlined in the Bill. For the year ended June 30, 2017, the required 3% reserve was \$152,871. This amount was funded and recorded in the Capital Reserve Fund for \$36,608 and in the General Fund for \$116,263.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, thefts of or damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District covers its employees, due to injuries, under Colorado Compensation Insurance Authority (CCIA). The District's exposure to the remaining risks of loss are handled through the purchase of commercial insurance through Acordia of Colorado, Inc.

NOTE 16 - OVERRIDE ELECTION (1998)

At the regular election in November 1998, the voters of the Hayden School District No. RE: 1 voted to authorize the District to collect, retain and expend all revenues and other funds received from any source during 1997-98 and each subsequent year, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, provided, however that no property tax mill levy shall be increased at any time nor shall any new tax be imposed without the prior approval of the voters of Hayden School District No. RE: 1.

NOTE 17 - OVERRIDE ELECTION (2002)

At the regular election in November 2002, the voters of Hayden School District No. RE: 1 approved the following ballot question:

Shall Hayden School District No. RE: 1, Routt County, Colorado, taxes be increased \$154,000 annually for the 2002-2003 budget year and each budget year thereafter for the purpose of providing additional local property tax revenues for educational purposes, which revenue shall be the sole responsibility of local taxpayers by imposing an annual mill levy in an amount sufficient to produce the amount specified above, which taxes shall be deposited into and expended from the General Fund of the School District and shall be in addition to the property taxes that otherwise would be levied for the General Fund, with such taxes to be collected and spent without further voter approval notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other Law? Approved 11/5/02.

NOTE 18 - OVERRIDE ELECTION (2016)

At the regular election in November 2016, the voters of Hayden School District No. RE: 1 approved the following ballot question:

Shall Hayden School District No. RE: 1, Routt County, Colorado, taxes be increased \$127,000 annually for the 2016-2017 budget year through the 2020-2021 budget year for the purpose of purchasing 4 buses and possibly 2 small vehicles, which revenue shall be the sole responsibility of local taxpayers by imposing an annual mill levy in an amount sufficient to produce the amount specified above, which taxes shall be deposited into and expended from the Transportation Fund of the School District and shall be in addition to the property taxes that otherwise would be levied for the Transportation Fund, with such taxes to be collected and spent without further voter approval notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other Law? Approved 11/1/16.

NOTE 19 - CONTINGENT LIABILITIES

Management of the District has evaluated events subsequent to June 30, 2017, through the issuance date of this report. There were no contingent liabilities at June 30, 2017 other than those that might result from adverse interpretations of the Tabor Amendment Provisions relative to the School District's actions outlined in Note 13, Note 14, Note 16, Note 17, and Note 18.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 20 – REPORTING FOR PENSIONS

Beginning in 2015, financial reporting information pertaining to the District's participation in Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

NOTE 21 – SUBSEQUENT EVENTS

The School District has evaluated subsequent events through September 27, 2017, the date at which the financial statements were available to be issued, and determined that there is an event that occurred that requires disclosure. The School District is proposing a mill levy increase in the November 2017 election for the purpose of issuing a bond for a new K-12 building and other improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGET COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2017

| | Budget | |
|----------------------------------|---------------------|---------------------|
| | Original | Final |
| REVENUES | | |
| Local sources | | |
| Property taxes | \$ 3,120,143 | \$ 3,204,808 |
| Specific ownership taxes | 226,200 | 230,000 |
| Delinquent taxes/penalties | 102,111 | 100,000 |
| Abatement recovery | - | - |
| Pupil activity | 40,000 | 40,000 |
| Tuition | 30,000 | 40,000 |
| Other local | 340,000 | 200,000 |
| County sources | 57,200 | 80,000 |
| State sources | | |
| State equalization | 1,195,717 | 1,191,625 |
| Vocational education | 40,000 | 18,000 |
| Early Childhood Education | - | 40,000 |
| Transportation | 35,000 | 38,000 |
| ELPA | - | 7,000 |
| Student wellness | - | 50,000 |
| Other state | 78,715 | 358,145 |
| Federal sources | | |
| Vocational education | - | 9,000 |
| REAP grant | - | 28,000 |
| Carl Perkins grant | - | 185,000 |
| Title I | 32,910 | 61,482 |
| BOCES-ELL | - | 1,120 |
| Title II - teacher qualification | - | 10,129 |
| Other federal | 174,000 | 37,999 |
| Interest earned | 2,000 | 2,000 |
| TOTAL REVENUES | <u>\$ 5,473,996</u> | <u>\$ 5,932,308</u> |

