

**ARCHULETA SCHOOL DISTRICT 50 JT
PAGOSA SPRINGS, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS
and
SINGLE AUDIT**

**For The Year Ended
June 30, 2018**

**ARCHULETA SCHOOL DISTRICT 50 JT
PAGOSA SPRINGS, COLORADO**

ROSTER OF SCHOOL OFFICIALS

**YEAR ENDED
JUNE 30, 2018**

BOARD OF EDUCATION

Greg Schick – President

Bruce Dryburgh – Vice President

Brooks Lindner – Secretary

Jason Peterson – Treasurer

Dawn Kolpin – Member

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

ARCHULETA SCHOOL DISTRICT 50 JT.

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Archuleta School District 50 JT's annual financial report presents the school district management team's discussion and analysis of the District's financial performance during the fiscal year, which ended June 30, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The General Fund's operating deficit of \$50,625 in FY2017 was eliminated as the District experienced a \$740,250 surplus in FY2018. This is the first surplus for the District after five years of deficits.
- The General Fund had an \$8,317,783 Fund Balance as of June 30, 2018. This amount is equal to 61.6% of the District's total General Fund expenditures and transfers for Fiscal Year 2018.
- The District had long-term debt at June 30, 2018 of \$3,689,096 including General Obligation Bonds, Capital Leases, Unamortized Bond Premiums, and Accrued Compensated Absences but excluding the PERA pension and OPEB liabilities. This is \$1,068,530 less than the District's long-term debt at June 30, 2017.
- Despite Amendment 23, the State of Colorado continues to implement the Negative Factor (recently renamed the Budget Stabilization Factor) to balance the State's budget. With \$1,552,023 withheld in FY2018, the total withheld to date equals \$12,294,658.
- The District's total combined net position as of June 30, 2018 was (\$16,072,833.) This negative net position is a result of the District's implementation of the Governmental Accounting Standards Board (GASB) Statements 68 and 75 which requires all entities contributing to the Public Employees Retirement Association (PERA) to record their share of the state's net pension liability and the state's Health Care Trust Fund liability on the District's Statement of Net Position. Without the District's \$51,175,581 share of Colorado's pension liability and the \$1,168,634 share of the HCTF liability, the District's total combined net position as of June 30, 2018 would be \$36,271,382.
- In November 2018 the voters of the school district passed a \$1.7 million per year Mill Levy Override to attract and retain high quality staff, to fund Full Day Kindergarten, and to fund School Resource Officers in each of the three schools.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- *Governmental funds* statements tell how general government services were financed in the short term as well as what remains for future spending. Governmental funds include the General, Food Service, Capital Reserve, Grant, and Bond Redemption Funds.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Fiduciary funds include the Student Activity (self-supporting student clubs and classes) and the Private Purpose Trust Fund (interest only can be spent for Mooney, Newton, and Archuleta Scholarships in Escrow programs).

The financial statements also include *notes* that explain some of the information in the report and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Statements

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

The two district-wide statements report the District's *net position* and how they have changed. Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The Statement of Activities presents information reporting how the District's net position changed during the most recent year.

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

The district-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum, staff development, health services, technology, maintenance, transportation and general administration. Property taxes and grants finance most of these activities. The bond fund is also included in the Governmental category.

To assess the overall health of the District, consideration needs to be given to additional non-financial factors such as changes in the District's tax base, changes in student enrollment, the condition of school buildings, along with major capital improvements.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds — not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

Governmental funds — Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided at the bottom of the governmental funds statement, or on subsequent pages, that explain the relationship (or differences) between them.

Fiduciary funds – The District is the trustee, or *fiduciary*, for certain funds. It is responsible for other assets, which because of a trust arrangement, can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As shown on Table 1, the Total Net Investment in Capital assets (not including the charter school) increased \$1,028,817 (8.2%). This increase follows an increase of \$1,145,569 the previous year.

Eliminating the \$51,175,581 Pension Liability and the \$1,168,634 OPEB Liability would result in an Unrestricted Net Position of \$20,763,933 which represents resources to fund the District's programs and reserves for next year.

Table 1, Changes in Net Assets

	2017	2018
Current Assets	\$ 10,857,045	\$ 11,816,592
Noncurrent Assets	16,810,933	16,825,881
Deferred Outflows of Financial Resources	17,755,161	16,512,205
Total Assets	45,423,139	45,154,678
Current Liabilities	1,424,300	1,661,036
Noncurrent Liabilities	50,824,915	56,033,311
Deferred Inflows of Financial Resources	745,856	3,533,164
Total Liabilities	52,995,071	61,227,511
Net Position		
Net Investment in Capital Assets	12,516,424	13,545,241
Restricted Net Position	2,001,809	1,962,208
Unrestricted Net Position	(22,090,165)	(31,580,282)
Total Net Position	(\$ 7,571,932)	(\$ 16,072,833)

A summary of the Districts activity and changes in net position is as follows:

Table 2 Condensed Statement of Activities

	Governmental Activities	
	2018	2017
Program Revenues:		
Charges for Services	\$ 295,034	\$ 242,398
Operating Grants	2,790,959	1,791,673
Capital Grants	21,586	103,962
Total Program Revenues	3,107,579	2,138,033
General Revenues:		
Taxes	7,762,997	7,433,150
State Equalization	5,414,512	5,214,484
Investment Income	117,206	68,377
Miscellaneous	169,480	118,407
Total General Revenues	13,464,195	12,834,418
Total Revenues	16,571,774	14,972,451
Expenses		
Instruction	15,583,173	13,154,501
Supporting Services	9,493,224	7,982,664
Interest on Long Term Debt	(3,721)	(10,282)
Total Expenses	25,072,676	21,126,883
Change in Net Position	(8,500,902)	(6,154,432)
Net Position - Beginning	(6,431,671)	(1,417,500)
Prior Period Restatement	(1,140,261)	-
Net Position Beginning (Restated)	(7,571,932)	(1,417,500)
Net Position - Ending	\$ (16,072,834)	\$ (7,571,932)

Governmental Activities

The District's total revenues were \$17,049,506, an increase of \$2,110,338. A significant portion of the District's revenues comes from local sources (49%) of which the majority comes from local property taxes. The next largest share of the district's revenue (34.6%) comes from state equalization. The remaining 16.4% of revenue comes from Operating Grants (Federal, State, and Private), interest income, and other local revenue.

The District's expenses are predominantly related to instructing, caring for, feeding, and transporting students. The total cost of all programs and services was \$16,320,015. Expenditures for instruction in all governmental activities were 52.5%, support services were 40.8%, and debt service was 6.7%.

STATEMENT OF REVENUES, EXPENDITURES, CHANGE IN FUND BALANCE – All Governmental Funds

	2017	2018	Increase/(Decrease)
General Revenue			
Local Sources	\$ 7,944,043	\$ 8,451,694	
Intermediate Sources	6,250	31,715	
State Sources	5,877,002	7,017,424	
Federal Sources	1,111,873	1,548,673	
TOTAL REVENUE	\$ 14,939,168	\$ 17,049,506	\$ 2,110,338
Expenses			
Instruction	8,123,117	\$ 8,568,715	
Supporting Services & Other	5,910,550	6,178,682	
Debt Service	1,082,669	1,094,887	
Allocation to PPOS	0	477,731	
TOTAL EXPENSE/ALLOCATION	\$ 15,116,336	\$ 16,320,015	\$ 1,203,679
Change in Fund Balance	(177,168)	729,491	906,659
Fund Balance – Beginning	9,516,587	9,339,419	(177,168)
Fund Balance - Ending	\$ 9,339,419	\$ 10,068,910	\$ 729,491

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

In the paragraphs below, each of the District's Funds will be examined.

General Fund - The General Fund is the major operating fund of the District, providing most of the resources for the educational and support programs in the schools. Revenues of \$14,235,427 were comprised of approximately 48.2% local property and specific ownership taxes, 41.4% state equalization money, 5.0% state grants, 2.4% federal sources, and 3.0% other sources. Actual revenues received exceeded budgeted revenue amounts by \$667,431.

Expenditures and transfers to other funds totaled \$13,495,177. Spending was distributed with roughly 77.5% being spent on salaries and benefits, 12.2% on services and utilities, and 10.3% on supplies, equipment, and other expenses. Actual expenditures were below budget amounts (excluding contingency reserves.) The fund experienced a surplus in the amount of \$740,250. This is the first time the district has had a surplus in the General Fund after five straight years of deficits. Reserves in the amount of \$8,317,783 (61.6% of expenditures) are more than adequate to meet unforeseen district needs, but the district needs to be cautious in spending down reserves in the future without an adequate long-range plan.

Food Service Fund - With total revenues \$574,271 and expenses of \$537,872, the Food Service Fund operated with a surplus of \$36,399 in the 2017-18 Fiscal Year. The Food Service Department has been able to accumulate a fund balance which has grown to \$139,050 as of June 30, 2018.

Grant Fund – The grant fund showed significant growth from the previous year with FY2018 Revenues and Expenses of \$1,319,214, a 27.7% increase compared to FY2017. The grants are overwhelmingly used for instructional purposes (66.5% of the various grant expenditures) and for Pupil Support (29.3% of grant expenditures.) The district continues to be very successful in receiving both new and continuation grants to support programs for our students.

Bond Redemption Fund – The Bond Redemption Fund had revenues of \$920,099 expenses of \$959,700. The Fund Balance at June 30, 2018 was \$1,557,330. A large fund balance is required in this fund because the majority of the fund’s expenses are incurred each year prior to the receipt of the majority of the property and specific ownership taxes. These to revenue sources represent 98% of the fund’s revenues. It should be noted that with a fund balance of this size there will be sufficient money in the fund to allow for a reduction on the property tax levy to be collected in 2019 and no property tax will need to be levied in 2020 to repay the current debt.

Capital Reserve Project Fund - In the past, revenue for this fund was based on pupil count. The district now funds the Capital Reserve Project Fund investment interest income and with a transfer from the General Fund based on the need for repairs and the need to purchase vehicles and equipment/technology. In FY2018 the fund had investment earnings of \$497 and a transfer from the General Fund of \$299,811. Expenditures for in the fund for the fiscal year totaled \$307,865. At June 30, 2018 the Fund Balance was \$54,747 which was budgeted to fund FY2019 expenses.

