

cPa DIXON, WALLER & CO., INC.

AGUILAR SCHOOL

DISTRICT RE-6

AGUILAR, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

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AGUILAR SCHOOL DISTRICT RE-6

FINANCIAL STATEMENTS

JUNE 30, 2018

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AGUILAR SCHOOL DISTRICT RE-6
ROSTER OF SCHOOL OFFICIALS
June 30, 2018

BOARD OF EDUCATION

David Pagnotta	President
Natalie Grubelnik	Vice President
Connie Gomez	Treasurer
Margie Baudino	Secretary
Justin Beard	Member
Joseph Porras	Member
Leland Gulley	Member

OTHER OFFICIALS

Stacy Houser	Superintendent
Jennifer Porras	Business Manager

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Aguilar School District RE-6
Aguilar, Colorado 81020

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aguilar School District Number RE-6, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Aguilar School District Number RE-6, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post employment benefit trend data on pages i through ix and 44 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aguilar School District Number RE-6's basic financial statements. The combining and individual fund financial statements, other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules and state required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

Deifon, Waller & Co., Inc.

Trinidad, Colorado
November 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

As management of the Aguilar School District Re-6, we offer readers of the Aguilar School District's financial statements this narrative overview and analysis of the financial activities of the Aguilar School District for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this section.

Financial Highlights

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$150,141. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association (PERA), is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$142,873 to \$1,652,351 from \$1,795,224 at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available

Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, PERA, is recorded as a liability of the District. The District's net pension liability increased to \$6,574,805 for 2018 from \$5,991,150 the prior year.

The ending net position at June 30, 2018 decreased \$1,199,515 compared to \$869,750 the prior year. Revenues decreased \$37,352 from the prior year while expenses increased by \$292,413. Following are highlights of changes in activities:

- During the FY 2017-18 revenues related to governmental activities were: State Equalization, \$1,288,151 down from \$1,358,856 the previous year; Specific Ownership, \$62,439 up from \$51,728 the previous year; Property Taxes, \$379,236 up from \$368,434 the previous year.
- The funded pupil count increased from 112.7 for FY 2016-17 to 112.2 for FY 2017-18. Per pupil operating revenue increased from \$14,000 to \$14,234 for the respective fiscal years. Total program funding from the School Finance Act is further impacted by the "Average Funded Pupil Count" and the risk add-on adjustment based on the number of students eligible for free lunch. Overall, total program funding decreased \$20,099 from the previous year

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

- Federal aid and grants received in the General Fund totaled \$234,153 up from \$136,927 last year. The change is due to two new grants referred to as Pathways and Connect for Success.
- Miscellaneous revenues for FY 2017-18 totaled \$28,986 compared to \$9,047 the prior year. The difference is from a health insurance rebate, donations and reimbursements for teacher stipends.
- Expenses increased \$292,413 primarily due to the increase in pension and OPEB costs over the prior year.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. Data for fiscal year 2018 is compared to fiscal year 2017. The School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used in private sector companies. The statement of net position includes all of the government's assets, liabilities and deferred flows.

The district-wide statements report the District's net position is one way to measure the District's financial health or position. Increase or decrease in the District's net position could indicate whether the District's financial health is improving or deteriorating. When considering the District's financial health, one needs to consider many mitigating factors over which the District has little influence such as: enrollment, state funding, changes in the District's tax base, and outside economic influences. These factors, along with the condition of the school buildings, are very critical to a District's financial health, especially in a district with limited local control.

Governmental activities: Most of the district's basic services are included here, such as instruction, transportation, maintenance, operations, and administration. State funding from equalization and property taxes finance most of these activities. This information is comprised of all of the following Aguilar School District Re-6 District Funds: 1) the general fund, 2) the preschool fund, 3) the food service fund and 4) the bond redemption fund.

Business-type activities: The District had no business-type activities.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Fund Financial Statements

The fund financial statements are intended to provide more detailed information about the District's funds. It focuses on its most significant or "major" funds, not the District as a whole spending on particular programs. Like other local governments, Aguilar School District Re-6 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Aguilar School District Re-6 maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) general fund and (2) the bond redemption fund considered major funds and 3) non-major funds made up of the food service fund.

Proprietary Funds: Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The Aguilar School District Re-6 has no proprietary funds.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as student activity funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Financial Analysis of the District as a Whole

As noted earlier, net position may serve over time a useful indicator of the district's financial position. The District's net position on June 30, 2018 was \$452,836 including net investment in capital assets totaling \$5,139,448 (e.g. land, buildings, infrastructure, machinery, and equipment net of depreciation less related debt). Restricted net position includes \$58,000 to meet TABOR reserve requirements, \$71,013 restricted for debt obligations and \$7,515 reserved for food service operations. Unrestricted net position of the District is negative \$4,823,140. Following is a summary of the District's net position for 2018 compared to 2017:

**Table 1
Net Position**

	2018	2017	NET CHANGE
	Governmental Activities	Governmental Activities	
ASSETS			
Current and Other Assets	710,953	726,911	(15,958)
Capital Assets	5,389,448	5,578,197	(188,749)
Total Assets	6,100,401	6,305,108	(204,707)
DEFERRED OUTFLOW OF RESOURCES			
Pension	2,072,450	2,307,468	(235,018)
Post Employment Benefits	6,983	-	6,983
Total Deferred Outflow of Resources	2,079,433	2,307,468	(228,035)
LIABILITIES			
Current and Other Liabilities	230,692	279,334	(48,642)
Long Term Liabilities	7,067,851	6,407,991	659,860
Total Liabilities	7,298,543	6,687,325	611,218
DEFERRED INFLOW OF RESOURCES			
Pension	425,943	130,027	295,916
Post Employment Benefits	2,512	-	2,512
Total Deferred Inflow of Resources	428,455	130,027	298,428
NET POSITION			
Net Investment in Capital Assets	5,139,448	5,278,197	(138,749)
Restricted for:			
Tabor Reserve	58,000	58,000	-
Debt	71,013	74,034	(3,021)
Preschool	-	-	-
Food Service	7,515	5,833	1,682
Unrestricted	(4,823,140)	(3,620,840)	(1,202,300)
	452,836	1,795,224	(1,342,388)

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Highlights from the Statement of Net Position

1. Current assets decreased \$15,958. Cash and investments decreased \$73,426 while accounts receivable and accrued revenues increased by a net amount of \$51,060. Current liabilities decreased \$48,642 primarily due to the change advance on grant funding.
2. Capital assets decreased \$188,749 which is the net effect of capitalizing a greenhouse at a cost of \$14,794 and subtracting annual depreciation totaling \$203,543.
3. Noncurrent liabilities increased \$659,860 primarily due to the net effect of paying off debt in the amount of \$55,000, a decrease in compensated absences of \$17,524, and increases in the District's estimated share of PERA pension and OPEB liabilities in the amount of \$583,655 and \$150,141, respectively.
4. Deferred outflow of resources decreased \$228,035 while deferred inflows increased \$298,428 resulting in a decrease in net position by \$526,463.