| <u>Actual</u> | <u>Variance from final budget</u> |
|---------------|---------------------------------------|
| \$ 3,011,067 | \$ (193,741) |
| 83,931 | (146,069) |
| 39,905 | (60,095) |
| 21,091 | (18,909) |
| 77,188 | 37,188 |
| 186,652 | (13,348) |
| 53,608 | (26,392) |
| 1,197,456 | 5,831 |
| 37,291 | 19,291 |
| 40,749 | 749 |
| 40,277 | 2,277 |
| 2,443 | (4,557) |
| 50,000 | - |
| 411,803 | 53,658 |
| 9,418 | 418 |
| 9,483 | (18,517) |
| 153,103 | (31,897) |
| 61,482 | - |
| 1,007 | (113) |
| 10,129 | - |
| 44,776 | 6,777 |
| 1,803 | (197) |
| \$ 5,544,662 | \$ (387,646) |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGET COMPARISON SCHEDULE - CONTINUED

GENERAL FUND

For the Year Ended June 30, 2017

| | Budget | |
|--|-------------------|------------------|
| | Original | Final |
| EXPENDITURES | | |
| Instruction | \$ 3,177,279 | \$ 3,292,452 |
| Supporting services | | |
| Pupils health and attendance | 251,647 | 362,648 |
| Instructional staff library | 219,702 | 300,673 |
| General administration | 219,202 | 262,251 |
| School administration principals | 363,481 | 371,071 |
| Operations and maintenance | 507,017 | 466,301 |
| Pupil transportation | 222,259 | 221,263 |
| Other business services | 138,083 | 144,820 |
| Reserve for contingencies | - | 258,531 |
| Designated for service bonus and work stipends | - | - |
| Insurance premiums | 73,798 | 72,298 |
| Debt service: | | |
| Principle | | - |
| Interest | | - |
| TOTAL EXPENDITURES | <u>5,172,468</u> | <u>5,752,308</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>301,528</u> | <u>180,000</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers out | <u>(80,000)</u> | <u>(180,000)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(80,000)</u> | <u>(180,000)</u> |
| EXCESS OF REVENUES OVER EXPEND- ITURES AND OTHER FINANCING USES | 221,528 | - |
| FUND BALANCE, BEGINNING OF YEAR | <u>443,957</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 665,485</u> | <u>\$ -</u> |

| <u>Actual</u> | <u>Variance from final budget</u> |
|--------------------|---------------------------------------|
| \$ 3,423,527 | \$ (131,075) |
| 394,156 | (31,508) |
| 302,662 | (1,989) |
| 299,287 | (37,036) |
| 376,155 | (5,084) |
| 464,480 | 1,821 |
| 217,013 | 4,250 |
| 139,278 | 5,542 |
| - | 258,531 |
| - | - |
| 79,214 | (6,916) |
| 53,237 | (53,237) |
| 7,228 | (7,228) |
| <u>5,756,237</u> | <u>(3,929)</u> |
| <u>(211,575)</u> | <u>(391,575)</u> |
| <u>(167,000)</u> | <u>13,000</u> |
| <u>(167,000)</u> | <u>13,000</u> |
| (378,575) | (378,575) |
| <u>338,638</u> | <u>338,638</u> |
| <u>\$ (39,937)</u> | <u>\$ (39,937)</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