Proprietary Funds, Insurance Fund - The Insurance Fund was a proprietary fund (a fund that operated as a business) that has been closed because the self-funded insurance plan was not financially viable. The District converted to a premium based plan to provide health and dental coverage to staff. The district currently has no proprietary funds.

Fiduciary Funds - Fiduciary funds are funds that are held in trust by the district. The District has a Student Activity Fund to hold money for all self-supporting club and class activities. The District also has a Trust-Donation Fund that was established for private donations that have specific guidelines on how the money generated from the principal is to be spent.

- Student Activity Fund – Revenues in this fund on FY2018 were \$166,949 while expenses were \$164,313. At June 30, 2018 the Student Activity Fund had a Fund Balance of \$110,862.
- Trust-Donation Fund - The district has three trusts in this fund.
 - o The interest on \$250,000 of the Whit Newton Fund is set-aside for the Archuleta Scholarships in Escrow program.
 - o Interest on \$50,000 of the Mooney donation is designated to help fund either remedial or accelerated summer school programs.
 - o The Hughes donation supports the P.A.C. program at Pagosa High School.

For the three trust funds, Revenue in FY2018 was \$8,196. Expenditures were \$3,448. The ending Net Position for the fund at June 30, 2018 was \$563,205.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY2018, the District had invested \$16,825,881 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase of \$14,948 or 0.09%. This increase was due to the difference of depreciation, and the value of equipment and vehicles purchased.

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Governmental Activities				
Assets not being depreciated	\$ 1,080,048	\$ -	\$ -	\$ 1,080,048
Assets being depreciated	22,680,477	450,057	86,282	23,044,252
Less: Accumulated Depreciation	(6,949,592)	(435,109)	(86,282)	(7,298,419)
Total Capital Assets, net	\$ 16,810,933	\$ 14,948	\$ -	\$ 16,825,881

Long Term Debt

At year-end, the District had long term debt obligation of \$56,033,311. In FY2014, the district refunded the outstanding bonds to receive a lower interest rate. The long-term debt includes General Obligation Bonds (which will be fully paid-off in December 2020), a multi-year performance contract, copier leases, an OPEB (Other Post-Employment Benefit) Liability from PERA, the PERA Pension Liability, and an unamortized bond premium.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Interest Expense
2014 G.O. Refunding Bonds	\$ 3,150,000	\$ -	\$ 905,000	\$ 2,245,000	\$ 53,950
Capital Leases	1,144,509	-	108,869	1,035,640	27,069
Accrued Compensated Absences	358,048	-	24,474	333,574	-
Net OPEB Liability	1,140,261	28,373	-	1,168,634	
PERA Net Pension Liability	46,067,289	5,108,292	-	51,175,581	-
Unamortized Bond Premium	105,069	-	30,187	74,882	-
TOTAL	\$ 51,965,176	\$ 5,136,665	\$ 1,068,530	\$ 56,033,311	\$ 81,019

ECONOMIC FACTORS AND FUTURE BUDGETS

The District's October 2018 funded pupil count increased for a third straight year after nine years of decline. Information from the State Demographer's Office suggests that the District may see continued student increases for the foreseeable future, although the impact of the opening of the Charter School may change those projections.

This November, voters passed a \$1.7 million per year Mill Levy Override to provide additional revenues for the school district for the following purposes:

- To attract and retain high quality staff.
- To fully fund Full Day Kindergarten.
- To fund three School Resource Officers (one at each school.)
- To provide MLO funds to the Pagosa Peak Open School.

Because the MLO has a sunset provision after seven (7) years, expenditures will need to be examined carefully and the district will need to resist the temptation to fund additional employees and other costs from reserves.

The local economy is showing growth with the opening of several retail stores such as Tractor Supply and Walmart in recent years, but because of TABOR, meaningful increases in revenues for the school district other than the MLO are not expected in the foreseeable future.

The district is fortunate to be receiving Secure Rural School (SRS) dollars, but these funds should not be relied on to "fill the gap" as amounts have been reduced in recent years and legislation has not yet been passed to continue the program beyond the 2018-2019 school year.

All districts statewide still have their funding reduced by the "negative factor" which was deemed to be constitutional by the State Supreme Court.

While the state made changes in and additional contributions to PERA during the most recent legislative session, the impact of continuing increases in Colorado PERA's contribution rates (which is scheduled to continue to increase until it reaches a rate of 20.40% in July of 2019) and increases in the cost of health insurance premiums (which have been paid almost entirely by the employees) will need to be studied. These increased rates will limit the amount of funds available for salaries and other operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Director at 970-264-2228 x 403.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Archuleta School District 50 JT
Pagosa Springs, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Archuleta School District 50 JT, Colorado, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Opinion

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 Archuleta School District 50 JT, Colorado, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Archuleta School District 50 JT

Independent Auditors' Report

Page 2

Report on Summarized Comparative Information

We have previously audited the Archuleta School District 50 JT's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M6 and pension schedules on pages 45 - 48 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 49 - 54 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. In addition, combining individual fund schedules on pages 55 - 61 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports page 62 - 65 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Archuleta School District 50 JT

Independent Auditors' Report

Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, pages 66-73, we have also issued our report dated December 7, 2018 on our consideration of the Archuleta School District 50 JT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Archuleta School District 50 JT's internal control over financial reporting and compliance.

Holscher, Mayberry + Company, LLC

Englewood, CO
December 7, 2018

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2018.

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ARCHULETA SCHOOL DISTRICT 50JT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Component Unit</u>
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments	\$ 9,552,621	\$ 176,113
Cash with Fiscal Agent	1,595,148	-
Taxes Receivable	428,000	-
Interfund Accounts Receivable	-	76,115
Grants Receivable	185,004	65,204
Other Accounts Receivable	30,486	2,628
Inventory	21,878	-
Prepaid Expenses	3,455	1,082
Total Current Assets	<u>11,816,592</u>	<u>321,142</u>
Noncurrent Assets		
Capital Assets, not being depreciated	1,080,048	-
Capital Assets, being depreciated (net)	15,745,833	-
Total Noncurrent Assets	<u>16,825,881</u>	<u>-</u>
TOTAL ASSETS	<u>28,642,473</u>	<u>321,142</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Total Pension Deferred Outflows - net	16,452,268	1,584,144
Total OPEB Deferred Outflows - net	59,937	41,767
TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<u>16,512,205</u>	<u>1,625,911</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 45,154,678</u>	<u>\$ 1,947,053</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Internal Balances	\$ 23,854	\$ 76,115
Accounts Payable	215,026	8,531
Accrued Interest	7,553	-
Accrued Salaries & Benefits	1,414,603	-
Payroll Taxes & Deductions Payable	-	1,945
Other Current Liabilities	-	77,000
Total Current Liabilities	<u>1,661,036</u>	<u>163,591</u>
Noncurrent Liabilities		
Due Within One Year	1,075,180	-
Due In More Than One Year	54,958,131	2,147,265
Total Noncurrent Liabilities	<u>56,033,311</u>	<u>2,147,265</u>
TOTAL LIABILITIES	<u>57,694,347</u>	<u>2,310,856</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Gain on Refunding	130,817	-
Total Pension Deferred Inflows - net	3,288,597	124,061
Total OPEB Deferred Inflows - net	19,551	802
Deferred Inflows Other	9,621	155,218
Deferred Inflows Grants	84,578	-
TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES	<u>3,533,164</u>	<u>280,081</u>
NET POSITION		
Net Investment in Capital Assets	13,545,241	-
Restricted Net Position	1,962,208	16,000
Unrestricted Net Position	(31,580,282)	(659,884)
Total Net Position	<u>(16,072,833)</u>	<u>(643,884)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 45,154,678</u>	<u>\$ 1,947,053</u>

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

ARCHULETA SCHOOL DISTRICT 50JT
Statement of Activities
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
Instruction	\$ 15,583,173	\$ 113,837	\$ 930,358	\$ -
Supporting Services	9,493,224	181,197	1,860,601	21,586
Interest on Long Term Debt	(3,721)	-	-	-
Total Primary Government	<u>\$ 25,072,676</u>	<u>\$ 295,034</u>	<u>\$ 2,790,959</u>	<u>\$ 21,586</u>
Component Unit - Charter School	<u>\$ 1,478,027</u>	<u>\$ 19,570</u>	<u>\$ 325,777</u>	<u>\$ 16,317</u>

General Revenues

Property Taxes
 Specific Ownership Taxes
 State Equalization
 Investment Earnings
 Gain (Loss) on Capital Asset Disposals
 Insurance Proceeds
 Other Revenues

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Prior Period Restatement

Beginning Net Position (As Restated)

Ending Net Position

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

**Net (Expense) Revenue and
Change in Net Position**

Total Primary Government	Component Unit
\$ (14,538,978)	
(7,429,840)	
3,721	
(21,965,097)	
	\$ (1,116,363)
6,939,579	-
823,418	-
5,414,512	477,731
117,206	42
-	-
5,982	-
163,498	2,650
13,464,195	480,423
(8,500,902)	(635,940)
(6,431,671)	(7,944)
(1,140,261)	-
(7,571,932)	(7,944)
\$ (16,072,834)	\$ (643,884)

ARCHULETA SCHOOL DISTRICT 50JT
 Balance Sheet
 Governmental Funds
 June 30, 2018
 (With Comparative Totals for June 30, 2017)

	<u>Special Revenue</u>		<u>Debt Service</u>
	<u>General Fund</u>	<u>Designated Grants Fund</u>	<u>Bond Redemption Fund</u>
ASSETS			
Cash and Investments	\$ 9,262,570	\$ 80,516	\$ -
Cash with Fiscal Agent	94,114	-	1,501,034
Taxes Receivable	371,704	-	56,296
Interfund Accounts Receivable	12,238	-	-
Grants Receivable	26,018	158,986	-
Other Accounts Receivable	2,201	-	-
Inventory	-	-	-
Prepaid Expenses	3,455	-	-
TOTAL ASSETS	<u>\$ 9,772,300</u>	<u>\$ 239,502</u>	<u>\$ 1,557,330</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Accounts Payable	\$ -	\$ 12,238	\$ -
Accounts Payable	138,101	74,459	-
Accrued Salaries & Benefits	1,304,409	80,234	-
Total Liabilities	<u>1,442,510</u>	<u>166,931</u>	<u>-</u>
Deferred Inflows of Financial Resources			
Deferred Inflows Other	-	-	-
Deferred Inflows Grants	12,007	72,571	-
Total Deferred Inflows of Financial Resources	<u>12,007</u>	<u>72,571</u>	<u>-</u>
Fund Balance			
Nonspendable Fund Balance	-	-	-
Restricted Fund Balance			
Restricted for Debt Service	-	-	1,557,330
Restricted for TABOR Emergencies	383,000	-	-
Committed for Insurance Expenditures	-	-	-
Committed for Food Service	-	-	-
Assigned Fund Balance			
Assigned for Fund Purpose	-	-	-
Unassigned Fund Balance	7,934,783	-	-
Total Fund Balance	<u>8,317,783</u>	<u>-</u>	<u>1,557,330</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,772,300</u>	<u>\$ 239,502</u>	<u>\$ 1,557,330</u>