Governmental Activities

Following are highlights of governmental activities changes from prior year. The majority of the cost for governmental activities is financed with state equalization and property taxes.

- Total Revenue decreased \$37,352 of which \$70,705 is from the decrease in the State share of Public School Finance offset by increases to local taxes of \$21,513. Grants and Contributions decreased \$9,215 while other revenue increased \$19,939.
- Expenses increased \$292,413 of which \$209,076 is from amortization of pension costs under GASB 68 and \$2,797 from amortization of OPEB costs under GASB 75. Instruction increased \$71,434 while instructional staff support increased \$14,684 and school administration increased \$19,100. Transportation increased \$16,139 while operations and maintenance decreased \$42,834. The net change in general and central administration and business services was \$4,238
- Net position decreased by \$1,199,515 for the current year compared to \$869,750 the prior year, both of which were significantly impacted by GASB 68 reporting of the District's share of the PERA pension liability and GASB 75 reporting of the District's share of OPEB liability.

Following is a summary of current year revenues, expenses and changes in net position compared to the prior year.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

**Table 2
Changes in Net Position**

	2018	2017	NET
	Governmental	Governmental	CHANGE
	Activities	Activities	
Revenues			
Charges for Services	7,252	6,554	698
Operating Grants and Contributions	397,673	406,888	(9,215)
Property taxes	379,236	368,434	10,802
Specific Ownership Taxes	62,439	51,728	10,711
Equalization	1,288,151	1,358,856	(70,705)
Earnings on investments	736	318	418
Other Revenues	28,986	9,047	19,939
Transfers	-	-	-
TOTAL REVENUES	2,164,473	2,201,825	(37,352)
Expenses			
Instructional services	1,208,741	1,137,307	71,434
Students	-	-	-
Instructional staff	122,844	108,160	14,684
District administration	184,806	194,009	(9,203)
School administration	76,355	57,255	19,100
Business	77,552	75,555	1,997
Operation and maintenance of facilities	259,208	302,042	(42,834)
Transportation	81,058	64,919	16,139
Central	112,036	100,592	11,444
Food Service	109,722	109,167	555
Capital outlay	-	-	-
Interest on Long Term Liabilities	14,280	17,056	(2,776)
Amortization of Pension Costs	1,114,589	905,513	209,076
Amortization of OPEB Costs	2,797	-	2,797
TOTAL EXPENSES	3,363,988	3,071,575	292,413
Increase (Decrease) in Net Position	(1,199,515)	(869,750)	(329,765)
Net Position - Beginning (Restated)	1,652,351	2,664,974	(1,012,623)
Prior Year Adjustment	-	-	-
Net Position - Ending	452,836	1,795,224	(1,342,388)

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Table 3 illustrates the total cost of the District's Governmental Activities major services. It also shows the net costs of these services. The net cost includes all expenses for the particular service less any revenue received for that particular service.

**Table 3
Governmental Activities by Major Functions**

	2018		2017	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	1,208,741	875,275	1,137,307	907,738
Students	-	-	-	-
Instructional staff	122,844	122,844	108,160	87,549
District administration	184,806	184,806	194,009	194,009
School administration	76,355	76,355	57,255	57,255
Business	77,552	77,552	75,555	75,555
Operation and maintenance of facilities	259,208	255,652	302,042	213,138
Transportation	81,058	64,564	64,919	44,993
Central	112,036	112,036	100,592	100,592
Food Service	109,722	58,313	109,167	54,735
Capital outlay	-	-	-	-
Interest on Long Term Liabilities	14,280	14,280	17,056	17,056
Amortization of Pension Costs	1,114,589	1,114,589	905,513	905,513
Amortization of OPEB Costs	2,797	2,797	-	-
TOTAL	3,363,988	2,959,063	3,071,575	2,658,133

Business Type Activities

The District has no business-type activities.

Financial Analysis of the District's Funds

Funding from the School Finance Act for the General Fund and Colorado Pre-School Project Fund is based on the pupil count and the per pupil funding amount set by the Colorado Department of Education. Total program funding is made up of local property taxes, specific ownership taxes and State equalization, which is the State's share of School Finance Act funding. Total program funding, which makes up 80% of the Districts total governmental fund revenue, increased \$49,192 primarily due to a \$234 increase in per pupil operating revenue offset by a .5 decrease in the funded pupil count.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Per pupil operating revenue increased, in part, due to the change in the number of students eligible for free lunch, which affects the at-risk funding added to the base per pupil amount, normal inflationary increases and reduction in the negative adjustment made to balance the State budget.

Students enrolled in pre-school who qualify for and are funded by the Colorado Pre-School Project (CPP) program are funded at one-half of the per pupil rate. Students enrolled in kindergarten are funded at 58% by the School Finance Act with CPP providing additional funding for full day Kindergarten. All other students enrolled in first through twelfth grade are funded at 100% of the per pupil amount.

Capital Assets and Long-Term Debt

Capital Assets: Capital asset additions in 2018 included a greenhouse for the agriculture program. Table 4 shows capital assets for 2018 compared to 2017 (net of depreciation). Accumulated depreciation at June 30, 2018 is \$3,855,213 compared to \$3,651,670 the prior year.

**Table 4
Capital Assets (Net of Depreciation)**

	Government Actives	
	2018	2017
Food Service Equipment	8,181	9,203
Land and Sites	211,777	211,777
Buildings	5,169,172	5,354,820
Vehicles and Equipment	318	2,397

Long-Term Debt: During the fiscal year ended June 30, 2001 the District with voter approval issued general obligation bonds to assist in the financing of construction projects. These bonds were issued in 2002 for the original amount of \$ 900,000 and mature serially on December 1 in amounts varying from \$ 30,000 to \$ 70,000 with interest from 3.00% to 5.75% payable semi-annually. The general obligation bond balance for the year ended June 30, 2018 was \$250,000 compared to \$305,000 the prior year, a decrease of \$55,000.