**BUDGET COMPARISON SCHEDULE
TRANSPORTATION FUND
For the Year Ended June 30, 2017**

| | Budget | |
|---|----------|------------|
| | Original | Final |
| REVENUES | | |
| Property taxes | \$ - | \$ 127,425 |
| Specific ownership taxes | | - |
| Mineral lease | | - |
| TOTAL REVENUES | - | 127,425 |
| EXPENDITURES | | |
| Capital outlay | - | 127,425 |
| TOTAL EXPENDITURES | - | 127,425 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - |
| FUND BALANCE, BEGINNING OF YEAR | - | - |
| FUND BALANCE, END OF YEAR | \$ - | \$ - |

| <u>Actual</u> | <u>Variance from final budget</u> |
|-------------------|---------------------------------------|
| \$ 119,722 | \$ (7,703) |
| 4,803 | 4,803 |
| <u>760</u> | <u>760</u> |
| <u>125,285</u> | <u>(2,140)</u> |
| <u>-</u> | <u>127,425</u> |
| <u>-</u> | <u>127,425</u> |
| <u>125,285</u> | <u>125,285</u> |
| <u>-</u> | <u>-</u> |
| <u>\$ 125,285</u> | <u>\$ 125,285</u> |

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN
Last 10 Fiscal Years

| Year Ended* | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Actual Covered Member Payroll | Net Pension Liability (Asset) as a Percentage of Covered Payroll | Fiduciary Net Position as a Percentage of Total Pension Liability |
|-------------|---|--|-------------------------------|--|---|
| 6/30/2014 | 0.0687337184% | \$ 8,766,967 | \$ 2,770,871 | 316.40% | 62.84% |
| 6/30/2015 | 0.0697753434% | 9,456,903 | 2,923,264 | 323.50% | 64.07% |
| 6/30/2016 | 0.0702325586% | 10,741,574 | 3,060,718 | 350.95% | 59.16% |
| 6/30/2017 | 0.0716781847% | 21,341,367 | 3,217,046 | 663.38% | 43.13% |

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA PENSION PLAN
Last 10 Fiscal Years**

| <u>Year Ending</u> | <u>Statutorily Required Contributions</u> | <u>Actual Employer Contributions</u> | <u>Contributions Excess/ Deficiency</u> | <u>Actual Covered Member Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|------------------------|---|--|---|--|---|
| 6/30/2013 | \$ 409,473 | \$ 409,473 | \$ - | \$ 2,713,656 | 15.09% |
| 6/30/2014 | 455,266 | 455,266 | - | 2,846,895 | 15.99% |
| 6/30/2015 | 482,749 | 482,749 | - | 3,017,843 | 16.00% |
| 6/30/2016 | 549,108 | 549,108 | - | 3,094,763 | 17.74% |
| 6/30/2017 | 611,581 | 611,581 | - | 3,326,220 | 18.39% |

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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SUPPLEMENTARY INFORMATION

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGET COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2017

| | Budget | |
|--|-----------|-----------|
| | Original | Final |
| REVENUES | | |
| Interest earned | \$ - | \$ - |
| TOTAL REVENUES | - | - |
| EXPENDITURES | | |
| Debt service | | |
| Principal on leases | - | - |
| Interest on leases | - | 12,000 |
| Capital outlay | 129,441 | 128,000 |
| Contingency | 135,000 | 135,000 |
| TOTAL EXPENDITURES | 264,441 | 275,000 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (264,441) | (275,000) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 140,000 | 140,000 |
| EXCESS OF REVENUES OVER EXPEND- ITURES AND OTHER FINANCING USES | (124,441) | (135,000) |
| FUND BALANCE, BEGINNING OF YEAR | 124,441 | 135,000 |
| FUND BALANCE, END OF YEAR | \$ - | \$ - |