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

Other Governmental Funds	Totals	
	2018	2017
\$ 209,535	\$ 9,552,621	\$ 8,734,252
-	1,595,148	1,600,577
-	428,000	409,973
-	12,238	12,238
-	185,004	81,627
4,431	6,632	7,374
21,878	21,878	21,878
-	3,455	1,364
<u>\$ 235,844</u>	<u>\$ 11,804,976</u>	<u>\$ 10,869,283</u>
\$ -	\$ 12,238	\$ 12,238
2,466	215,026	135,095
<u>29,960</u>	<u>1,414,603</u>	<u>1,279,835</u>
<u>32,426</u>	<u>1,641,867</u>	<u>1,427,168</u>
9,621	9,621	9,621
-	84,578	93,075
<u>9,621</u>	<u>94,199</u>	<u>102,696</u>
21,878	21,878	21,878
-	1,557,330	1,596,931
-	383,000	383,000
-	-	-
117,172	117,172	80,773
54,747	54,747	62,304
-	7,934,783	7,194,533
<u>193,797</u>	<u>10,068,910</u>	<u>9,339,419</u>
<u>\$ 235,844</u>	<u>\$ 11,804,976</u>	<u>\$ 10,869,283</u>

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ARCHULETA SCHOOL DISTRICT 50JT
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2018

Fund Balance - Governmental Funds		\$ 10,068,910
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	1,080,048	
Capital assets, being depreciated	23,044,252	
Accumulated depreciation	<u>(7,298,419)</u>	16,825,881
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Deferred charge (gain) on refunding	(130,817)	
Bond premiums	<u>(74,882)</u>	(205,699)
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Pension Liability		
Net Pension Deferred Outflows	16,452,268	
Net pension liability	(51,175,581)	
Net Pension Deferred Inflows	<u>(3,288,597)</u>	(38,011,910)
OPEB Liability		
Net OPEB Deferred Outflows	59,937	
Net OPEB Liability	(1,168,634)	
Net OPEB Deferred Inflows	<u>(19,551)</u>	(1,128,248)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(2,245,000)	
Capital leases payable	(1,035,640)	
Accrued interest payable	(7,553)	
Accrued compensated absences	<u>(333,574)</u>	<u>(3,621,767)</u>
Total Net Position - Governmental Activities		<u>\$ (16,072,833)</u>

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

ARCHULETA SCHOOL DISTRICT 50JT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

		<u>Special Revenue</u>	<u>Debt Service</u>
		<u>Designated Grants</u>	<u>Bond Redemption</u>
	<u>General Fund</u>	<u>Fund</u>	<u>Fund</u>
REVENUES			
Local Sources	\$ 7,283,662	\$ 100,874	\$ 920,099
Intermediate Sources	6,715	25,000	-
State Sources	6,600,726	405,543	-
Federal Sources	344,322	787,797	-
TOTAL REVENUES	<u>14,235,425</u>	<u>1,319,214</u>	<u>920,099</u>
EXPENDITURES			
Instruction	7,649,006	876,760	-
Pupil Support	437,105	385,903	-
Staff Support	182,433	5,995	-
General Administration	617,731	23,978	750
School Administration	726,941	-	-
Business Services	245,967	-	-
Operations and Maintenance	1,227,533	-	-
Transportation	745,886	-	-
Other Central Support	621,503	22,224	-
Risk Management	127,591	-	-
Other Supporting Services	-	4,354	-
Food Service	-	-	-
Facilities	-	-	-
Debt Service	135,937	-	958,950
TOTAL EXPENDITURES	<u>12,717,633</u>	<u>1,319,214</u>	<u>959,700</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>1,517,792</u>	<u>-</u>	<u>(39,601)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In (Out) - net	(299,811)	-	-
Charter Allocations	(477,731)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(777,542)</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	740,250	-	(39,601)
BEGINNING FUND BALANCE	<u>7,577,533</u>	<u>-</u>	<u>1,596,931</u>
ENDING FUND BALANCE	<u>\$ 8,317,783</u>	<u>\$ -</u>	<u>\$ 1,557,330</u>

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

Other Governmental Funds	Totals	
	2018	2017
\$ 147,059	\$ 8,451,694	\$ 7,944,043
-	31,715	6,250
11,155	7,017,424	5,877,002
416,554	1,548,673	1,111,873
<u>574,768</u>	<u>17,049,506</u>	<u>14,939,168</u>
42,949	8,568,715	8,123,117
-	823,008	577,236
-	188,428	202,453
-	642,459	549,803
-	726,941	722,416
-	245,967	242,859
166,622	1,394,155	1,451,328
98,294	844,180	878,441
-	643,727	365,167
-	127,591	130,627
-	4,354	-
537,872	537,872	505,364
-	-	284,856
-	1,094,887	1,082,669
<u>845,737</u>	<u>15,842,284</u>	<u>15,116,336</u>
<u>(270,969)</u>	<u>1,207,222</u>	<u>(177,168)</u>
299,811	-	-
-	(477,731)	-
<u>299,811</u>	<u>(477,731)</u>	<u>-</u>
28,842	729,491	(177,168)
164,955	9,339,419	9,516,587
<u>\$ 193,797</u>	<u>\$ 10,068,910</u>	<u>\$ 9,339,419</u>

ARCHULETA SCHOOL DISTRICT 50JT
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2018

Change in Fund Balance - Governmental Funds	\$	729,491
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	450,057	
Depreciation Expense	<u>(435,109)</u>	14,948
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Pension Liability		
Change in Net Pension Deferred Outflows	(1,302,893)	
Change in net pension liability	(5,108,292)	
Change in Net Pension Deferred Inflows	<u>(2,828,989)</u>	(9,240,174)
OPEB Liability		
Change in Net OPEB Deferred Outflows	59,937	
Change in net OPEB liability	(1,168,634)	
Change in Net OPEB Deferred Inflows	<u>(19,551)</u>	(1,128,248)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on bonds payable	905,000	
Principal payments on capital leases	108,869	
Change in accrued interest payable	1,817	
Amortization of premiums and discounts	30,187	
Amortization of gain on refunding	52,735	
Change in accrued compensated absences	<u>24,474</u>	<u>1,123,082</u>
Total Net Position - Governmental Activities	\$	<u><u>(8,500,901)</u></u>

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

ARCHULETA SCHOOL DISTRICT 50JT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018
(With Comparative Totals for June 30, 2017)

	A.S.E. - Mooney - Hughes P.A.C. Fund	Pupil Activity Agency Fund	Totals	
			2018	2017
ASSETS				
Cash and Investments	\$ 563,205	\$ 110,862	\$ 674,067	\$ 666,683
NET POSITION				
Restricted Net Position	\$ 563,205	\$ 110,862	\$ 674,067	\$ 666,683

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

ARCHULETA SCHOOL DISTRICT 50JT
 Balance Sheet - Governmental Funds
 Discretely Presented Component Unit
 June 30, 2018

	Special Revenue		Totals - Pagosa Peak Open School	
	General Fund	Charter Grants Fund	2018	2017
ASSETS				
Cash and Investments	\$ 162,214	\$ 13,899	\$ 176,113	\$ 61,694
Interfund Accounts Receivable	-	76,115	76,115	23,854
Grants Receivable	-	65,204	65,204	-
Other Accounts Receivable	2,628	-	2,628	-
Prepaid Expenses	1,082	-	1,082	-
TOTAL ASSETS	<u>\$ 165,924</u>	<u>\$ 155,218</u>	<u>\$ 321,142</u>	<u>\$ 85,548</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Internal Balances	\$ 76,115	\$ -	\$ 76,115	\$ -
Accounts Payable	8,531	-	8,531	-
Payroll Taxes & Deductions Payable	1,945	-	1,945	-
Short Term Loan Payable	-	-	-	50,000
Other Current Liabilities	77,000	-	77,000	-
Total Liabilities	<u>163,591</u>	<u>-</u>	<u>163,591</u>	<u>50,000</u>
Deferred Inflows of Financial Resources				
Deferred Inflows Grants	-	155,218	155,218	43,492
Fund Balance				
Restricted for TABOR Emergencies	16,000	-	16,000	-
Unrestricted Fund Balance	(13,667)	-	(13,667)	(7,944)
Total Fund Balance	<u>2,333</u>	<u>-</u>	<u>2,333</u>	<u>(7,944)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 165,924</u>	<u>\$ 155,218</u>	<u>\$ 321,142</u>	<u>\$ 85,548</u>
TOTAL FUND BALANCE - GOVERNMENTAL FUND			<u>\$ 2,333</u>	
PERA Pension				
Net pension deferred outflows		1,584,144		
Net pension liability		(2,099,325)		
Net pension deferred inflows		(124,061)	(639,242)	
PERA Health Care Trust Fund (OPEB)				
Net OPEB deferred outflows		41,767		
Net OPEB liability		(47,940)		
Net OPEB deferred inflows		(802)	(6,975)	
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES			<u>\$ (643,884)</u>	

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

ARCHULETA SCHOOL DISTRICT 50JT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Discretely Presented Component Unit
For the Year Ended June 30, 2018