Budget Highlights

District budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District amended its budgets during the year to reflect unexpected changes that were deemed material. Budget presentations include both original and final budgets for the fiscal year.

**Aguilar School District Re-6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Revenues in the General Fund were \$376,243 more than expected, which is 22.5% variance. Expenditures and transfers to other funds were 0.6% less than the amount budgeted, a favorable variance of \$16,388. Business and central services, operations and maintenance and transportation were under budget while instruction and instructional staff support and school and general administration were over budget.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- Enrollment decreased annually from FY 2010-2013. In 2014 enrollment climbed back to its 2011 level and increased again in 2015 by 20 students. The net decrease to funded pupil count between 2016 and 2018 was 3.3. Funded pupil count for 2019 is expected to decrease 1.3 to 110.9.. Per pupil funding was predicted to increase by \$877 for 2018-19.
- The District completed construction of the new Jr/Sr. High School addition and took occupancy on November of 2005. The District now has a highly functional preschool thru twelfth grade educational facility where deferred maintenance is not an issue that is common to many other districts in Colorado.
- The United States and the State of Colorado experienced slowing economic conditions for several years. One impact of this economic slowing was a reduction in the State of Colorado's general fund revenues and annual decreases in per pupil funding for schools to balance the State budget. Revenues are recovering, but it will take several years to reach the pre-recession per pupil funding level plus annual increases required by statute for the recessionary years.
- During the recession, the District relied on its reserves to continue to fund educational programs. The District can no longer look to reserves to sustain its programs, therefore, the District will need to closely monitor its operating costs and adjust to expected revenues.

Contacting the District's Financial Management

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. We understand that all of your questions may not have been answered in this report; therefore, we invite you to contact the Aguilar School District Re-6 Business Manager, Jennifer Porras or Superintendent, Stacy Houser at:

420 North Balsam
Aguilar Colorado 81020
(719) 941-4188

BASIC FINANCIAL STATEMENTS

AGUILAR SCHOOL DISTRICT RE-6
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Total
<u>ASSETS</u>		
Cash	552,653	552,653
Investments	-	-
Accounts Receivable	10,392	10,392
Accrued Revenue	117,275	117,275
Property Taxes Receivable	27,900	27,900
Inventories	2,733	2,733
Capital Assets	9,244,661	9,244,661
Accumulated Depreciation	(3,855,213)	(3,855,213)
<u>Total Assets</u>	<u>6,100,401</u>	<u>6,100,401</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension	2,072,450	2,072,450
Other Post Employment Benefits	6,983	6,983
<u>Total Deferred Outflows</u>	<u>2,079,433</u>	<u>2,079,433</u>
<u>LIABILITIES</u>		
Accounts Payable	43,270	43,270
Accrued Salaries and Benefits	140,557	140,557
Other Liabilities	-	-
Accrued Interest Payable	1,198	1,198
Grant Amounts Received in Advance	45,667	45,667
NonCurrent Liabilities:		
Bond Payments Due Within One Year	55,000	55,000
Bond Due in More Than One Year	195,000	195,000
Compensated Absences	90,152	90,152
Unamortized Bond Premium	2,753	2,753
Net Pension Liability	6,574,805	6,574,805
Net Other Post Employment Benefits Liability	150,141	150,141
<u>Total Liabilities</u>	<u>7,298,543</u>	<u>7,298,543</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	425,943	425,943
Other Post Employment Benefits	2,512	2,512
<u>Total Deferred Inflows</u>	<u>428,455</u>	<u>428,455</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	5,139,448	5,139,448
Restricted for:		
Debt	71,013	71,013
TABOR Reserve	58,000	58,000
Preschool	-	-
Food Service	7,515	7,515
Unrestricted	(4,823,140)	(4,823,140)
<u>TOTAL NET POSITION</u>	<u>452,836</u>	<u>452,836</u>

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

AGUILAR SCHOOL DISTRICT RE-6
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government	Total
FUNCTIONS						
Instructional Services	1,208,741	988	332,478		(875,275)	(875,275)
Supporting Services:						
Students	-	-	-		-	-
Instructional Staff	122,844	-	-	(122,844)	(122,844)	(122,844)
District Administration	184,806	-	-	(184,806)	(184,806)	(184,806)
School Administration	76,355	-	-	(76,355)	(76,355)	(76,355)
Business	77,552	-	-	(77,552)	(77,552)	(77,552)
Operation & Maintenance of Facilities	259,208	3,556	-	(255,652)	(255,652)	(255,652)
Transportation	81,058	-	16,494	(64,564)	(64,564)	(64,564)
Central	112,036	-	-	(112,036)	(112,036)	(112,036)
Food Service	109,722	2,708	48,701	(58,313)	(58,313)	(58,313)
Capital Outlay	-	-	-	(14,280)	(14,280)	(14,280)
Interest on Long-Term Debt	14,280	-	-	(1,114,589)	(1,114,589)	(1,114,589)
Pension Expense	1,114,589	-	-	(2,797)	(2,797)	(2,797)
OPEB Expense	2,797	-	-	-	-	-
Total Governmental Activities	3,363,988	7,252	397,673	(2,959,063)	(2,959,063)	(2,959,063)
Total School District	3,363,988	7,252	397,673	(2,959,063)	(2,959,063)	(2,959,063)
General Revenues						
Property Taxes Levied for General Purposes		379,236		379,236		379,236
Specific Ownership Taxes		62,439		62,439		62,439
Equalization		1,288,151		1,288,151		1,288,151
Earnings on Investments		736		736		736
Other Revenues		28,986		28,986		28,986
Total General Revenues		1,759,548		1,759,548		1,759,548
Change in Net Position		(1,199,515)		(1,199,515)		(1,199,515)
Net Position, Beginning (as Restated)		1,652,351		1,652,351		1,652,351
Net Position, Ending		452,836		452,836		452,836