| <u>Actual</u> | <u>Variance from final budget</u> |
|------------------|---------------------------------------|
| <u>\$ 51</u> | <u>\$ 51</u> |
| <u>51</u> | <u>51</u> |
| 43,846 | (43,846) |
| 9,238 | 2,762 |
| 62,934 | 65,066 |
| <u>-</u> | <u>135,000</u> |
| <u>116,018</u> | <u>158,982</u> |
| <u>(115,967)</u> | <u>159,033</u> |
| <u>120,000</u> | <u>(20,000)</u> |
| 4,033 | 139,033 |
| <u>32,575</u> | <u>(102,425)</u> |
| <u>\$ 36,608</u> | <u>\$ 36,608</u> |

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGETARY COMPARISON SCHEDULE

FOOD SERVICES FUND

For the Year Ended June 30, 2017

| | <u>Budget</u> | |
|---|-----------------|----------------|
| | <u>Original</u> | <u>Final</u> |
| REVENUES | | |
| Student lunch | \$ 54,302 | \$ 56,300 |
| Ala carte - students | 2,900 | 7,000 |
| Adult lunch | 7,000 | 2,900 |
| Ala carte - adult | 325 | 325 |
| Special function - catered service | 5,000 | - |
| Interest income | 5 | 5 |
| Federal reimbursement | 45,000 | 52,777 |
| USDA commodities received | 5,400 | 5,400 |
| State red lunch grant | 1,515 | - |
| State child nutrition match | 600 | 2,115 |
| | <u>122,047</u> | <u>126,822</u> |
| TOTAL REVENUES | | |
| EXPENSES | | |
| Cost of food and milk | 43,667 | 51,360 |
| Cost of non-food items | 2,000 | 2,000 |
| Cost of ala carte | 4,000 | 4,000 |
| Salaries | 72,000 | 72,412 |
| Employee benefits | 24,980 | 23,450 |
| Purchased services | 5,700 | 3,200 |
| Supplies | 1,500 | 1,500 |
| USDA commodities used | 5,500 | 4,000 |
| Travel | - | 2,200 |
| Depreciation | 1,700 | 1,700 |
| Other | 1,000 | 1,000 |
| Capital outlay | - | - |
| | <u>162,047</u> | <u>166,822</u> |
| TOTAL EXPENSES | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENSES | (40,000) | (40,000) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 40,000 | 40,000 |
| | <u>40,000</u> | <u>40,000</u> |
| EXCESS OF REVENUES UNDER EXPENSES AND OTHER FINANCING USES | - | - |
| FUND BALANCE, BEGINNING OF YEAR | - | - |
| | <u>-</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> |

| <u>Actual</u> | <u>Variance from final budget</u> |
|------------------|---------------------------------------|
| \$ 35,297 | \$ (21,003) |
| 636 | (6,364) |
| 5,716 | 2,816 |
| - | (325) |
| 1,965 | 1,965 |
| 69 | 64 |
| 64,685 | 11,908 |
| - | (5,400) |
| 1,673 | 1,673 |
| <u>1,018</u> | <u>(1,097)</u> |
| <u>111,059</u> | <u>(15,763)</u> |
| 35,663 | 15,697 |
| 2,182 | (182) |
| 706 | 3,294 |
| 74,677 | (2,265) |
| 23,933 | (483) |
| 4,193 | (993) |
| - | 1,500 |
| - | 4,000 |
| 1,130 | (1,130) |
| 140 | 2,060 |
| - | 1,700 |
| 54 | 946 |
| <u>9,500</u> | <u>(9,500)</u> |
| <u>152,178</u> | <u>14,644</u> |
| (41,119) | (1,119) |
| <u>47,000</u> | <u>7,000</u> |
| 5,881 | 5,881 |
| <u>11,205</u> | <u>11,205</u> |
| <u>\$ 17,086</u> | <u>\$ 17,086</u> |