	<u>Special Revenue</u>		<u>Totals - Pagosa Peak</u>	
	<u>Designated</u>		<u>Open School</u>	
	<u>General Fund</u>	<u>Grants Fund</u>	<u>2018</u>	<u>2017</u>
REVENUES				
Local Sources	\$ 31,574	\$ 96,300	\$ 127,874	\$ 9,311
State Sources	494,047	-	494,047	-
Federal Sources	-	220,166	220,166	33,339
TOTAL REVENUES	<u>525,621</u>	<u>316,466</u>	<u>842,087</u>	<u>42,650</u>
EXPENDITURES				
Instruction	218,718	288,169	506,887	7,373
Staff Support	322	-	322	-
General Administration	-	-	-	1,880
School Administration	240,816	10,030	250,846	31,889
Business Services	42,431	1,096	43,527	8,732
Operations and Maintenance	6,156	-	6,156	-
Food Service	2,210	17,171	19,381	-
Debt Service	4,691	-	4,691	720
TOTAL EXPENDITURES	<u>515,344</u>	<u>316,466</u>	<u>831,810</u>	<u>50,594</u>
CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	10,277	-	10,277	(7,944)
BEGINNING FUND BALANCE	(7,944)	-	(7,944)	-
ENDING FUND BALANCE	<u>\$ 2,333</u>	<u>\$ -</u>	<u>\$ 2,333</u>	<u>\$ (7,944)</u>
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			\$ 10,277	
PERA Pension				
Change in deferred pension outflows		1,584,144		
Change in net pension liability		(2,099,325)		
Change in deferred pension inflows		<u>(124,061)</u>	(639,242)	
PERA Health Care Trust Fund (OPEB)				
Change in deferred OPEB outflows		41,767		
Change in net OPEB liability		(47,940)		
Change in deferred OPEB inflows		<u>(802)</u>	(6,975)	
CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES			<u>\$ (635,940)</u>	

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

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Archuleta School District 50 JT (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*.

Discretely Presented Component Unit

The District has an approved charter with the Pagosa Peak Open School, (the "School") as authorized under Section 22.30.5-102(2) of the Colorado Revised Statutes to provide education to students in grades K-12 who reside within the jurisdictional boundaries of the District and qualified students from outside the District's jurisdictional boundaries. The members of the School's governing board are elected by the School's board. The School is fiscally dependent upon the District because the School does not have the authority to determine its budget without the District's approval. The School does not provide services entirely or almost entirely to the District. The School financial information is presented as two governmental funds. Additional information can be obtained by writing to Pagosa Peak Open School, Business Manager, 7 Parelli Way, Pagosa Springs CO 81147.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds would be aggregated and reported as non-major funds. The fiduciary funds are presented separately.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

Special Revenue (Designated Grants) Fund - This fund is used to account for some of the Districts grants.

Debt Service – (Bond Redemption) Fund – This fund is used to account for the repayment of the District’s general obligation indebtedness.

Capital Projects (Capital Reserve) Fund - This fund is used to account for the District’s major capital outlay activity.

The District reports the following fiduciary funds:

A.S.E.- Mooney- Hughes P.A.C. (Agency) Fund – This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. This fund generally accounts for significant donations that are set aside for student benefit.

Pupil Activity (Agency) Fund – This fund is used to account for the money held in trust by the District for student organizations. This fund is custodial and does not measure the results of operations.

Measurement Focus and Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

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

- o Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- o Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- o Prior to June 30, the budget is adopted by formal resolution.
- o Expenditures may not legally exceed appropriations at the fund level.
- o Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- o Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- o Encumbrance accounting is not utilized.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances

Cash and Investments – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances
(Continued)

The District capitalizes assets with an original value of at least \$5,000 and a useful life in excess of one year.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	40-75 years
Vehicles	7-15 years
Other Equipment	7 years

Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2018, the District has recorded accrued leave as disclosed in Note 6.

Long-Term Debt – The District’s general obligation bonds are accounted for in the Bond Redemption Fund. Principal repayments are shown as expenditures in the fund level financial statements. The District’s capital leases are paid through the General Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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. The District reports deferred outflows related to pension and OPEB liabilities as further described in Notes 9 and 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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. The government reports several items, one of which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows related to grant carryovers and prepaid student balances, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The deferred gain on the bond refunding is being amortized over the life of the bonds using the effective interest rate method as principal is repaid. In addition, the District reports deferred inflows related to pension and OPEB liabilities as further described in Notes 9 and 11.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows and Net Position/Fund Balances (Continued)

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities.

These revenues consist of, but are not limited to grants, fees and other charges for services. Expenditures, where eligible, are first charged to restricted net position prior to being charged against unrestricted net position. Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting.

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

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2018, follows:

Cash & Equivalents	\$ 1,108,926
Investments	<u>10,712,910</u>
Total Cash & Investments	<u>\$11,821,836</u>

These balances are allocated as follows in the financial statements:

Governmental Activities - Unrestricted	\$ 9,552,621
Governmental Activities - Held By Others	1,595,148
Fiduciary Funds	<u>674,067</u>
Total Cash & Investments	<u>\$11,821,836</u>

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2018, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 600,697	\$ 600,697
PDPA Collateralized (Not in the District's name)	700,429	508,229
Total Cash Balances	<u>\$ 1,301,126</u>	<u>\$ 1,108,926</u>

INVESTMENTS

The District's investments are allocated as follows:

	<u>Total</u>	<u>Weighted Avg. Mat. in Years</u>
Local Gov't Invest Pool - Bond Trustee	\$ 2,064,871	0.00
Local Gov't Invest Pool - Unrestricted	8,648,039	0.00
Total Investments	<u>\$ 10,712,910</u>	0.00

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended June 30, 2018, the District invested funds in Colotrust and CSAFE. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pools invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similarly to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These pools are rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2018, the District did not have any investments requiring safekeeping.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2018 of \$21,878, consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 4: CAPITAL ASSETS

Activity for governmental activity capital assets which are capitalized by the District is summarized below:

	Balance			Balance
	July 1			June 30
	2017	Additions	Retirements	2018
<u>Governmental activities</u>				
Assets not being depreciated:				
Land	\$ 1,080,048	\$ -	\$ -	\$ 1,080,048
Total assets not being depreciated	<u>1,080,048</u>	<u>-</u>	<u>-</u>	<u>1,080,048</u>
Assets being depreciated:				
Buildings & Improvements	20,080,907	-	-	20,080,907
Equipment	440,026	220,364	-	660,390
Vehicles	<u>2,159,544</u>	<u>229,693</u>	<u>86,282</u>	<u>2,302,955</u>
Total assets being depreciated	<u>22,680,477</u>	<u>450,057</u>	<u>86,282</u>	<u>23,044,252</u>
Less: Accumulated depreciation				
Buildings	(5,163,616)	(319,841)	-	(5,483,457)
Equipment	(343,150)	(42,815)	-	(385,965)
Vehicles	<u>(1,442,826)</u>	<u>(72,453)</u>	<u>(86,282)</u>	<u>(1,428,997)</u>
Total accumulated depreciation	<u>(6,949,592)</u>	<u>(435,109)</u>	<u>(86,282)</u>	<u>(7,298,419)</u>
Total capital assets, net	<u>\$ 16,810,933</u>	<u>\$ 14,948</u>	<u>\$ -</u>	<u>\$ 16,825,881</u>

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2018, are as follows:

General Fund	\$ 1,304,409
Food Service Fund	29,960
Grants Fund	<u>80,233</u>
Total Accrued Salaries & Benefits	<u>\$ 1,414,602</u>

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 6: LONG-TERM DEBT

Changes in the District’s long-term debt for the year ended June 30, 2018, were as follows:

	Balance			Balance 06/30/18	Current Portion	Interest Expense	Accrued Interest
	As Restated	Additions	Deletions				
	06/30/17						
2014 General Obligation Refunding Bonds	\$ 3,150,000	\$ -	\$ 905,000	\$ 2,245,000	\$ 930,000	\$ 53,950	\$ 3,558
Capital Lease Payable - Improvements	1,094,544	-	95,802	998,742	100,680	25,698	3,995
Capital Lease Payable - Copiers	49,965	-	13,067	36,898	13,479	1,371	-
Accrued Compensated Absences	358,048	-	24,474	333,574	-	-	-
Net OPEB Liability	1,140,261	28,373	-	1,168,634	-	-	-
PERA Net Pension Liability	46,067,289	5,108,292	-	51,175,581	-	-	-
Unamortized Bond Premium	<u>105,069</u>	<u>-</u>	<u>30,187</u>	<u>74,882</u>	<u>31,021</u>	<u>-</u>	<u>-</u>
Total	<u>\$51,965,176</u>	<u>\$ 5,136,665</u>	<u>\$ 1,068,530</u>	<u>\$56,033,311</u>	<u>\$ 1,075,180</u>	<u>\$81,019</u>	<u>\$ 7,553</u>

Capital Leases

In 2016, the District entered into a capital lease agreement for the purchase of office copiers. The lease requires 60 monthly payments beginning on March 24, 2016 of \$1,203, including interest at 6.0%. Equipment with a remaining value of \$58,084 has been capitalized under this lease.

In 2013, the District entered into a capital lease agreement for energy efficiency improvements to the District. The lease requires 30 semiannual payments beginning October 2012 and ending April 2027. Payments start in the amount of \$49,111 and increases each year until it reaches a maximum payment of \$62,025, including interest at 2.4%. Building improvements with a remaining value of \$1,368,148 have been capitalized under this lease.

Future minimum capital lease payments at June 30, 2018, are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 138,486
2020	138,486
2021	133,674
2022	124,049
2023	124,050
2024-2027	<u>496,197</u>
Total Future Minimum Lease Payments	1,154,942
Less: Interest Portion	<u>(119,302)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 1,035,640</u>

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 6: LONG-TERM DEBT (Continued)

2014 General Obligation Refunding Bonds

On March 26, 2014, the District issued \$5,700,000 of general obligation bonds to refund the remaining outstanding 2004 General Obligation Bonds. The bonds require semiannual interest payments at a rate of 2%. The bonds also require annual principal payments each year through December 2020. Payments are made through the District's Bond Redemption Fund. All bond reserves are held by the District's trustee, Archuleta County.

A schedule of required future bond payments is as follows:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 930,000	\$ 35,600	\$ 965,600
2020	940,000	16,900	956,900
2021	375,000	3,750	378,750
Total	\$ 2,245,000	\$ 56,250	\$ 2,301,250

2014 Bond Premiums

Upon the issuance of the 2014 general obligation bonds, the District recognized bond premiums of \$190,126. This premium will be amortized over the life of the bonds through December 2020.