The accompanying notes are an integral part of these financial statements

AGUILAR SCHOOL DISTRICT RE-6
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	454,933	85,826	11,894	552,653
Accounts Receivable	5,913	-	4,479	10,392
Accrued Revenue	117,275	-	-	117,275
Due From Other Funds	17,013	-	-	17,013
Property Taxes Receivable	22,900	5,000	-	27,900
Inventories	-	-	2,733	2,733
<u>Total Assets</u>	<u>618,034</u>	<u>90,826</u>	<u>19,106</u>	<u>727,966</u>
<u>LIABILITIES:</u>				
Accounts Payable	42,575	-	695	43,270
Accrued Salaries and Benefits	132,394	-	8,163	140,557
Due To Other Funds	-	17,013	-	17,013
Other Liabilities	-	-	-	-
Grant Amounts Received In Advance	45,667	-	-	45,667
<u>Total Liabilities</u>	<u>220,636</u>	<u>17,013</u>	<u>8,858</u>	<u>246,507</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Tax	13,000	2,800	-	15,800
<u>FUND BALANCES:</u>				
Nonspendable:				
Inventories	-	-	2,733	2,733
Restricted:				
Emergency Reserve	58,000	-	-	58,000
Debt Service	-	71,013	-	71,013
Preschool	-	-	-	-
Food Service	-	-	7,515	7,515
Unassigned:	326,398	-	-	326,398
<u>Total Fund Balances</u>	<u>384,398</u>	<u>71,013</u>	<u>10,248</u>	<u>465,659</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
	<u>618,034</u>	<u>90,826</u>	<u>19,106</u>	<u>727,966</u>

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

AGUILAR SCHOOL DISTRICT RE-6
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018

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

<u>Total Fund Balance – Governmental Funds</u>		465,659
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$9,244,661 and the accumulated depreciation is \$3,855,213.		5,389,448
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax is shown as not available in the funds.		15,800
Interest is recognized when paid in the funds. This is accrued interest payable to year end.		(1,198)
Bond premiums are recognized as revenues when received in the funds.		
Premium	(2,753)	(2,753)
Long-term liabilities, including capital leases and general obligation bonds are not due and payable in the current period and therefore are not reported in funds. Compensated absences are also paid in future periods and are unrecorded in funds.		
G O Bonds	(250,000)	
Compensated Absences	(90,152)	(340,152)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:		
Net Pension Liability	(6,574,805)	
Net Other Post Employment Benefits Liability	(150,141)	
Deferred Outflows	2,079,433	
Deferred Inflows	(428,455)	(5,073,968)
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>		<u>452,836</u>

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

AGUILAR SCHOOL DISTRICT RE-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Property Taxes	309,786	68,030	-	377,816
Specific Ownership Taxes	62,439	-	-	62,439
Earnings on Investments	347	348	41	736
Other Local Sources	89,033	207	2,708	91,948
State Aid	1,347,260	-	674	1,347,934
Federal Aid	234,153	-	48,027	282,180
<u>Total Revenues</u>	<u>2,043,018</u>	<u>68,585</u>	<u>51,450</u>	<u>2,163,053</u>
<u>EXPENDITURES</u>				
Current:				
Instructional Services	1,039,138	-	-	1,039,138
Supporting Services:				
Students	-	-	-	-
Instructional Staff	122,844	-	-	122,844
District Administration	184,806	-	-	184,806
School Administration	76,355	-	-	76,355
Business	77,552	-	-	77,552
Operation & Maintenance of Facilities	259,208	-	-	259,208
Transportation	80,458	-	-	80,458
Food Service	-	-	108,700	108,700
Central	111,386	650	-	112,036
Debt Service				
Principal	-	55,000	-	55,000
Interest	-	15,956	-	15,956
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>1,951,747</u>	<u>71,606</u>	<u>108,700</u>	<u>2,132,053</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>91,271</u>	<u>(3,021)</u>	<u>(57,250)</u>	<u>31,000</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(59,740)	-	59,740	-
<u>Total Other Financing Sources (Uses)</u>	<u>(59,740)</u>	<u>-</u>	<u>59,740</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	31,531	(3,021)	2,490	31,000
<u>FUND BALANCES – BEGINNING</u>	<u>352,867</u>	<u>74,034</u>	<u>7,758</u>	<u>434,659</u>
<u>FUND BALANCES – ENDING</u>	<u>384,398</u>	<u>71,013</u>	<u>10,248</u>	<u>465,659</u>

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

AGUILAR SCHOOL DISTRICT RE-6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

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

Net Change in Fund Balances – Total Governmental Funds 31,000

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$3,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	14,794	
Capital Outlays More Than \$3,000		
Depreciation Expense	(203,543)	(188,749)

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. 1,420

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums is recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

	55,000	
Repayment of Debt Principal		
Change in Compensated Absences	17,524	
Interest Expense	<u>1,676</u>	74,200

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:

	(1,114,589)	
Pension Cost		-
Other Post Employment Benefits Cost	<u>(2,797)</u>	(1,117,386)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (1,199,515)

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

AGUILAR SCHOOL DISTRICT RE-6
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2018

	<u>Pupil Activity Fund</u>
Assets:	
Cash	14,016
Investments	-
Deposits Held By Others	-
<u>Total Assets</u>	<u>14,016</u>
Liabilities:	
Due to Student Groups	14,016
Accounts Payable	-
<u>Total Liabilities</u>	<u>14,016</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Aguilar School District RE-6 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with seven members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Aguilar School District RE-6. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61)), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds
 1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
 2. Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

Additionally, the District reports the following fund type:

The Student Activity Fund – this fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

Property taxes levied in 2017 but uncollected in 2018 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2018 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$3,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (3-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows / Inflows of Resources

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

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

K. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

In November of 1999 the registered voters approved a ballot resolution authorizing Aguilar School District RE-6 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2018 the District reserved \$58,000 for this purpose.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Constitutional Amendment (continued)

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

L. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2017 property tax calendar for Las Animas County was as follows:

Levy Date	December 22, 2017
Lien Date	January 1, 2018
Tax Bills Mailed	January 1, 2018
First Installment Due	February 28, 2018
Second Installment Due	June 15, 2018
If Paid in Full, Due	April 30, 2018
Tax Sale – 2016 Delinquent Property Taxes	October 25, 2017

M. Accumulated Staff Leave

District policy allows for the accumulation of staff leave. Staff eligible for retirement under the Public Employees Retirement Association (PERA) statutes are paid an amount of money equal to their number of unused leave days times the daily per diem when there is a separation from service. Maximum reimbursable days may not exceed 30. Payments for termination other than retirement are at per diem for unused days not to exceed 12.