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES BY ACTIVITY
HIGH SCHOOL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2017

| Activities | Beginning Balance | Additions | Deductions | Ending Balance |
|---------------------------------|----------------------|-------------------|---------------------|-------------------|
| Art projects | \$ 2,555 | \$ 1,786 | \$ (1,608) | \$ 2,733 |
| Boys basketball club | 361 | 1,700 | (1,239) | 822 |
| Class of 2016 | 1,481 | - | (1,481) | - |
| Class of 2017 | 2,910 | - | (2,910) | - |
| Class of 2018 | 1,471 | 1,608 | (1,275) | 1,804 |
| Class of 2019 | 1,799 | 2,452 | - | 4,251 |
| Class of 2020 | (81) | 2,807 | (113) | 2,613 |
| HS girls volleyball | - | 2,386 | (2,386) | - |
| Band club | - | 4,644 | (3,726) | 918 |
| Auction fund | 10,270 | - | (1,849) | 8,421 |
| Community scholarship | 5,903 | 1,030 | (5,000) | 1,933 |
| Drama Club | 552 | 4,221 | (4,126) | 647 |
| FBLA club | 823 | 6,250 | (6,371) | 702 |
| Football club | 4,634 | 2,520 | (2,111) | 5,043 |
| Girls basketball club | 1,648 | 114 | (1,030) | 732 |
| H club | 1,343 | 9,936 | (10,168) | 1,111 |
| Student deck | 289 | - | - | 289 |
| Interest | 28 | 300 | (328) | - |
| Library club | 3,261 | 1,296 | (172) | 4,385 |
| National Honor Society | 211 | 605 | (791) | 25 |
| Petty cash HHS | - | 100 | (100) | - |
| Scoreboard donations | 6,880 | - | - | 6,880 |
| Summer school | 1,639 | 2,150 | (2,063) | 1,726 |
| PJS memorial | 255 | - | - | 255 |
| Season passes | 3,384 | 790 | (110) | 4,064 |
| Track | 125 | 645 | (770) | - |
| Educational travel club | 50 | 508 | (518) | 40 |
| Student council | 1,863 | 3,562 | (3,418) | 2,007 |
| Science Lab | 1,652 | 2,375 | (1,332) | 2,695 |
| Student activity | 2,643 | 4,865 | (2,291) | 5,217 |
| Vo-tech club | 2,486 | 86,589 | (95,932) | (6,857) |
| Volleyball club | 802 | 4,721 | (3,719) | 1,804 |
| Concessions | 479 | 5,980 | (6,459) | - |
| Unity council | - | 1,977 | (1,245) | 732 |
| Football | - | 1,561 | (1,561) | - |
| Teachers fund | 1,433 | - | (1,149) | 284 |
| Woods | 3,302 | 2,152 | (6,687) | (1,233) |
| Wrestling club | 2,393 | 1,604 | (2,278) | 1,719 |
| Yearbook | 22 | 4,661 | (4,170) | 513 |
| HS Wrestling | - | 5,780 | (5,780) | - |
| Other | 120 | - | - | 120 |
| Boys basketball | - | 2,455 | (2,455) | - |
| Girls basketball | - | 2,057 | (2,057) | - |
| PE club | 189 | - | - | 189 |
| Track club | 598 | 677 | (718) | 557 |
| Administrative staff fund | 133 | - | - | 133 |
| Adv placement Peabody grant | 527 | 1,997 | (2,126) | 398 |
| Class & maintenance | 1,594 | - | - | 1,594 |
| Recreation management | 9 | - | - | 9 |
| Tiger TV | 2 | 56 | - | 58 |
| Leadership | 475 | - | - | 475 |
| Travel club | 100 | 274 | (276) | 98 |
| PTSO | 1,192 | 1,913 | (1,097) | 2,008 |
| Band camp | 262 | 140 | (208) | 194 |
| Activities adversting | 7,348 | 10,185 | (11,554) | 5,979 |
| Chromebook insurance | 3,718 | 6,240 | (5,724) | 4,234 |
| Academic competition | - | 2,092 | (991) | 1,101 |
| College text books/college prep | - | 598 | (250) | 348 |
| Health & wellness | 300 | - | - | 300 |
| Secondary school furn/prop | 10,000 | 12,406 | (10,627) | 11,779 |
| Secondary school enhancement | 6,664 | - | (4,040) | 2,624 |
| Total | \$ 102,097 | \$ 214,765 | \$ (228,389) | \$ 88,473 |