Bond Refunding

As part of the 2014 bond refunding, the District recognized a gain based on the difference of the carrying value of the old and new bonds in the amount of \$332,142 that will be amortized over the life of the 2014 bonds.

Settlement Agreement

The District entered into a settlement agreement related to Junior High roof repairs that were completed during the previous fiscal year. The settled repair cost of \$200,000 required a \$100,000 payment upon completion and then requires payment of a third of the remaining balance annually commencing December 31, 2014. The payments do not bear interest and the final payment was made during fiscal year 2017.

Accrued Compensated Absences

The District allows eligible employees to carryover used vacation of up to 20 days. Sick leave and personal leave will be paid out annually, subsequent to the end of the year, for accruals in excess of 60 days at either the current substitute teacher rate or a percentage thereof, depending upon the employee type. Any remaining sick and vacation leave accruals will be paid upon termination at the above listed rates. The District has accrued all potential payments as noncurrent liabilities in the governmental activities. In addition, the District has included the current portion of the accrued compensated absences as part of the accrued salaries and benefits reported in the funds. Payments for unused leave are typically funded through the General Fund.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District is a participant among five Districts in a jointly governed organization to operate the San Juan Board of Cooperative Services (BOCS). The BOCS was formed for the purpose of administrative functions among member districts for special education and federal grants. During the year ended June 30, 2018, the District paid \$174,405 in assessments to the BOCS. The BOCS is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCS. Financial statements for the BOCS can be obtained from the BOCS administrative offices at: 201 East 12th Street, Durango, CO 81301.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Colorado School Districts Self Insurance Pool

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool.

Health and Dental Insurance

The District partially self-insured its health insurance claims until December of 2012 when it switched to a commercial carrier.

Other Insurance

The District carries commercial insurance for other risks of loss, including workers compensation.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

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

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

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

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contribution provisions as of June 30 2018. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

January 1st through December 31st	2014¹	2015¹	2016¹	2017¹
Employer contribution rate	10.15%	10.15%	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%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%	5.00%
Total employer contribution rate to the SCHDTF	16.43%	17.33%	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$1,360,053 for the plan year ended December 31, 2017 and \$1,414,277 for the fiscal 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 District reported a liability of \$51,175,581 for its proportionate share of the net pension liability. The net pension liability 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 District’s proportion of the net pension liability was based on District’s 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 District’s proportion was .1583%, which was an increase of .00354% from its proportion measured as of December 31, 2016.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

For the year ended June 30, 2018 the District recognized pension expense of \$10,637,622. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 932,469	\$ -
Changes of assumptions or other inputs	\$ 12,863,727	\$ (79,454)
Net difference between projected and actual earnings on pension plan	\$ 979,211	\$ (3,024,244)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 926,770	\$ (184,899)
Contributions subsequent to the measurement date	\$ 750,091	\$ -
Total	\$ 16,452,268	\$ (3,288,597)

\$750,091 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2019	4,868,993
2020	2,828,811
2021	115,038
2022	(442,471)
Total	\$ 7,370,371

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions. The total pension liability as of December 31, 2016 actuarial valuation was determined based on the December 31, 2016 actuarial valuation using the following rollforward assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

The SCHDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

As of the most recent analysis of the long-term expected rate of return, adopted by the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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 rate 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.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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.

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 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 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:

Asset Class	Target Allocation	10 Year Expected Geometric 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 percent.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions described 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 3.5 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to 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 Ration reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based on 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 increase 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 GASB Statement No. 67 projections test indicates that the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond 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 Federal Obligation 20-year Municipal bond Index published weekly by the board of Governors of the Federal Reserve System was applied to periods on or after 2014 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.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

As of the 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.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78%, 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%) or 1-percentage-point higher (5.78%) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension asset (liability)	\$ (64,643,462)	\$ (51,175,581)	\$ (40,200,795)

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.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Changes between the measurement date of the net pension liability and June 30, 2018 (Continued)

- 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.

At June 30, 2018, the District reported a liability of \$51,175,581 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 District’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%	\$23,120,684

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 \$23,335,349 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2018 program members contributed \$63,751.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. The District 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 Description – Eligible employees of the District 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.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$74,463 for the plan year ended December 31, 2017 and \$75,337 for the fiscal year ended June 30, 2018.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

At June 30, 2018, the District reported a liability of \$1,168,634 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 District’s proportion of the net OPEB liability was based on District’s 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 District’s proportion was 0.089923%, which was an increase of .00198% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$63,324. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 5,527	\$ -
Net difference between projected and actual earnings on pension plan	\$ -	\$ (19,551)
Changes of assumptions or other inputs	\$ -	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 21,410	\$ -
Contributions subsequent to the measurement date	\$ 33,000	\$ -
Total	\$ 59,937	\$ (19,551)

\$33,000 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, 2018. 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:	Fiscal Year Totals
2019	\$ 797
2020	797
2021	797
2022	797
2023	3,658
2024	330
Total	\$ 7,176

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00 % for 2017, gradually rising to 4.25% in 2023

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.

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.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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%

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 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 School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improved 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.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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 capital 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 to 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.
- 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 capital 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.

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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:

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 District's 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:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
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%
Proportionate share of the net OPEB asset (liability)	\$ (1,136,480)	\$ (1,168,634)	\$ (1,207,361)

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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.
- 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 District’s 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:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (1,313,912)	\$ (1,168,634)	\$ (1,044,635)

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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.

NOTE 12: INTERFUND ACTIVITY

The District has the following balances owed between funds at year end:

General Fund		
Due from Grants Fund	\$	12,238
Grants Fund		
Due to General Fund		<u>(12,238)</u>
Net Interfund Balances	\$	<u><u>-</u></u>

The District has recorded the following annual transfers through June, 30 2018.

General Fund		
Transfer to Capital Reserve Fund	\$	(299,811)
Capital Reserve Project Fund		
Transfer from General Fund		<u>299,811</u>
Net Interfund Transfers	\$	<u><u>-</u></u>

NOTE 13: COMMITMENTS AND CONTINGENCIES AND RESTRICTIONS

Claims and Judgments – The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Tabor Amendment – In November 1992, Colorado voters passed Article X, Section 20, (the Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. In November, 1997, voters within the District passed the following ballot question:

“Shall Archuleta School District 50JT located in Archuleta and Hinsdale Counties, **without imposing any new taxes or increases in tax rates**, be allowed to collect, retain, and expend all revenues from all sources in 1998 and subsequent years, notwithstanding any state restriction on fiscal year spending, including without limitation of the restrictions of Article X, Section 20 of the Colorado Constitution?”

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 13: COMMITMENTS AND CONTINGENCIES AND RESTRICTIONS (Continued)

The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$383,000, as required by the Amendment.

The District has recorded the following restrictions and assignments of its governmental fund balance and governmental activities net position:

Restricted for Debt Service	\$	1,557,330
Restricted for TABOR Emergencies		<u>383,000</u>
Total Restricted Governmental Fund Balance/Net Position	\$	<u>1,940,330</u>
Assigned for Capital Projects	\$	54,747
Committed for Food Service		36,399

NOTE 14: DEFICIT NET POSITION

The Governmental Activities has an overall net position deficit of \$16,072,833 and an unrestricted net position deficit of \$31,580,282 primarily due to adding the PERA net pension liability of \$51,175,581, as further described in Note 9. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

NOTE 15: PRIOR PERIOD RESTATEMENT

For the fiscal year, the District adopted GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$1,140,261.

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REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES - UNAUDITED

ARCHULETA SCHOOL DISTRICT 50JT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
District's proportion of the net pension asset (liability)	0.158260%	0.090085%	0.090956%
District's proportionate share of the net pension asset (liability)	\$ (51,175,581)	\$ (26,821,674)	\$ (13,911,128)
District's covered payroll	\$ 7,300,336	\$ 4,043,159	\$ 3,963,856
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	701.00%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
0.087583%	0.091667%
\$ (11,870,480)	\$ (11,692,101)
\$ 3,669,112	\$ 3,695,389
323.52%	316.40%
62.84%	64.07%

ARCHULETA SCHOOL DISTRICT 50JT

SCHEDULE OF DISTRICT CONTRIBUTIONS

**PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
Contractually required contributions	\$ 1,360,053	\$ 733,025	\$ 686,936
Actual contributions	<u>(1,360,053)</u>	<u>(733,025)</u>	<u>(686,936)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,300,336	\$ 4,043,159	\$ 3,963,856
Contributions as a percentage of covered payroll	18.63%	18.13%	17.33%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
\$ 602,835	\$ 573,894
<u>(602,835)</u>	<u>(573,894)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 3,669,112	\$ 3,695,389
16.43%	15.53%

ARCHULETA SCHOOL DISTRICT 50JT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>
District's proportion of the net pension asset (liability)	0.089923%	0.087947%
District's proportionate share of the net pension asset (liability)	\$ (1,168,634)	\$ (1,140,261)
District's covered payroll	\$ 7,300,334	\$ 4,043,159
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	16.01%	28.20%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.70%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

ARCHULETA SCHOOL DISTRICT 50JT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Health Care Trust Func
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 74,463	\$ 41,240
Actual contributions	<u>(74,463)</u>	<u>(41,240)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,300,334	\$ 4,043,159
Contributions as a percentage of covered payroll	1.02%	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date show