Compensated absences are reported as non-current liabilities in the government-wide financial statements. As of June 30, 2018, the District has recorded an estimated liability of \$107,676 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Accumulated Sick Leave	<u>107,676</u>	<u>—</u>	<u>17,524</u>	<u>90,152</u>

N. Use of Estimates

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

O. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54 (Continued)

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>				
Inventories	-	-	2,733	2,733
<u>Restricted:</u>				
Emergencies	58,000	-	-	58,000
Preschool	-	-	-	-
Food Service	-	-	7,515	7,515
Debt Service	-	71,013	-	71,013
<u>Unassigned</u>	<u>326,398</u>	<u>-</u>	<u>-</u>	<u>326,398</u>
<u>Total Fund Balances</u>	<u>384,398</u>	<u>71,013</u>	<u>10,248</u>	<u>465,659</u>

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

<u>Items Eliminated</u>	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	-	59,740	17,013	-
Food Service	59,740	-	-	-
Bond Redemption	-	-	-	17,013
	<u>59,740</u>	<u>59,740</u>	<u>17,013</u>	<u>17,013</u>

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Debt Service Funds, and Special Revenue Funds.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 BUDGETARY INFORMATION (Continued)

6. Budgets for the General, Debt Service, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets are adopted for the Pupil Activity Agency Fund.

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND INVESTMENTS

Deposits

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

At June 30, 2018, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	207,445	240,346
Cash Equivalent	81,151	-
Cash with County Treasurer	27,773	-
Cash on Hand	300	-
<u>Total Cash and Deposits</u>	<u>566,669</u>	<u>490,346</u>

As presented above, deposits with a bank balance of \$240,346 and a carrying balance of \$207,445 as of June 30, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance July 1, 2017	Additions	Deletions	Adjustments	Balance June 30, 2018
<u>Non-Depreciable Assets:</u>					
Land	211,777	-	-	-	211,777
<u>Total Non-Depreciable Assets</u>	<u>211,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,777</u>
<u>Depreciable Assets:</u>					
Buildings & Site Improvements	8,457,680	14,794	-	-	8,472,474
Food Service Equipment	39,507	-	-	-	39,507
Vehicles	345,908	-	-	-	345,908
Equipment	174,995	-	-	-	174,995
<u>Total Depreciable Assets</u>	<u>9,018,090</u>	<u>14,794</u>	<u>-</u>	<u>-</u>	<u>9,032,884</u>
<u>Less Accumulated Depreciation for:</u>					
Building & Site Improvements	3,102,860	200,442	-	-	3,303,302
Food Service Equipment	30,304	1,022	-	-	31,326
Equipment & Vehicles	518,506	2,079	-	-	520,585
<u>Total Accumulated Depreciation</u>	<u>3,651,670</u>	<u>203,543</u>	<u>-</u>	<u>-</u>	<u>3,855,213</u>
<u>Total Capital Assets, Net</u>	<u>5,578,197</u>	<u>(188,749)</u>	<u>-</u>	<u>-</u>	<u>5,389,448</u>

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

Governmental Activities:

Instruction	201,921
Operations and Maintenance	-
Transportation	600
Food Service	1,022
<u>Total Depreciation Expense – Governmental Activities</u>	<u>203,543</u>

NOTE 6 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, and June 30, 2018 are estimated to be \$140,557. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 LONG-TERM DEBT – GENERAL OBLIGATION BONDS

The following is a summary of the transactions in the District's long-term debt:

	<u>Balance at</u> <u>7-1-2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>6-30-2018</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds	305,000	-	55,000	250,000	55,000
<u>Total</u>	<u>305,000</u>	<u>-</u>	<u>55,000</u>	<u>250,000</u>	

Long-Term Debt as of June 30, 2018, is comprised of the following:

General Obligation Bonds:

In the fiscal year ended June 30, 2003 the district with district voter approval issued general obligation bonds to assist in the financing of construction projects.

General Obligation Bonds, Series 2002 – These bonds issued in 2002 for the original amount of \$900,000 mature serially on December 1 in amounts varying from \$30,000 to \$70,000 with interest from 3.00% to 5.75% payable semi-annually. Term payments are required at December 1, 2012 in the amount of \$150,000 (interest at 4.25%), December 1, 2016 in the amount of \$180,000 (Interest at 5.625%), and December 1, 2021 in the amount of \$355,000 (Interest at 5.750%).

Interest on the term payments is payable semi-annually on December 1 and June 1. Payments into a mandatory sinking fund are to be made beginning January 1, 2006 for the payment of the term amounts. On or after December 1, 2012, all bonds outstanding are callable at the option of the District.

Payment to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	55,000	12,794	67,794
2020	60,000	9,487	69,487
2021	65,000	5,894	70,894
2022	<u>70,000</u>	<u>2,012</u>	<u>72,012</u>
<u>Total</u>	<u>250,000</u>	<u>30,187</u>	<u>280,187</u>

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Aguilar School District RE-6 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

General Information about the Pension Plan

Plan description. Eligible employees of the Aguilar School District RE-6 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/investment/pera-financial-reports.

Benefits provided as of December 31, 2017. 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:

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSION PLAN (Continued)

- 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 federal Internal Revenue Code.

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 PENSION PLAN (Continued)

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

Contribution provisions as of June 30, 2018. Eligible employees and Aguilar School District RE-6 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, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	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)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	5.000%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Aguilar School District RE-6 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Aguilar School District RE-6 were \$195,332 for the year ended June 30, 2018.

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

At June 30, 2018, the Aguilar School District RE-6 reported a liability of \$6,574,805 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Aguilar School District RE-6 proportion of the net pension liability was based on Aguilar School District RE-6 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Aguilar School District RE-6 proportion was 0.0203 percent, which was an increase of 0.0002 percent in its proportion measured as of December 31, 2016.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 PENSION PLAN (Continued)

For the year ended June 30, 2018, the Aguilar School District RE-6 recognized pension expense of \$1,114,589. At June 30, 2018, the Aguilar School District RE-6 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	120,883	-
Changes of assumptions or other inputs	1,678,792	(10,653)
Net difference between projected and actual earnings on pension plan investments	130,342	(388,541)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	48,187	(26,749)
Contributions subsequent to the measurement date	94,246	N/A
Total	2,072,450	(425,943)

\$94,246 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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,	
2019	1,029,272
2020	607,200
2021	12,924
2022	(97,135)
2023	-
Thereafter	-

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 PENSION PLAN (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

The long-term expected return on pension 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.

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.

As of the most recent adoption of the current long-term expected rate of return by the PERA Board, the target asset 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:

- 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%.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSION PLAN (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

Sensitivity of the Aguilar School District RE-6 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 4.78 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 (3.78 percent) or 1-percentage-point higher (6.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	8,305,098	6,574,805	5,164,815

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.