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

**STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES BY ACTIVITY
MIDDLE SCHOOL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2017**

| Activities | Beginning Balance | Additions | Deductions | Ending Balance |
|---------------------------|----------------------|------------------|--------------------|-------------------|
| 6th grade science camp | \$ 1,665 | \$ 1,865 | \$ (2,125) | \$ 1,405 |
| Afterschool club | 108 | - | - | 108 |
| Class of 2019 | 2,452 | - | (2,452) | - |
| Class of 2020 | 2,888 | 19 | (2,907) | - |
| Class of 2021 | 1,666 | 1,546 | (1,031) | 2,181 |
| Class of 2022 | 320 | 1,417 | - | 1,737 |
| Class of 2023 | - | 1,340 | (575) | 765 |
| Lost/damage fees | 265 | 15 | - | 280 |
| Crow Canyon | 36 | - | - | 36 |
| DC trip 8th grade | 9 | - | - | 9 |
| HMS lady volleyball | - | 1,874 | (875) | 999 |
| MS boys basketball | - | 1,665 | (1,665) | - |
| MS football | 451 | 330 | (781) | - |
| HMS lady Tiger basketball | 266 | 99 | - | 365 |
| MS girls basketball | - | 686 | (686) | - |
| Wrestling | - | 515 | (515) | - |
| Track | - | 350 | (350) | - |
| Volleyball | - | 316 | (316) | - |
| Water fund | 155 | - | - | 155 |
| Friends of Rachel | 33 | - | - | 33 |
| HMS Band | 243 | 1,133 | (773) | 603 |
| Power fund | 450 | - | - | 450 |
| Hayden Tiger track | 7,728 | 12,569 | (10,734) | 9,563 |
| Student activities | 4,209 | 872 | (1,173) | 3,908 |
| Student leadership | 1,015 | 157 | (385) | 787 |
| Tiger weight club | 1,849 | - | - | 1,849 |
| Wrestling club | 407 | 400 | - | 807 |
| Math workbook fees | 342 | 30 | - | 372 |
| Woods fees | 1,578 | 500 | (1,578) | 500 |
| Art | 631 | 430 | (826) | 235 |
| Cash on hand | 100 | - | - | 100 |
| HMS Cheer | 30 | - | - | 30 |
| Yearbook | 593 | 695 | (1,288) | - |
| Chromebook | 2,500 | 2,381 | (3,772) | 1,109 |
| Coffee fundraiser | 780 | 2,975 | (1,773) | 1,982 |
| Health & wellness | 300 | - | - | 300 |
| Paper fee | 430 | - | - | 430 |
| Rockets | 3 | - | - | 3 |
| Total | \$ 33,502 | \$ 34,179 | \$ (36,580) | \$ 31,101 |

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES BY ACTIVITY
ELEMENTARY SCHOOL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2017