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Property Taxes	\$ 5,984,510	\$ 6,030,439	\$ 45,929	\$ 5,757,443
Specific Ownership Taxes	598,005	822,960	224,955	641,374
Delinquent Taxes	10,000	6,931	(3,069)	10,009
Other Taxes	-	826	826	760
Tuition From Individuals	49,000	85,730	36,730	63,890
Investment Earnings	76,000	97,551	21,551	57,510
Pupil Activity Revenues	25,000	20,803	(4,197)	20,931
Fees	4,500	7,304	2,804	7,534
Rent Revenue	2,200	1,611	(589)	4,402
Donations	17,101	6,100	(11,001)	1,934
Services Provided to Charter School	23,875	23,886	11	-
Indirect Cost Revenue	-	10,037	10,037	13,311
Insurance Proceeds	-	5,982	5,982	94
Other Local	30,000	163,502	133,502	62,481
Total Local Sources	<u>6,820,191</u>	<u>7,283,662</u>	<u>463,471</u>	<u>6,641,673</u>
Intermediate Sources				
Mineral Leases	2,100	1,446	(654)	2,090
Other Intermediate Source Revenue	104,400	5,269	(99,131)	4,160
Total Intermediate Sources	<u>106,500</u>	<u>6,715</u>	<u>(99,785)</u>	<u>6,250</u>
State Sources				
State Equalization	5,699,830	5,892,243	192,413	5,181,145
Hold Harmless Kindergarten	48,413	48,642	229	46,971
Transportation	132,400	132,704	304	127,912
State Grants from CDE				
Capital Construction - Charter Schools	19,059	16,317	(2,742)	-
State ELPA	63,422	61,727	(1,695)	46,973
Read to Achieve	43,141	43,141	-	-
Small Rural School	266,511	267,134	623	-
Add'l At-Risk Funding	9,200	10,871	1,671	9,213
Library Grant	4,000	4,000	-	4,000
Other CDE State Grants	211,354	-	(211,354)	-
State Vocational Education	18,900	14,176	(4,724)	55,043
SWAP	-	-	-	39,263
State Grants Provided through BOCES	60,075	109,772	49,697	17,720
Total State Sources	<u>6,576,305</u>	<u>6,600,727</u>	<u>24,422</u>	<u>5,528,240</u>
Federal Sources				
Federal Grants from Other State Agencies				
NFS - Secure Rural Schools	-	275,622	275,622	39,431
Direct Federal Revenue				
Medicaid Reimbursement	65,000	68,701	3,701	61,606
Total Federal Sources	<u>65,000</u>	<u>344,323</u>	<u>279,323</u>	<u>101,037</u>
TOTAL REVENUES	<u>13,567,996</u>	<u>14,235,427</u>	<u>667,431</u>	<u>12,277,200</u>

See the accompanying Independent Auditors' Report
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
(Continued)				
EXPENDITURES				
Instruction				
Salaries	4,927,807	4,937,034	(9,227)	4,723,414
Benefits	1,859,955	1,777,448	82,507	1,531,643
PS - Professional	311,117	276,601	34,516	323,875
PS - Property	19,160	18,824	336	15,554
PS - Other	325,636	378,793	(53,157)	322,010
Supplies	377,299	311,976	65,323	377,447
Property	167,567	134,737	32,830	137,216
Other Expenses	(197,192)	(186,407)	(10,785)	(243,351)
Total Instruction	<u>7,791,349</u>	<u>7,649,006</u>	<u>142,343</u>	<u>7,187,808</u>
Supporting Services				
Pupil Support				
Salaries	266,688	290,594	(23,906)	274,723
Benefits	112,877	104,059	8,818	96,611
PS - Professional	21,905	18,011	3,894	12,480
PS - Other	11,315	6,873	4,442	12,624
Supplies	15,125	14,271	854	13,386
Property	2,645	1,565	1,080	-
Other Expenses	4,450	1,732	2,718	1,043
Total Pupil Support	<u>435,005</u>	<u>437,105</u>	<u>(2,100)</u>	<u>410,867</u>
Staff Support				
Salaries	128,865	130,760	(1,895)	127,536
Benefits	27,522	27,926	(404)	26,632
PS - Professional	2,000	600	1,400	400
PS - Property	200	209	(9)	-
PS - Other	29,085	3,161	25,924	21,222
Supplies	22,240	17,471	4,769	16,419
Property	5,150	2,302	2,848	10,059
Other Expenses	-	4	(4)	60
Total Staff Support	<u>215,062</u>	<u>182,433</u>	<u>32,629</u>	<u>202,328</u>
General Administration				
Salaries	345,899	351,026	(5,127)	289,310
Benefits	99,349	90,042	9,307	74,594
PS - Professional	107,215	97,032	10,183	103,820
PS - Property	2,248	2,717	(469)	2,795
PS - Other	22,591	28,000	(5,409)	25,263
Supplies	18,292	22,016	(3,724)	18,594
Property	2,650	2,898	(248)	-
Other Expenses	13,503	24,001	(10,498)	25,560
Total General Administration	<u>611,747</u>	<u>617,732</u>	<u>(5,985)</u>	<u>539,936</u>
School Administration				
Salaries	550,520	537,614	12,906	531,900
Benefits	201,737	158,699	43,038	168,143
PS - Professional	3,100	398	2,702	140
PS - Other	10,238	16,175	(5,937)	10,173
Supplies	8,588	9,804	(1,216)	6,397
Property	1,510	1,507	3	2,363
Other Expenses	3,284	2,745	539	3,300
Total School Administration	<u>778,977</u>	<u>726,942</u>	<u>52,035</u>	<u>722,416</u>

See the accompanying Independent Auditors' Report
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	144,106	144,751	(645)	141,567
Benefits	55,326	55,205	121	51,198
PS - Professional	35,000	32,821	2,179	38,091
PS - Other	3,500	3,048	452	2,313
Supplies	10,000	10,067	(67)	9,005
Property	-	-	-	685
Other Expenses	-	75	(75)	-
Total Business Services	<u>247,932</u>	<u>245,967</u>	<u>1,965</u>	<u>242,859</u>
Operations and Maintenance				
Salaries	456,484	438,605	17,879	439,879
Benefits	193,041	169,592	23,449	167,504
PS - Professional	140,044	84,010	56,034	129,382
PS - Property	100,630	96,474	4,156	96,831
PS - Other	67,554	79,149	(11,595)	66,374
Supplies	316,814	314,252	2,562	339,839
Property	46,450	45,450	1,000	2,676
Total Operations and Maintenance	<u>1,321,017</u>	<u>1,227,532</u>	<u>93,485</u>	<u>1,242,485</u>
Transportation				
Salaries	421,671	422,978	(1,307)	395,857
Benefits	132,325	114,274	18,051	102,637
PS - Professional	16,000	13,837	2,163	23,242
PS - Property	8,180	5,672	2,508	3,061
PS - Other	29,742	47,054	(17,312)	23,496
Supplies	187,074	165,497	21,577	153,748
Property	118,520	112,136	6,384	8,486
Other Expenses	(154,550)	(135,562)	(18,988)	(150,220)
Total Transportation	<u>758,962</u>	<u>745,886</u>	<u>13,076</u>	<u>560,307</u>
Other Central Support				
Salaries	96,403	94,397	2,006	119,623
Benefits	20,646	20,301	345	35,669
PS - Professional	163,800	197,975	(34,175)	149,128
PS - Other	2,000	14,768	(12,768)	-
Supplies	39,000	47,566	(8,566)	38,366
Property	254,400	246,271	8,129	22,381
Other Expenses	-	225	(225)	-
Total Other Central Support	<u>576,249</u>	<u>621,503</u>	<u>(45,254)</u>	<u>365,167</u>
Risk Management				
PS - Professional	-	-	-	8
PS - Other	135,240	127,591	7,649	130,619
Total Risk Management	<u>135,240</u>	<u>127,591</u>	<u>7,649</u>	<u>130,627</u>

See the accompanying Independent Auditors' Report
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
(Continued)				
EXPENDITURES (Continued)				
Debt Service				
Principal	108,870	108,866	4	101,231
Interest	27,069	27,072	(3)	29,638
Total Debt Service	135,939	135,938	1	130,869
Contingency	7,283,698	-	7,283,698	-
TOTAL EXPENDITURES	<u>20,291,177</u>	<u>12,717,635</u>	<u>7,573,542</u>	<u>11,735,669</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(6,723,181)</u>	<u>1,517,792</u>	<u>8,240,973</u>	<u>541,531</u>
OTHER FINANCING SOURCES (USES)				
Transfers	(400,000)	(299,811)	100,189	(592,156)
Allocation to Component Unit	(477,500)	(477,731)	(231)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(877,500)</u>	<u>(777,542)</u>	<u>99,958</u>	<u>(592,156)</u>
CHANGE IN FUND BALANCE	<u>(7,600,681)</u>	<u>740,250</u>	<u>8,340,931</u>	<u>(50,625)</u>
BEGINNING FUND BALANCE	<u>7,577,533</u>	<u>7,577,533</u>	<u>-</u>	<u>7,628,158</u>
ENDING FUND BALANCE	<u>\$ (23,148)</u>	<u>\$ 8,317,783</u>	<u>\$ 8,340,931</u>	<u>\$ 7,577,533</u>

See accompanying Independent Auditors' Report.

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DESIGNATED GRANTS FUND

This fund is used to account for some of the Districts grants.

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Donations	\$ 166,886	\$ 100,874	\$ (66,012)	\$ 135,606
Intermediate Sources				
Other Intermediate Source Revenue	30,000	25,000	(5,000)	-
State Sources				
State Grants from CDE				
BOCES Grant Writing	99,136	93,526	(5,610)	-
Com Health Year 2	24,813	21,795	(3,018)	-
READ Act Grant	-	-	-	28,800
SHP Grant	199,927	182,112	(17,815)	82,273
Other CDE State Grants	-	-	-	24,015
State Grants from Other Agencies				
Other Agency State Grants	112,142	108,110	(4,032)	96,310
State Grants Provided through BOCES	-	-	-	7,571
Total State Sources	436,018	405,543	(30,475)	238,969
Federal Sources				
Federal Grants from CDE				
NCLB Title I, Part A - Improving Basic Programs	376,455	368,460	(7,995)	390,902
Rural Education (REAP)	22,224	22,224	-	-
NCLB Title II, Part A - Teacher & Principal Training	60,078	55,209	(4,869)	72,985
Title I - Charter Schools	226,312	196,936	(29,376)	66,678
RTTT - Early Learning Challenge	1,134	1,134	-	125
OBH Subst. Abuse Rev.	100,000	100,000	-	100,000
Title IV Grant	10,000	5,000	(5,000)	-
DOT Highway Planning and Construction	22,398	17,576	(4,822)	22,547
Federal Provided through BOCES	26,050	21,258	(4,792)	5,577
Total Federal Sources	844,651	787,797	(56,854)	658,814
TOTAL REVENUES	1,477,555	1,319,214	(158,341)	1,033,389
EXPENDITURES				
Instruction				
Salaries	268,640	205,166	63,474	249,101
Benefits	65,435	68,397	(2,962)	70,832
PS - Professional	2,525	925	1,600	9,920
PS - Property	1,750	193	1,557	-
PS - Other	252,433	221,553	30,880	65,446
Supplies	26,562	20,909	5,653	40,986
Property	38,039	15,387	22,652	13,743
Other Expenses	352,025	344,230	7,795	388,902
Total Instruction	1,007,409	876,760	130,649	838,930
Supporting Services				
Pupil Support				
Salaries	235,062	222,623	12,439	103,029
Benefits	90,001	85,403	4,598	32,386
PS - Professional	20,951	13,394	7,557	18,366
PS - Other	31,471	14,905	16,566	4,133
Supplies	37,850	37,861	(11)	7,931
Property	7,937	11,417	(3,480)	-
Other Expenses	-	299	(299)	523
Total Pupil Support	423,272	385,902	37,370	166,368
Staff Support				
PS - Professional	-	5,000	(5,000)	119
Supplies	1,134	995	139	-
Other Expenses	-	-	-	6
Total Staff Support	1,134	5,995	(4,861)	125
General Administration				
Salaries	20,940	17,859	3,081	-
Benefits	4,190	4,039	151	-
PS - Professional	700	695	5	-
Supplies	12,710	1,386	11,324	60
Total General Administration	38,540	23,979	14,561	60
School Administration				
PS - Professional	-	-	-	13,055
Supplies	-	-	-	10,218
Total School Administration	-	-	-	23,273