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 PENSION PLAN (Continued)

At June 30 2018, the Aguilar School District RE-6 reported a liability of \$6,574,805 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the Aguilar School District RE-6's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	2,970,440

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$3,069,166 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Aguilar School District RE-6 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$2,142.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit And Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Aguilar School District RE-6 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Plan description. Eligible employees of the Aguilar School District RE-6 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. 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. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Aguilar School District RE-6 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Aguilar School District RE-6 were \$10,560 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Aguilar School District RE-6 reported a liability of \$150,141 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Aguilar School District RE-6 proportion of the net OPEB liability was based on Aguilar School District RE-6 contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Aguilar School District RE-6 proportion was 0.0116 percent, which was an increase of 0.0002 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Aguilar School District RE-6 recognized OPEB expense of \$2,797. At June 30, 2018, the Aguilar School District RE-6 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	710	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(2,512)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,248	-
Contributions subsequent to the measurement date	5,025	N/A
Total	6,983	(2,512)

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

\$5,025 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	(243)
2020	(243)
2021	(243)
2022	(243)
2023	385
Thereafter	33

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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 percent in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

The Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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%.

Sensitivity of the Aguilar School District RE-6 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	146,010	150,141	155,116

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

- 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Aguilar School District RE-6 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	168,805	150,141	134,210

OPEB plan fiduciary net position. Detailed information about the HCTF'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.

AGUILAR SCHOOL DISTRICT RE-6
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 JOINT VENTURE

Not reflected in the accompanying financial statements is the District's participation in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district.

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicated that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information as of June 30, 2017, the latest year for which audits information is available is as follows:

Assets and Deferred Outflows	8,560,496
Liabilities and Deferred Inflows	<u>15,288,841</u>
Net Position	<u>(6,728,345)</u>
Revenues	4,056,258
Expenses	<u>5,961,309</u>
Change in Net Position	<u>(1,905,051)</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES files an audited financial statement annually with Colorado State Auditor's Office.

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2018.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

An audited summary of the Colorado School District's Pool financial information for the six months ended June 30, 2017 (latest information available) follows:

Total Assets	<u>42,273,940</u>
Total Liabilities	<u>11,655,251</u>
Total Equity	<u>30,618,689</u>
Revenue	7,429,394
Underwriting Expenses	<u>4,126,717</u>
Underwriting Gain (Loss)	3,302,677
Net Investment Income	276,653
Other Income	<u>-</u>
Net Income (Loss) Before Dividend	3,579,330
Dividend	<u>-</u>
Net Income (Loss)	3,579,330
Change in Non Admitted Assets	<u>235,606</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>30,618,689</u>

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

The District continues to carry commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

AGUILAR SCHOOL DISTRICT RE-6
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 13 INTERFUND BALANCES AND TRANSFERS

<u>TRANSFERS</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	59,740
Food Service Fund	<u>59,740</u>	<u>-</u>
	<u>59,740</u>	<u>59,740</u>

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting food service operations.

<u>DUE FROM / TO</u>	<u>Due From</u>	<u>Due To</u>
General Fund	17,013	-
Bond Redemption Fund	<u>-</u>	<u>17,013</u>
	<u>17,013</u>	<u>17,013</u>

Interfund balances are to be paid within three months of year end.

NOTE 14 BUDGET COMPLIANCE

Expenditures in the Food Service Fund exceeded the budgeted amount by \$11,844.

NOTE 15 RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability; and related deferred flows. The beginning net position of \$1,795,224 has been changed by the net OPEB liability at June 30, 2017 of \$(148,294) and related deferred flows of \$5,421, resulting in a restated beginning net position of \$1,652,351.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

Pension Trend Data

Other Post Employment Benefit Trend Data

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
<u>Local Sources</u>				
Property Taxes	196,398	196,398	309,786	113,388
Specific Ownership Taxes	54,544	54,544	62,439	7,895
Earnings on Investments	500	500	347	(153)
Delinquent Taxes & Interest	-	-	566	566
Other	2,000	2,000	88,467	86,467
<u>State Sources</u>				
Equalization	1,393,333	1,393,333	1,288,151	(105,182)
Transportation	15,000	15,000	16,494	1,494
Vocational Education	-	-	9,936	9,936
Special Education	-	-	-	-
Other	-	-	32,679	32,679
<u>Federal Sources</u>				
Designated Purpose Grants	5,000	5,000	234,153	229,153
Other	-	-	-	-
TOTAL REVENUES	<u>1,666,775</u>	<u>1,666,775</u>	<u>2,043,018</u>	<u>376,243</u>
EXPENDITURES				
<u>Instruction</u>				
Salaries	603,936	622,492	690,003	(67,511)
Employee Benefits	200,388	209,143	226,821	(17,678)
Purchased Services - Professional	39,250	39,250	46,100	(6,850)
Purchased Services – Property	12,000	12,000	160	11,840
Purchased Services – Other	12,000	12,000	18,369	(6,369)
Supplies and Materials	18,576	18,576	23,796	(5,220)
Property	15,250	15,250	32,613	(17,363)
Other Objects	2,500	2,500	1,276	1,224
<u>Total Instruction</u>	<u>903,900</u>	<u>931,211</u>	<u>1,039,138</u>	<u>(107,927)</u>

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

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES</u>				
<u>Instructional Staff</u>				
Salaries	-	-	2,500	(2,500)
Employee Benefits	-	-	725	(725)
Purchased Services – Professional	-	-	116,119	(116,119)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	-	-	3,500	(3,500)
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>-</u>	<u>-</u>	<u>122,844</u>	<u>(122,844)</u>
<u>General Administration</u>				
Salaries	109,250	109,250	115,234	(5,984)
Employee Benefits	36,351	36,351	46,207	(9,856)
Purchased Services – Professional	12,000	12,000	14,099	(2,099)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	3,843	(3,843)
Supplies and Materials	12,000	12,000	-	12,000
Property	10,000	10,000	-	10,000
Other Objects	-	-	5,423	(5,423)
<u>Total General Administration</u>	<u>179,601</u>	<u>179,601</u>	<u>184,806</u>	<u>(5,205)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	22,400	22,400	16,600	5,800
Employee Benefits	14,787	14,787	5,491	9,296
Purchased Services – Professional	3,000	3,000	27,410	(24,410)
Purchased Services – Property	-	-	70	(70)
Purchased Services – Other	-	-	11,049	(11,049)
Supplies and Materials	5,000	5,000	14,618	(9,618)
Property	-	-	-	-
Other Objects	-	-	1,117	(1,117)
<u>Total School Administration</u>	<u>45,187</u>	<u>45,187</u>	<u>76,355</u>	<u>(31,168)</u>
<u>Business Services</u>				
Salaries	51,170	51,170	48,968	2,202
Employee Benefits	14,860	14,860	16,277	(1,417)
Purchased Services – Professional	10,000	10,000	10,820	(820)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	394	(394)
Supplies and Materials	5,000	5,000	185	4,815
Property	5,000	5,000	-	5,000
Other Objects	500	500	908	(408)
<u>Total Business Services</u>	<u>86,530</u>	<u>86,530</u>	<u>77,552</u>	<u>8,978</u>