| Activities | Beginning Balance | Additions | Deductions | Ending Balance |
|----------------------------------|----------------------|------------------|--------------------|-------------------|
| 4th/5th grade Activity | \$ 10 | \$ - | \$ (12) | \$ (2) |
| Art | 110 | 210 | (44) | 276 |
| Band/music | 491 | 7 | (4) | 494 |
| Book fair | 1,046 | 1,661 | (1,353) | 1,354 |
| CEI - Brown | 1,000 | - | (1,000) | - |
| Century Link grant - Cucuel | - | 5,000 | - | 5,000 |
| Faculty lounge | 245 | 531 | (380) | 396 |
| Flying Art | 233 | - | - | 233 |
| Literacy carnival | 345 | 149 | - | 494 |
| DI | 120 | - | - | 120 |
| Dellos/Owen YVEA Grant | 149 | - | (149) | - |
| LEF Trees | 177 | 5 | - | 182 |
| Passport to reading rotary grant | 4 | - | (4) | - |
| School improvement team | 2,213 | 2,716 | (3,384) | 1,545 |
| Student activity | 832 | 2,426 | (2,258) | 1,000 |
| Student council | 1,046 | 587 | (238) | 1,395 |
| Student council - tiger statue | 302 | - | (302) | - |
| Virtue/PBS | 207 | - | (12) | 195 |
| Gift festival | 210 | - | (210) | - |
| Health Wellness SOS | - | 24,873 | (6,877) | 17,996 |
| Health Champion Award - CEI | - | 2,500 | (100) | 2,400 |
| iPad Steamboat Rotary - Geddes | 39 | - | (39) | - |
| Kindergarten Snack | 260 | 445 | (322) | 383 |
| Land to school/Deepe | 417 | - | - | 417 |
| Red Ribbon Week | 230 | 195 | (322) | 103 |
| Scheckman Grant - summer school | - | 3,600 | - | 3,600 |
| Social committee | 676 | 1,671 | (1,514) | 833 |
| Class Act productions | 2,924 | - | (208) | 2,716 |
| World class - Epp | 4 | - | (4) | - |
| Xcel Energy Grant - Aleks math | 73 | - | (73) | - |
| YVEA Grant for Yampatika | 750 | - | (750) | - |
| Deepe - Yampa Valley Comm. Grant | 1,000 | - | - | 1,000 |
| Home literacy - YVEA MotherRead | 66 | 2,570 | (1,270) | 1,366 |
| HSD skie program | 300 | - | (300) | - |
| PE Colo. Edu. Initiative Grant | 17 | - | (17) | - |
| Preschool snack/supplies | - | 2,600 | (2,601) | (1) |
| PTO health & wellness | 250 | 1,010 | (489) | 771 |
| Stem Club | 440 | 2,467 | (2,793) | 114 |
| Total | \$ 16,186 | \$ 55,223 | \$ (27,029) | \$ 44,380 |

**REPORTS AND SCHEDULE REQUIRED
BY OUTSIDE ENTITIES**



**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION-
AUTOMATED DATA EXCHANGE PROJECT - FINANCIAL DATA - INTEGRITY CHECK FIGURES**

We have audited the basic financial statements of the Hayden School District No. Re: 1 as of and for the year ended June 30, 2017, and have issued our report thereon dated September 27, 2017. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Hayden School District No. RE: 1, taken as a whole. The accompanying Schedule of Automated Data Exchange Project - Financial Data - Integrity Check Figures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

ColoCPA Services, PC

November 15, 2017

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Colorado Department of Education
Auditors Integrity Report
 District: 2760 - HAYDEN RE-1
 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 | 338,638 | 5,377,662 | 5,756,237 | -39,937 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub-Total | 338,638 | 5,377,662 | 5,756,237 | -39,937 |
| 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 | 11,204 | 147,336 | 141,455 | 17,086 |
| 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 | 125,285 | 0 | 125,285 |
| 31 Bond Redemption Fund | 0 | 0 | 0 | 0 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 0 | 0 | 0 | 0 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 32,575 | 120,051 | 116,018 | 36,608 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 382,417 | 5,770,334 | 6,013,709 | 139,042 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 0 | 0 | 0 | 0 |
| 74 Pupil Activity Agency Fund | 151,785 | 304,167 | 291,998 | 163,954 |
| 79 GASB 34 Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 151,785 | 304,167 | 291,998 | 163,954 |

FINAL

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

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