See the accompanying Independent Auditors' Report
(Continued)

ARCHULETA SCHOOL DISTRICT 50JT
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Designated Grants Fund
 For the Year Ended June 30, 2018
 (With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
PS - Professional	-	-	-	2,045
PS - Other	-	-	-	520
Supplies	-	-	-	68
Total Business Services	-	-	-	2,633
Other Central Support				
Property	-	22,224	(22,224)	-
Total Other Central Support	-	22,224	(22,224)	-
Other Supporting Services				
Salaries	2,000	101	1,899	-
Benefits	422	21	401	-
Supplies	4,578	4,232	346	-
Total Other Supporting Services	7,000	4,354	2,646	-
Food Service				
Salaries	-	-	-	394
Benefits	-	-	-	76
Supplies	-	-	-	1,530
Total Food Service	-	-	-	2,000
Community Support				
Supplies	200	-	200	-
TOTAL EXPENDITURES	1,477,555	1,319,214	158,341	1,033,389
CHANGE IN FUND BALANCE	-	-	-	-
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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ARCHULETA SCHOOL DISTRICT 50JT
 Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018
 (With Comparative Totals for June 30, 2017)

	Special Revenue	Capital Projects	Totals	
	Food Service Fund	Capital Reserve Project Fund	2018	2017
ASSETS				
Cash and Investments	\$ 154,788	\$ 54,747	\$ 209,535	\$ 176,689
Grants Receivable	-	-	-	3,300
Other Accounts Receivable	4,431	-	4,431	550
Inventory	21,878	-	21,878	21,878
TOTAL ASSETS	<u>\$ 181,097</u>	<u>\$ 54,747</u>	<u>\$ 235,844</u>	<u>\$ 202,417</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	2,466	-	\$ 2,466	\$ 1,491
Accrued Salaries & Benefits	29,960	-	29,960	26,350
Total Liabilities	<u>32,426</u>	<u>-</u>	<u>32,426</u>	<u>27,841</u>
Deferred Inflows of Financial Resources				
Deferred Inflows Other	9,621	-	9,621	9,621
Fund Balance				
Nonspendable Fund Balance	21,878	-	21,878	21,878
Committed for Food Service	117,172	-	117,172	80,773
Assigned for Fund Purpose	-	54,747	54,747	62,304
Total Fund Balance	<u>139,050</u>	<u>54,747</u>	<u>193,797</u>	<u>164,955</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 181,097</u>	<u>\$ 54,747</u>	<u>\$ 235,844</u>	<u>\$ 202,417</u>

See accompanying Independent Auditors' Report.

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Special Revenue	Capital Projects	Totals	
	Capital Reserve			
	Food Service Fund	Project Fund	2018	2017
REVENUES				
Local Sources	\$ 146,562	\$ 497	\$ 147,059	\$ 133,113
State Sources	11,155	-	11,155	109,793
Federal Sources	416,554	-	416,554	385,361
TOTAL REVENUES	<u>574,271</u>	<u>497</u>	<u>574,768</u>	<u>628,267</u>
EXPENDITURES				
Instruction	-	42,949	42,949	103,753
General Administration	-	-	-	9,117
Operations and Maintenance	-	166,622	166,622	208,844
Transportation	-	98,294	98,294	318,134
Food Service	537,872	-	537,872	503,364
Facilities	-	-	-	284,855
TOTAL EXPENDITURES	<u>537,872</u>	<u>307,865</u>	<u>845,737</u>	<u>1,428,067</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	36,399	(307,368)	(270,969)	(799,800)
OTHER FINANCING SOURCES (USES)				
Transfer In (Out) - net	-	299,811	299,811	592,156
CHANGE IN FUND BALANCE	36,399	(7,557)	28,842	(207,644)
BEGINNING FUND BALANCE	102,651	62,304	164,955	372,599
ENDING FUND BALANCE	<u>\$ 139,050</u>	<u>\$ 54,747</u>	<u>\$ 193,797</u>	<u>\$ 164,955</u>

See accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS

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FOOD SERVICE FUND

This fund accounts for all financial activities associated with the District school lunch program.

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Investment Earnings	\$ 770	\$ 900	\$ 130	\$ 503
Food Service Revenue	150,400	145,662	(4,738)	132,332
Total Local Sources	<u>151,170</u>	<u>146,562</u>	<u>(4,608)</u>	<u>132,835</u>
State Sources				
State Grants from CDE				
State Match - Child Nutrition	4,900	4,931	31	4,407
Smart Start Nutrition	2,100	2,394	294	2,109
State K-2 Reduced Lunch	<u>3,500</u>	<u>3,830</u>	<u>330</u>	<u>3,475</u>
Total State Sources	<u>10,500</u>	<u>11,155</u>	<u>655</u>	<u>9,991</u>
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	85,000	90,058	5,058	78,715
National School Lunch Program	290,000	290,093	93	267,942
Federal Grants from Other State Agencies				
Commodities	<u>35,000</u>	<u>36,403</u>	<u>1,403</u>	<u>38,704</u>
Total Federal Sources	<u>410,000</u>	<u>416,554</u>	<u>6,554</u>	<u>385,361</u>
TOTAL REVENUES	<u>571,670</u>	<u>574,271</u>	<u>2,601</u>	<u>528,187</u>
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	168,451	157,484	10,967	156,524
Benefits	82,950	71,489	11,461	63,570
PS - Professional	5,000	4,294	706	3,982
PS - Property	200	44	156	93
PS - Other	2,925	2,357	568	2,467
Supplies	18,000	19,126	(1,126)	15,658
Food	267,000	242,365	24,635	225,926
Commodities	35,000	36,403	(1,403)	35,144
Property	10,000	3,982	6,018	-
Other Expenses	-	328	(328)	-
TOTAL EXPENDITURES	<u>589,526</u>	<u>537,872</u>	<u>51,654</u>	<u>503,364</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(17,856)	36,399	54,255	24,823
OTHER FINANCING SOURCES (USES)				
Transfers	4,500	-	(4,500)	20,000
CHANGE IN FUND BALANCE	(13,356)	36,399	49,755	44,823
BEGINNING FUND BALANCE	13,356	102,651	89,295	57,828
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 139,050</u>	<u>\$ 139,050</u>	<u>\$ 102,651</u>

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

This fund is used to account for the repayment of the District's bonded debt.

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Property Taxes	\$ 900,200	\$ 900,172	\$ (28)	\$ 964,790
Specific Ownership Taxes	44,000	458	(43,542)	57,050
Delinquent Taxes	1,500	1,086	(414)	1,597
Other Taxes	-	124	124	128
Investment Earnings	14,000	18,259	4,259	10,086
TOTAL REVENUES	<u>959,700</u>	<u>920,099</u>	<u>(39,601)</u>	<u>1,033,651</u>
EXPENDITURES				
Supporting Services				
General Administration				
PS - Professional	750	750	-	750
Debt Service				
Principal	905,000	905,000	-	880,000
Interest	53,950	53,950	-	71,800
Total Debt Service	<u>958,950</u>	<u>958,950</u>	<u>-</u>	<u>951,800</u>
Contingency	<u>1,596,931</u>	<u>-</u>	<u>1,596,931</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,556,631</u>	<u>959,700</u>	<u>1,596,931</u>	<u>952,550</u>
CHANGE IN FUND BALANCE	<u>(1,596,931)</u>	<u>(39,601)</u>	<u>1,557,330</u>	<u>81,101</u>
BEGINNING FUND BALANCE	<u>1,596,931</u>	<u>1,596,931</u>	<u>-</u>	<u>1,515,830</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,557,330</u>	<u>\$ 1,557,330</u>	<u>\$ 1,596,931</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

This fund is used to account for the District's major capital outlay activity.

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2018

	2018		Variance with Final Budget	2017
	Final Budget	Actual		Actual
REVENUES				
Local Sources				
Investment Earnings	\$ -	\$ 497	\$ 497	\$ 279
State Sources				
Best Capital Construction Program	-	-	-	99,802
TOTAL REVENUES	<u>-</u>	<u>497</u>	<u>497</u>	<u>100,081</u>
EXPENDITURES				
Instruction				
Property	<u>57,350</u>	<u>42,949</u>	<u>14,401</u>	<u>103,753</u>
Supporting Services				
General Administration				
Property	-	-	-	9,117
Operations and Maintenance				
PS - Professional	15,828	-	15,828	34,171
PS - Property	86,790	27,821	58,969	149,345
Supplies	2,000	-	2,000	-
Property	149,740	138,801	10,939	25,328
Total Operations and Maintenance	<u>254,358</u>	<u>166,622</u>	<u>87,736</u>	<u>208,844</u>
Transportation				
PS - Property	20,000	433	19,567	-
Property	93,610	97,861	(4,251)	318,134
Total Transportation	<u>113,610</u>	<u>98,294</u>	<u>15,316</u>	<u>318,134</u>
Facilities/Capital Outlay				
Buildings	-	-	-	284,856
TOTAL EXPENDITURES	<u>425,318</u>	<u>307,865</u>	<u>117,453</u>	<u>924,704</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(425,318)	(307,368)	117,950	(824,623)
OTHER FINANCING SOURCES (USES)				
Transfers	395,500	299,811	(95,689)	572,156
CHANGE IN FUND BALANCE - BUDGET BASIS	(29,818)	(7,557)	22,261	(252,467)
BEGINNING FUND BALANCE	62,304	62,304	-	314,771
ENDING FUND BALANCE	<u>\$ 32,486</u>	<u>\$ 54,747</u>	<u>\$ 22,261</u>	<u>\$ 62,304</u>

See accompanying Independent Auditors' Report.

FIDUCIARY FUNDS

Private Purpose Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The District's private purpose trust fund is its Scholarship Fund.

The District has established agency funds to account for various student activity groups and contributions from private organizations. The agency funds are custodial in nature and do not involve measurement of results of operations. This fund is the Pupil Activity Agency Fund.

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
A.S.E. - Mooney - Hughes P.A.C. Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017	
	Final Budget	Actual		Budget	Actual
ADDITIONS					
Local Sources	\$ 9,160	\$ 8,196	\$ (964)	\$ 6,252	
DEDUCTIONS					
Instruction	30,000	-	30,000	-	
Other Supporting Services	4,196	3,448	748	3,934	
Contingency	533,421	-	533,421	-	
TOTAL DEDUCTIONS	<u>567,617</u>	<u>3,448</u>	<u>564,169</u>	<u>3,934</u>	
CHANGE IN NET POSITION	(558,457)	4,748	563,205	2,318	
BEGINNING NET POSITION	<u>558,457</u>	<u>558,457</u>	-	<u>556,139</u>	
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 563,205</u>	<u>\$ 563,205</u>	<u>\$ 558,457</u>	

See accompanying Independent Auditors' Report.

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Revenues, Expenses and Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Pupil Activity Agency Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017	
	Final Budget	Actual		Budget	Actual
ADDITIONS					
Local Sources	\$ 175,636	\$ 166,949	\$ (8,687)	\$ 157,800	
DEDUCTIONS					
Instruction	175,000	164,313	10,687	168,805	
Contingency	108,862	-	108,862	-	
TOTAL DEDUCTIONS	<u>283,862</u>	<u>164,313</u>	<u>119,549</u>	<u>168,805</u>	
CHANGE IN NET POSITION	(108,226)	2,636	110,862	(11,005)	
BEGINNING NET POSITION	<u>108,226</u>	<u>108,226</u>	<u>-</u>	<u>119,231</u>	
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 110,862</u>	<u>\$ 110,862</u>	<u>\$ 108,226</u>	

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 0220 - ARCHULETA COUNTY 50 JT
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
	+		-	=
Governmental				
10 General Fund	7,577,533	13,457,884	12,717,634	8,317,783
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	7,577,533	13,457,884	12,717,634	8,317,783
11 Charter School Fund	-7,944	525,621	515,345	2,333
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	102,651	574,270	537,872	139,050
22 Govt Designated-Purpose Grants Fund	0	1,635,680	1,635,680	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,596,931	920,100	959,700	1,557,330
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	62,303	300,308	307,865	54,746
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	9,331,474	17,413,863	16,674,095	10,071,242
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	558,457	8,196	3,448	563,205
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	108,226	166,948	164,313	110,862
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	666,683	175,144	167,760	674,067

FINAL

The accompanying notes are an integral part of this schedule.



Colorado Department of Education
Bolded Balance Sheet Report
 District: 0220 - ARCHULETA COUNTY 50 JT
 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	Totals			
Cash and Investments (8100-8104,8111)	9,262,570	162,214	0	94,415	0	154,788	0	54,746	0	0	0	674,067	0	10,402,800				
Cash with Fiscal Agent (8105)	94,114	0	0	0	0	0	1,501,034	0	0	0	0	0	0	1,595,148				
Taxes Receivable (8121,8122)	371,704	0	0	0	0	0	56,296	0	0	0	0	0	0	428,000				
Interfund Loans Receivable (8131,8132)	12,238	0	0	76,115	0	0	0	0	0	0	0	0	0	88,354				
Intergovernmental Accounts Rec (8141)	0	2,628	0	0	0	0	0	0	0	0	0	0	0	2,628				
Grants Accounts Receivable (8142)	26,018	0	0	224,190	0	0	0	0	0	0	0	0	0	250,208				
Other Receivables (8151-8154,8161)	2,201	0	0	0	0	4,431	0	0	0	0	0	0	0	6,631				
Inventories (8171,8172,8173)	0	0	0	0	0	21,878	0	0	0	0	0	0	0	21,878				
Prepaid Expenses 8181,8182)	3,455	1,082	0	0	0	0	0	0	0	0	0	0	0	4,537				
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Assets	9,772,300	165,925	0	394,720	0	181,096	1,557,330	54,746	0	0	0	674,067	0	12,800,184				

The accompanying notes are an integral part of this schedule.

Proprietary

Governmental

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	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	76,115	0	12,238	0	0	0	0	0	0	0	0	0	0	88,354
Other Payables (7421-7423)	138,101	8,532	0	74,459	0	2,466	0	0	0	0	0	0	0	0	223,558
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	1,304,409	0	0	80,233	0	29,960	0	0	0	0	0	0	0	0	1,414,602
Payroll Ded. and Withholdings (7471-7473)	0	1,945	0	0	0	0	0	0	0	0	0	0	0	0	1,945
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	155,218	0	0	0	0	0	0	0	0	0	0	155,218
Other Current Liabilities (7491,7492,7499)	0	77,000	0	0	0	0	0	0	0	0	0	0	0	0	77,000
Deferred Inflow (7800)	0	0	0	0	0	9,621	0	0	0	0	0	0	0	0	9,621
Deferred Inflow Grants (7801)	12,007	0	0	72,571	0	0	0	0	0	0	0	0	0	0	84,579
Total Liabilities	1,454,517	163,591	0	394,720	0	42,047	0	0	0	0	0	0	0	0	2,054,875

The accompanying notes are an integral part of this schedule.

Governmental

Proprietary

Fiduciary

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	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	21,878	0	0	0	0	0	0	0	0	21,878
Restricted Fund Balance 6720	0	0	0	0	0	0	1,557,330	0	0	0	0	0	0	0	1,557,330
TABOR 3% Emergency Reserve 6721	383,000	16,000	0	0	0	0	0	0	0	0	0	0	0	0	399,000
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	117,172	0	0	0	0	0	0	0	0	117,172
Assigned Fund Balance 6760	0	0	0	0	0	0	0	54,746	0	0	0	0	0	0	54,746
Unassigned Fund Balance 6770	7,934,783	-13,667	0	0	0	0	0	0	0	0	0	0	674,067	0	8,595,183
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	8,317,783	2,333	0	0	0	139,050	1,557,330	54,746	0	0	0	0	674,067	0	10,745,309

	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	Totals
Total Liabilities & Fund Equity	9,772,300	165,925	0	394,720	0	181,096	1,557,330	54,746	0	0	0	0	674,067	0	12,800,184
	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	
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The accompanying notes are an integral part of this schedule.

SINGLE AUDIT COMPLIANCE

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Archuleta School District 50 JT
Pagosa Springs, Colorado

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance *Government Auditing Standards*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Archuleta School District 50 JT (the District) 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, and have issued our report thereon dated December 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
December 7, 2018

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Archuleta School District 50 JT
Pagosa Springs, Colorado

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited the Archuleta School District 50 JT (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's, Colorado's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements the Archuleta School District 50 JT, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 7, 2018 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado
December 7, 2018

ARCHULETA SCHOOL DISTRICT 50JT
Schedule of Findings and Questioned Costs
June 30, 2018

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

1

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ yes x no

Identification of major program:

84.010 Title I - Grants to Local Educational Agencies
84.282 Title V_B Charter School Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes _____ no

ARCHULETA SCHOOL DISTRICT 50JT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2018

II - Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Archuleta School District 50 JT, as of and for the year ended June 30, 2018, did not disclose any material weaknesses or significant deficiencies in internal controls.

B. Compliance Findings

The audit of the financial statements of the Archuleta School District 50 JT, as of and for the year ended June 30, 2018, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit of the major programs of the Archuleta School District 50 JT, as of and for the year ended June 30, 2018, did not disclose any material weaknesses or significant deficiencies in internal controls over grant compliance requirements.

B. Compliance Findings

The audit of the major programs of the Archuleta School District 50 JT, as of and for the year ended June 30, 2018, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

C. Questioned Costs

None noted.

VI – Schedule of Prior year Findings

None.

Archuleta County School District 50 JT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education,4553	\$ 90,058
National School Lunch Program	10.555	Colorado Department Human Services,4555	36,403
National School Lunch Program	10.555	Colorado Department Education,4555	<u>290,093</u>
Total Child Nutrition Cluster-Cluster			<u>416,554</u>
Other Programs			
Department of Transportation			
Highway Planning and Construction	20.205	Colorado Department of Transportation,411009915	17,576
Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education,4010	368,460
Charter Schools	84.282	Colorado Department of Education,5282	196,936
Rural Education	84.358	Colorado Department of Education,6358	22,224
Improving Teacher Quality State Grants	84.367	Colorado Department of Education,4367	55,209
Race to the Top	84.413	Colo Dept of Education,4413	1,134
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education,4424	<u>5,000</u>
Total Department of Education			<u>648,963</u>
Department of Health and Human Services			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Colorado Department Human Services,18 IHJA 97879	<u>100,000</u>
United States Department of Agriculture			
Schools and Roads - Grants to States	10.665	Archuleta County,7665	<u>275,622</u>
Total Other Programs			<u>1,042,161</u>
Total Expenditures of Federal Awards			<u>\$ 1,458,715</u>

The accompanying notes are an integral part of this schedule

ARCHULETA SCHOOL DISTRICT 50JT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards, (the "Schedule"), includes the federal award activity of the Archuleta School District 50JT, (the "District") under the programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: 10% DE MINIMIS COST RATE

The District did not utilize the 10% de minimis cost rate allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

The District's charter school, Pagosa Peak Open School, was the subrecipient of the Charter School grant and Title I Grant (CFDA 84.282 and 84.010).