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

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Operations and Maintenance</u>				
Salaries	55,835	55,835	65,513	(9,678)
Employee Benefits	20,843	20,843	24,080	(3,237)
Purchased Services – Professional	50,000	50,000	8,417	41,583
Purchased Services – Property	140,000	140,000	27,085	112,915
Purchased Services – Other	30,000	30,000	12,559	17,441
Supplies and Materials	85,000	85,000	121,554	(36,554)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>381,678</u>	<u>381,678</u>	<u>259,208</u>	<u>122,470</u>
<u>Student Transportation</u>				
Salaries	29,576	29,576	33,439	(3,863)
Employee Benefits	21,620	21,620	22,699	(1,079)
Purchased Services – Professional	10,000	10,000	10,777	(777)
Purchased Services – Property	18,000	18,000	241	17,759
Purchased Services – Other	7,500	7,500	755	6,745
Supplies and Materials	5,000	5,000	12,543	(7,543)
Property	9,000	9,000	-	9,000
Other Objects	-	-	4	(4)
<u>Total Student Transportation</u>	<u>100,696</u>	<u>100,696</u>	<u>80,458</u>	<u>20,238</u>
<u>Central Support</u>				
Salaries	25,000	25,000	-	25,000
Employee Benefits	4,450	4,450	-	4,450
Purchased Services – Other	125,000	125,000	111,386	13,614
Supplies and Materials	-	-	-	-
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>154,450</u>	<u>154,450</u>	<u>111,386</u>	<u>43,064</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>948,142</u>	<u>948,142</u>	<u>912,609</u>	<u>35,533</u>

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

AGUILAR SCHOOL DISTRICT RE-6
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>DEBT SERVICE</u>	-	-	-	-
<u>APPROPRIATED RESERVES</u>	30,000	84,666	-	84,666
<u>TOTAL EXPENDITURES</u>	1,882,042	1,964,019	1,951,747	12,272
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(215,267)	(297,244)	91,271	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(55,624)	(55,624)	(59,740)	(4,116)
Insurance Proceeds	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	(55,624)	(55,624)	(59,740)	(4,116)
<u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	(270,891)	(352,868)	31,531	
<u>FUND BALANCE, July 1</u>	270,891	352,868	352,867	
<u>FUND BALANCE, June 30</u>	-	-	384,398	

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

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0203%	0.0201%	0.0201%	0.0212%	0.0224%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$6,574,805	\$5,991,150	\$3,068,263	\$2,871,139	\$2,848,982	-	-	-	-	-
District's covered-employee payroll	\$1,035,257	\$939,453	\$865,825	\$875,690	\$923,362	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	635%	637%	354%	328%	309%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.80%	64.06%	-	-	-	-	-

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

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$195,332	\$172,961	\$153,578	\$147,911	\$147,558	\$138,607	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(195,332)</u>	<u>\$(172,961)</u>	<u>\$(153,578)</u>	<u>\$(147,911)</u>	<u>\$(147,558)</u>	<u>\$(138,607)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$1,035,257	\$939,453	\$865,825	\$875,690	\$923,362	\$920,097	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.87%	18.41%	17.74%	16.89%	15.98%	15.06%	-	-	-	-

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

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net OPEB liability (asset)	0.0116%	0.0114%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$150,141	\$148,294	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,035,257	\$939,453	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	14.50%	15.79%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%	-	-	-	-	-	-	-	-

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

AGUILAR SCHOOL DISTRICT RE-6
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 10,560	\$ 9,582	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(10,560)</u>	<u>\$(9,582)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,035,257	\$939,453	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Debt Service Funds

Bond Redemption Debt Service Fund - Use to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Food Service Fund – This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

Fiduciary Funds

Student Activity – Agency Fund – This fund is used to account for amounts held in a fiduciary capacity for various student clubs and organizations.

AGUILAR SCHOOL DISTRICT RE-6
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

	Special Revenue <u>Fund</u> Food Service	Total Non-Major Governmental <u>Funds</u>
<u>ASSETS</u>		
Cash	11,894	11,894
Investments	-	-
Accounts Receivable	4,479	4,479
Accrued Revenue	-	-
Due From Other Funds	-	-
Inventories	2,733	2,733
Receivables – Other	-	-
<u>Total Assets</u>	<u>19,106</u>	<u>19,106</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
<u>Liabilities:</u>		
Accounts Payable	695	695
Accrued Salaries	8,163	8,163
Due To Other Funds	-	-
<u>Total Liabilities</u>	<u>8,858</u>	<u>8,858</u>
 <u>Fund Balances:</u>		
Nonspendable:		
Inventories	2,733	2,733
Restricted:		
Food Service	7,515	7,515
Assigned:		
Capital Outlay	-	-
<u>Total Fund Balances</u>	<u>10,248</u>	<u>10,248</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>19,106</u>	 <u>19,106</u>

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

AGUILAR SCHOOL DISTRICT RE-6
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2018

	<u>Special Revenue Funds Food Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUES:</u>		
Earning on Investments	-	-
Other Local Sources	2,749	2,749
State Aid	674	674
Federal Aid	48,027	48,027
<u>Total Revenues</u>	<u>51,450</u>	<u>51,450</u>
<u>EXPENDITURES:</u>		
Instruction	-	-
Food Service	108,700	108,700
Capital Outlay	-	-
<u>Total Expenditures</u>	<u>108,700</u>	<u>108,700</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(57,250)	(57,250)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers	59,740	59,740
<u>NET CHANGE IN FUND BALANCES</u>	2,490	2,490
<u>FUND BALANCES, Beginning</u>	<u>7,758</u>	<u>7,758</u>
<u>FUND BALANCES, Ending</u>	<u>10,248</u>	<u>10,248</u>

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

AGUILAR SCHOOL DISTRICT RE-6
 BOND REDEMPTION - DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Property Tax	86,913	68,030	(18,883)
Earnings on Investments	1,500	348	(1,152)
Other Local	-	207	207
<u>Total Revenues</u>	<u>88,413</u>	<u>68,585</u>	<u>(19,828)</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal	-	55,000	(55,000)
Interest	22,000	15,956	6,044
Other	3,000	650	2,350
Appropriated Reserves	<u>137,413</u>	-	<u>137,413</u>
<u>Total Expenditures</u>	<u>162,413</u>	<u>71,606</u>	<u>90,807</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 (74,000)	 (3,021)	
 <u>OTHER FINANCING SOURCES (USES)</u>	 -	 -	 -
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 (74,000)	 (3,021)	
 <u>FUND BALANCES, July 1</u>	 <u>74,000</u>	 <u>74,034</u>	
 <u>FUND BALANCES, June 30</u>	 <u>-</u>	 <u>71,013</u>	

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

AGUILAR SCHOOL DISTRICT RE-6
 FOOD SERVICES – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	2,500	2,708	208
Earnings on Investments	100	41	(59)
Other	-	-	-
<u>State Sources</u>			
School Lunches and Breakfast	2,271	674	(1,597)
<u>Federal Sources</u>			
School Lunches and Breakfast	26,604	43,480	16,876
Commodities	2,000	4,547	2,547
<u>Total Revenues</u>	<u>33,475</u>	<u>51,450</u>	<u>17,975</u>
<u>EXPENDITURES</u>			
Salaries	43,500	40,280	3,220
Employee Benefits	18,632	19,087	(455)
Purchased Services – Professional	-	-	-
Purchased Services – Property	-	-	-
Purchased Services - Other	5,723	3,720	2,003
Food Purchases	21,857	38,641	(16,784)
Capital Outlay	5,500	250	5,250
Commodities	1,644	4,547	(2,903)
Non-Food Supplies	-	2,175	(2,175)
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>96,856</u>	<u>108,700</u>	<u>(11,844)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(63,381)	(57,250)	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	55,624	59,740	4,116
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(7,757)	2,490	
<u>FUND BALANCE, July 1</u>	<u>7,757</u>	<u>7,758</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>10,248</u>	

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

AGUILAR SCHOOL DISTRICT RE-6
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN DEPOSITS HELD
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
Other Local	38,000	34,026	(3,974)
<u>Total Receipts</u>	<u>38,000</u>	<u>34,026</u>	<u>(3,974)</u>
 <u>EXPENDITURES</u>			
Pupil Activities	54,743	36,753	<u>17,990</u>
 <u>Net Increase (Decrease) in Deposits Held</u>	 (16,743)	 (2,727)	
 <u>Deposits Held – Beginning of Year</u>	 <u>16,743</u>	 <u>16,743</u>	
 <u>Deposits Held – End of Year</u>	 <u> -</u>	 <u>14,016</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 1620 - AGUILAR REORGANIZED 6
 Fiscal Year 2017-18
 Colorado School District/BOCES

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	352,867	1,917,125	1,885,594	384,399
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	66,154	66,154	0
Sub-Total	352,867	1,983,279	1,951,747	384,399
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	7,758	111,190	108,701	10,247
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	74,034	68,586	71,006	71,013
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	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	426,901	2,101,054	2,132,005	465,659
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	16,743	34,026	36,754	14,016
79 GASB 34/Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	16,743	34,026	36,754	14,016
FINAL				14,016



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1620 -- AGUILAR REORGANIZED 6
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	431,835	0	0	0	0	11,894	0	0	0	0	0	14,016	0	457,744
Cash with Fiscal Agent (8105)	23,098	0	0	0	0	0	85,826	0	0	0	0	0	0	108,924
Taxes Receivable (8121,8122)	22,900	0	0	0	0	0	5,000	0	0	0	0	0	0	27,900
Interfund Loans Receivable (8131,8132)	17,013	0	0	0	0	0	0	0	0	0	0	0	0	17,013
Intergovernmental Accounts Rec (8141)	5,762	0	0	0	0	0	0	0	0	0	0	0	0	5,762
Grants Accounts Receivable (8142)	117,427	0	0	0	0	4,479	0	0	0	0	0	0	0	121,906
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories (8171,8172,8173)	0	0	0	0	0	2,733	0	0	0	0	0	0	0	2,733
Sites (8211)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	618,035	0	0	0	0	19,106	90,826	0	0	0	0	14,016	0	741,962

	Governmental							Proprietary					Fiduciary	
	General Funds 10-12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
LIABILITIES & FUND EQUITY														
Interfund Payables (7401-7402)	0	0	0	0	0	0	17,013	0	0	0	0	0	0	17,013
Other Payables (7421-7423)	42,575	0	0	0	0	695	0	0	0	0	0	0	0	43,270
Accrued Expenses (7461)	132,394	0	0	0	0	8,163	0	0	0	0	0	0	0	140,557
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	45,667	0	0	0	0	0	0	0	0	0	0	0	0	45,667
Deferred Inflow (7800)	13,000	0	0	0	0	0	2,800	0	0	0	0	0	0	15,800
Total Liabilities	233,636	0	0	0	0	8,858	19,813	0	0	0	0	0	0	262,308

Fiduciary

Proprietary

Governmental

FUND EQUITY	Governmental										Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Non-spendable Fund Balance 6710	0	0	0	0	0	2,733	0	0	0	0	0	0	0	0	2,733	
Restricted Fund Balance 6720	0	0	0	0	0	7,514	71,013	0	0	0	0	0	0	0	78,527	
TABOR 3% Emergency Reserve 6721	58,000	0	0	0	0	0	0	0	0	0	0	0	0	0	58,000	
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Unassigned Fund Balance 6770	326,399	0	0	0	0	0	0	0	0	0	0	0	0	0	326,399	
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Fund Equity	384,399	0	0	0	0	10,247	71,013	0	0	0	0	0	14,016	0	479,675	

Total Liabilities & Fund Equity	Governmental										Proprietary				Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
618,035	0	0	0	0	0	19,106	90,826	0	0	0	0	0	14,016	0	741,982	

For Each Fund Type:															
Do Assets=Liability+Fund Equity															
General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes