

cPa DIXON, WALLER & CO., INC.

BACA COUNTY SCHOOL

DISTRICT NUMBER RE-1

WALSH, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

**DIXON, WALLER & CO., INC.**

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BACA COUNTY SCHOOL DISTRICT NUMBER RE-1

FINANCIAL STATEMENTS

JUNE 30, 2018

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BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2018

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BOARD OF EDUCATION

Todd Randolph	President
James Dubois	Vice-President
Tim Hume	Treasurer
Janiese Alton	Secretary
Ben Acre	Member

SCHOOL OFFICIALS

Stephanie Hund	Superintendent
Tressa Turner	Business Manager
Kylene Smith	Business Manager

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Baca County School District Number RE-1  
Walsh, Colorado 81090

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District Number RE-1, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and post employment benefits trend data on pages i through ix and 42 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baca County School District Number RE-1's basic financial statements. The combining and individual fund financial statements, other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Dixon, Waller & Co., Inc.*  
Trinidad, Colorado  
November 28, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# Walsh School District RE-1

## Management's Discussion and Analysis

The discussion and analysis of Walsh School District RE-1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999. The GASB requires certain comparative information between the current year and the prior year to be presented in the MD&A.

As of June 30, 2018, the District's proportionate share of the net pension liability is \$8,381,418. Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is recorded as a District liability.

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$191,396. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$(176,519) to \$(1,465,174) from \$(1,288,655) at the end of the previous fiscal year.

Fiscal year 2017 financial information has not been restated because some of the comparable information is not available

### **Financial Highlights**

- The District's governmental total net position decreased by \$1,222,911 as a direct result of the increased net pension liability nearly doubling this year. While net position does indicate negative overall fiscal health, the reader should be aware that this is an academic standard and does not reflect the fund-level fiscal health of the district.
- Expenses from governmental activities totaled \$3,968,234 and were countered by revenues totaling \$2,397,520. Again, pension costs and other post-employment benefits costs played a significant role in the governmental activities expenses, with a cost of \$1,509,307.
- General revenues reported include \$812,753 from property taxes, \$93,076 from specific ownership taxes, \$1,311,612 from state equalization, \$13,573 from earnings on investments, \$131,616 from insurance proceeds, and \$34,890 from other revenues.
- The General Fund Balance as of June 30, 2018 was \$2,543,689, and increased by \$217,027. For the 2018 fiscal year, the District levied 10 mills of the voter approved 10 mill levy override. Only 8 mills of the levy override has been budgeted for the 2019 fiscal year, and should offset the General Fund expenditure to revenue deficit.

### **Overview of the Financial Statements**

The Walsh School District RE-1 basic financial statements are comprised of three components:

1. Government-wide financial statements - focusing on both short-term and long-term information about the overall financial status of the District. The government-wide financial statements include the General Fund, Insurance Reserve Fund, CPP Fund, Designated Grant Fund, Food Service Fund, and Activity Fund.
2. Fund financial statements – focusing on the individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

3. Notes to the financial statements – required supplemental information that further explains and supports the information in the financial statements.

### **Government-wide Statements**

The financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those used in the private sector. The government-wide statements relate to those activities directly related to the education of students. The statement of net position includes all of the government's assets, liabilities, and deferred flows. All of the current year's revenues and expenses are accounted for in the statement of activities.

The two government-wide statements report the District's net position and any changes in net position from one year to the next. Net position is the difference between the District's assets, liabilities, and deferred flows, and is one indicator of the District's overall financial health. Net position indicates whether the District's financial health is improving or deteriorating. The reader should note that the net position includes the District's share of the PERA pension plan liability. Changes in the solvency of PERA affect the net position, sometimes dramatically. Other factors to consider when examining net position include non-financial factors such as changes to the District's tax base, student enrollment, and overall condition of facilities.

The government-wide financial statements of the District include the governmental activities. Most of the district's basic services are included within, such as instruction, support, general administration, and capital outlay. The statements also indicate that funding for these services come primarily from state equalization, property tax, and grant sources.

### **Fund Financial Statements**

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. The Walsh School District, like other governments, uses fund accounting to guarantee and demonstrate compliance. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

#### **Governmental Funds**

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances, or those available to be spent at the end of the fiscal year. Such information is used to evaluate the District's short-term

financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's short-term financing decisions.

Walsh School District maintains the following fund types:

- General Fund – accounts for all financial resources except for those legally required to be accounted for separately.
- Colorado Preschool Project Fund (CPP) – accounts for all financial resources related to preschool students identified by the CPP program and is reported as part of the General Fund.
- Designated Purpose Grants Fund – accounts for all financial resources tied to specific grant funding.
- Insurance Reserve Fund – accounts for all financial resources legally restricted for specific insurance purposes and is reported as part of the General Fund.
- Pupil Activity Fund – accounts for all financial resources held by special interest groups such as clubs, organizations, and classes.
- Food Service Special Revenue Fund – accounts for all financial resources related to the operation of the school lunch program.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information essential to a fully understanding of the data provided in the district-wide and fund financial statements.

### **Required Supplementary Information**

Each year, the District adopts a budget and appropriation resolutions for each of the individual governmental funds. A budgetary comparison for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget. A comparison of the remaining governmental funds are also reported as supplemental information.

### **Financial Analysis**

As previously stated, net position is one indicator of an entity's financial health. The net position of Walsh School District decreased by \$1,222,911, as previously stated. The decrease in net position is a direct result of the increase in our share of the state funded PERA pension plan. The District's net position was -\$2,688,085 as of June 30, 2018.

Walsh School District's current assets total \$2,865,287 with an additional \$1,040,204 in capital assets such as land, buildings, equipment, etc. As capital assets are used to provide services to students, these assets are not available for expenditures. The ratio of current assets to current liabilities is approximately 12:1, indicating that the District is solvent and able to meet its financial obligations.

### Statement of Net Position

	<b>Governmental Activities 2017-2018</b>	<b>Total 2017-2018</b>	<b>Governmental Activities 2016-2017</b>	<b>Total 2016-2017</b>
<b>ASSETS</b>				
Current & Other	2,865,287	2,865,287	2,587,452	2,587,452
Capital	1,040,204	1,040,204	968,818	968,818
<b>TOTAL</b>	<b>3,905,491</b>	<b>3,905,491</b>	<b>3,556,270</b>	<b>3,556,270</b>
<b>DEFERRED OUTFLOWS</b>	<b>2,728,635</b>	<b>2,728,635</b>	<b>2,938,035</b>	<b>2,938,035</b>
<b>LIABILITIES</b>				
Current	237,311	237,311	174,487	174,487
Long-term	8,572,814	8,572,814	7,545,586	7,545,586
<b>TOTAL</b>	<b>8,810,125</b>	<b>8,810,125</b>	<b>7,720,073</b>	<b>7,720,073</b>
<b>DEFERRED INFLOWS</b>	<b>512,086</b>	<b>512,066</b>	<b>62,888</b>	<b>62,888</b>
<b>NET POSITION</b>				
Net Investments-				
Capital Assets	1,040,204	1,040,204	968,818	968,818
Restricted for:				
Debt	0	0	0	0
TABOR	81,000	81,000	68,000	68,000
Preschool	142,260	142,260	154,094	154,094
Food Service	30,470	30,470	33,082	33,082
Unrestricted	-3,982,019	-3,982,019	-2,512,650	-2,512,650
<b>TOTAL NET POSITION</b>	<b>-2,688,085</b>	<b>-2,688,085</b>	<b>-1,288,656</b>	<b>-1,288,656</b>

## Changes in Net Position

	Governmental Activities 2017-2018	Total 2017-2018	Governmental Activities 2016-2017	Total 2016-2017
<b>REVENUES</b>				
Property Taxes	812,753	812,753	766,479	766,479
Specific Ownership				
Taxes	93,076	93,076	86,069	86,079
Investment Earnings	13,573	13,573	6,709	6,709
Charges for Services	62,358	62,358	47,157	47,157
State Equalization	1,311,612	1,311,612	1,232,911	1,232,911
Federal & State Grants	285,445	285,445	245,332	245,332
Insurance Proceeds	131,616	131,616	0	0
Other	34,890	34,890	24,953	24,953
<b>TOTAL</b>	<b>2,745,323</b>	<b>2,745,323</b>	<b>2,409,610</b>	<b>2,409,610</b>
<b>EXPENSES</b>				
<b>CURRENT:</b>				
Instruction	1,275,308	1,275,308	1,233,873	1,233,873
Support Services:				
Students	59,510	59,510	53,587	53,587
Instructional Staff	53,859	53,859	67,242	67,242
District Admin.	244,315	244,315	244,740	244,740
School Admin.	185,349	185,349	152,518	152,518
Business	50,639	50,639	34,100	34,100
Operation & Maint.	254,567	254,567	258,315	258,315
Transportation	171,086	171,086	162,298	162,298
Community	0	0	0	0
Central	44,001	44,001	41,510	41,510
Pension Cost	1,502,110	1,502,110	1,204,656	1,204,656
Post-employment Cost	7,197	7,197	0	0
Capital Outlay	2,595	2,595	7,254	7,254
Food Service	117,698	117,698	110,221	110,221
Interest on Debt	0	0	0	0
<b>TOTAL</b>	<b>3,968,234</b>	<b>3,968,234</b>	<b>3,572,214</b>	<b>3,572,214</b>
<b>INCREASE/DECREASE</b>	<b>-1,222,911</b>	<b>-1,222,911</b>	<b>- 1,116,307</b>	<b>- 1,116,307</b>

## Governmental Activities

The table below displays the District's major fiscal functions, and the net costs associated with each. As would be expected of a school district, the major functions involve instructional services and related supporting services.

### Governmental Activities

	<b>Total Cost of Services 2017-2018</b>	<b>Net Cost of Services 2017-2018</b>	<b>Total Cost of Services 2016-2017</b>	<b>Net Cost of Services 2016-2017</b>
INSTRUCTIONAL SERVICES	1,275,038	1,047,726	1,233,873	1,051,620
SUPPORTING SERVICES:				
Students	59,510	59,510	53,857	53,857
Instructional Staff	53,859	53,859	67,242	67,242
District Admin.	244,315	244,315	244,740	244,740
School Admin.	185,349	185,349	152,518	152,518
Business	50,639	50,639	34,100	34,100
Operations & Maint.	254,567	254,467	258,315	258,315
Transportation	171,086	137,551	163,928	133,210
Central	44,001	44,001	41,510	41,510
Community	0	0	0	0
Capital Outlay	2,595	2,595	7,254	7,254
Interest on Long-Term Debt	0	0	0	0
Food Service	117,698	31,112	110,438	38,311
Pension Cost	1,502,110	1,502,110	149,162	149,162
Other Post-employment Costs	7,197	7,197	0	0
<b>TOTAL</b>	<b>3,968,234</b>	<b>3,620,431</b>	<b>3,572,214</b>	<b>3,572,214</b>

As table above indicates, the total cost of governmental activities for the fiscal year ending June 30, 2018 was \$3,968,234. The District's total cost of services was offset by charges for services in the amount of \$62,358, and operating grants and contributions totaling \$285,445. Revenue

for governmental activities came primarily from state equalization (\$1,311,612) and district tax payers in the form of property taxes and specific ownership taxes (\$905,829). In addition, earnings on investments produced \$13,573 in revenue, and other revenues contributed \$34,890 to supporting District governmental activities.

### **General Fund Budgetary Highlights**

The Board adopted a final budget on January 15, 2018 with a total appropriation of \$5,103,258. As of June 30, 2018, the District had actual expenditures totaling \$2,324,947, which was \$2,778,311 less than the budgeted. The unspent appropriations remain in the District's fund balance. Similarly, the district realized \$2,444,950 in revenues, which exceeded the budgeted amount by \$143,060.

### **Next Year's Budget and Future Economic Status of the District**

The 2018-2019 budget will continue to be impacted by the uncertain future of PERA reform and school finance at the State and Federal levels. Furthermore, while enrollment appears to be stabilizing, the trend favors an overall decline. Despite these fiscal concerns, District administration is confident in its ability to maintain overall financial solvency. In the upcoming year, the mill levy override will be certified at 8 mills over the base, and the district is conducting a comprehensive needs assessment to determine where funds are most needed, and areas where cuts can be made. The District will continue to engage in a budget development process that is comprehensive and effective in controlling expenditures while meeting the needs of all students.

### **Capital Assets and Debt Administration**

Walsh School District's investments in capital assets for its governmental and business-type activities as of June 30, 2018 are \$1,040,204. This figure represents the net capital assets, and takes into account \$3,376,336 in total accumulated depreciation. Gross capital assets would therefore total \$4,416,540. The District's governmental capital assets are composed of the following:

	<b>2017-2018</b>	<b>2016-2017</b>
Land & Improvements	229,369	99,902
Buildings	2,896,373	2,896,373
Vehicles	503,509	608,684
Equipment	787,289	767,136

## **Long-Term Debt**

As of June 30, 2018, the District has no long-term debt.

## **Requests for Information**

The purpose of the Management's Discussion and Analysis is to provide the District's citizens, taxpayers, customers, and creditors a general overview of the District's finances. This financial report provides an added layer of fiscal accountability, and as such, may generate questions or concerns. Questions or comments concerning this report may be addressed to Stephanie Hund, Superintendent of Schools, P.O. Box 68, Walsh, CO 81090, or by calling 719-324-5400.

BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STATEMENT OF NET POSITION  
June 30, 2018

	Governmental Activities	Total
<u>ASSETS</u>		
Cash	2,794,103	2,794,103
Investments	-	-
Accounts Receivable	6,867	6,867
Accrued Revenue	-	-
Property Taxes Receivable	57,200	57,200
Inventories	7,117	7,117
Capital Assets	4,416,540	4,416,540
Accumulated Depreciation	(3,376,336)	(3,376,336)
<u>Total Assets</u>	<u>3,905,491</u>	<u>3,905,491</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	2,717,753	2,717,753
Other Post Employment Benefits	10,882	10,882
<u>Total Deferred Outflow of Resources</u>	<u>2,728,635</u>	<u>2,728,635</u>
 <u>LIABILITIES</u>		
Accounts Payable	11,151	11,151
Accrued Salaries and Benefits	163,408	163,408
Grant Amounts Received In Advance	62,752	62,752
Net Pension Liability	8,381,418	8,381,418
Net Post Employment Benefits Liability	191,396	191,396
<u>Total Liabilities</u>	<u>8,810,125</u>	<u>8,810,125</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	508,884	508,884
Other Post Employment Benefits	3,202	3,202
<u>Total Deferred Inflow of Resources</u>	<u>512,086</u>	<u>512,086</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	1,040,204	1,040,204
Restricted for:		
TABOR Reserve	81,000	81,000
Preschool	142,260	142,260
Food Service	30,470	30,470
Unrestricted	(3,982,019)	(3,982,019)
<u>TOTAL NET POSITION</u>	<u>(2,688,085)</u>	<u>(2,688,085)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

	Net (Expenses) Revenue and Changes in Net Position			
	Program Revenues		Primary Government	
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS	Expenses	186,619	-	Total
Instructional Services	1,275,308	40,963	-	(1,047,726)
Supporting Services:				
Students	59,510	-	-	(59,510)
Instructional Staff	53,859	-	-	(53,859)
District Administration	244,315	-	-	(244,315)
School Administration	185,349	-	-	(185,349)
Business	50,639	-	-	(50,639)
Operation & Maintenance of Facilities	254,567	-	-	(254,467)
Transportation	171,086	33,535	-	(137,551)
Central	44,001	-	-	(44,001)
Community	-	-	-	-
Food Service	117,698	58,424	6,867	(31,112)
Capital Outlay	2,595	-	-	(2,595)
Pension Cost	1,502,110	-	-	(1,502,110)
Other Post Employment Benefits Cost	7,197	-	-	(7,197)
<u>Total Governmental Activities</u>	<u>3,968,234</u>	<u>278,578</u>	<u>6,867</u>	<u>(3,620,431)</u>
<u>Total School District</u>	<u>3,968,234</u>	<u>278,578</u>	<u>6,867</u>	<u>(3,620,431)</u>
<u>General Revenues</u>				
Property Taxes Levied for General Purposes				812,753
Specific Ownership Taxes				93,076
Equalization				1,311,612
Earnings on Investments				13,573
Insurance Proceeds				131,616
Other Revenues				34,890
<u>Total General Revenues</u>				<u>2,397,520</u>
<u>Change in Net Position</u>				<u>(1,222,911)</u>
<u>Net Position, Beginning (as Restated)</u>				<u>(1,465,174)</u>
<u>Net Position, Ending</u>				<u>(2,688,085)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	2,770,500	23,603	2,794,103
Accounts Receivable	-	-	-
Accrued Revenue	-	6,867	6,867
Due From Other Funds	-	-	-
Property Taxes Receivable	57,200	-	57,200
Inventories	-	7,117	7,117
<u>TOTAL ASSETS</u>	<u>2,827,700</u>	<u>37,587</u>	<u>2,865,287</u>
<u>LIABILITIES</u>			
Accounts Payable	11,151	-	11,151
Accrued Salaries and Benefits	163,408	-	163,408
Due to Other Funds	-	-	-
Grant Amounts Received in Advance	62,752	-	62,752
<u>Total Liabilities</u>	<u>237,311</u>	<u>-</u>	<u>237,311</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Tax	46,700	-	46,700
<u>FUND BALANCES</u>			
Nonspendable:			
Inventories	-	7,117	7,117
Restricted:			
Emergency Reserve	81,000	-	81,000
Food Service	-	30,470	30,470
Preschool	142,260	-	142,260
Committed:			
Insurance	2,551	-	2,551
Assigned:			
Unassigned:	2,317,878	-	2,317,878
<u>Total Fund Balances</u>	<u>2,543,689</u>	<u>37,587</u>	<u>2,581,276</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,827,700</u>	<u>37,587</u>	<u>2,865,287</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2018

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

<u>Total Fund Balance – Governmental Funds</u>	2,581,276
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,416,540 and the accumulated depreciation is \$3,376,336.	1,040,204
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is not available.	46,700
Long-term liabilities, including loans and capital leases are not due and payable in the current period and therefore are not reported in the funds.	-
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(8,381,418)
Net Other Post Employment Benefits Liability	(191,396)
Deferred Outflows	2,728,635
Deferred Inflows	<u>(512,086)</u>
 <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	 <u>(2,688,085)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property Taxes	818,554	-	818,554
Specific Ownership Taxes	93,076	-	93,076
Earnings on Investments	13,489	-	13,489
Other Local Sources	75,954	21,379	97,333
State Aid	1,443,212	14,887	1,458,099
Federal Aid	665	138,292	138,957
<u>Total Revenues</u>	<u>2,444,950</u>	<u>174,558</u>	<u>2,619,508</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	1,139,036	87,888	1,226,924
Supporting Services:			
Students	59,510	-	59,510
Instructional Staff	53,859	-	53,859
District Administration	244,315	-	244,315
School Administration	185,349	-	185,349
Business	50,639	-	50,639
Operation & Maintenance of Facilities	252,147	-	252,147
Transportation	143,876	-	143,876
Community	-	-	-
Central	44,001	-	44,001
Food Service	-	117,478	117,478
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Capital Outlay	152,215	-	152,215
<u>Total Expenditures</u>	<u>2,324,947</u>	<u>205,366</u>	<u>2,530,313</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>120,003</u>	<u>(30,808)</u>	<u>89,195</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(34,592)	34,592	-
Proceeds of Capital Lease	-	-	-
Insurance Proceeds	131,616	-	131,616
<u>Total Other Financing Sources (Uses)</u>	<u>97,024</u>	<u>34,592</u>	<u>131,616</u>
<u>NET CHANGE IN FUND BALANCES</u>	217,027	3,784	220,811
<u>FUND BALANCES – BEGINNING</u>	<u>2,326,662</u>	<u>33,803</u>	<u>2,360,465</u>
<u>FUND BALANCES – ENDING</u>	<u>2,543,689</u>	<u>37,587</u>	<u>2,581,276</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2018

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>		220,811
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount of depreciation and capital outlay in the current period.</p>		
Capital Outlays more than \$5,000	149,620	
Depreciation Expense	(78,234)	71,386
<p>Property tax revenues are not recognized for amounts levied and due but not “available” at year-end and are reported as deferred inflows in the governmental funds. They are, however, recorded as revenues in the statement of activities.</p>		
		(5,801)
<p>The governmental funds report debt proceeds as another financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:</p>		
Repayment of Debt Principal		-
<p>The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:</p>		
Pension Cost	(1,502,110)	
Other Post Employment Benefits Cost	(7,197)	(1,509,307)
 <u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		 <u>(1,222,911)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
June 30, 2018

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	<u>Student Activities Fund</u>
<u>ASSETS</u>	
Cash	116,988
Investments	
Deposits Held By Others	-
<u>Total Assets</u>	<u>116,988</u>
<u>LIABILITIES</u>	
Due to Student Groups	116,988
Accounts Payable	-
<u>Total Liabilities</u>	<u>116,988</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Baca County School District Number RE-1 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

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

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Baca County School District Number RE-1. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

- Major Governmental Funds
  1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

Additionally, the District reports the following fund type: Trust and Agency

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

E. Cash and Investments

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

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

F. Receivables

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G.    Inventories

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

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

H.    Capital Assets

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

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-30 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I.    Deferred Outflows / Inflows of Resources

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J.    Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position.

The District records long-term debt of governmental funds at the face value. Notes payable and capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

K.    Constitutional Amendment

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

In November of 1996 the registered voters approved a ballot resolution authorizing Baca County School District Number RE-1 to collect, retain and expend (during 1996 and beyond) all revenues from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending. As of June 30, 2018 the District reserved \$81,000 for this purpose.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L.      Property Taxes

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

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

M.      Use of Estimates

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

N.      Interest Expense

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

O.      GASB Statement No. 54

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

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

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O.    GASB Statement No. 54 (Continued)

4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>			
Inventories	-	7,117	7,117
<u>Restricted:</u>			
Emergencies	81,000	-	81,000
Preschool	142,260	-	142,260
Food Service	-	30,470	30,470
<u>Committed:</u>			
Insurance	2,551	-	2,551
<u>Unassigned</u>	<u>2,317,878</u>	<u>-</u>	<u>2,317,878</u>
<u>Total Fund Balances</u>	<u>2,543,689</u>	<u>37,587</u>	<u>2,581,276</u>

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

<u>Item Eliminated</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General Fund	-	-	34,592	-
Designated Purpose Grant Fund	-	-	-	-
Food Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,592</u>
	<u>-</u>	<u>-</u>	<u>34,592</u>	<u>34,592</u>

NOTE 3 BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 3      BUDGETARY INFORMATION (Continued)

5. Formal budgetary integration should be employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds although measurement of operations is not required in the financial statements.

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

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

NOTE 4      CASH AND INVESTMENTS

Deposits

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

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,651,864	2,659,509
Cash with County Treasurer	8,677	-
Cash on Hand	550	-
<u>Total Cash and Deposits</u>	<u>2,911,091</u>	<u>2,909,509</u>

As presented above, deposits with a bank balance of \$2,659,509 and a carrying balance of \$2,651,864 as of June 30, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
<u>Non-Depreciable Assets</u>				
Land	99,902	-	-	99,902
<u>Depreciable Assets:</u>				
Buildings	2,896,373	-	-	2,896,373
Site Improvements	-	129,467	-	129,467
Vehicles	608,684	-	105,175	503,509
Equipment	<u>767,136</u>	<u>20,153</u>	-	<u>787,289</u>
<u>Total Assets</u>	<u>4,372,095</u>	<u>149,620</u>	<u>105,175</u>	<u>4,416,540</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Buildings	2,203,063	43,413	-	2,246,476
Site Improvements	-	2,697	-	2,697
Equipment & Vehicles	<u>1,200,214</u>	<u>32,124</u>	<u>105,175</u>	<u>1,127,163</u>
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>3,403,277</u>	<u>78,234</u>	<u>105,175</u>	<u>3,376,336</u>
<u>Total Capital Assets, Net</u>	<u>968,818</u>	<u>71,386</u>	<u>-</u>	<u>1,040,204</u>

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

Governmental Activities:

Instruction	48,384
Operations and Maintenance	2,420
Transportation	27,210
Food Service	<u>220</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>78,234</u>

NOTE 6      ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine or ten months. The salaries and benefits earned, but unpaid at June 30, 2018, are estimated to be \$163,408. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements in the appropriate fund.

NOTE 7      LONG-TERM DEBT

The District has no long-term debt as of June 30, 2018.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 8

PENSION PLAN

**Defined Benefit Pension Plan**

Summary of Significant Accounting Policies

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

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 24-51-602, 604, 1713, and 1714.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 8      PENSION PLAN (Continued)

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

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

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

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

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

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 8**      PENSION PLAN (Continued)

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

*Contribution provisions as of June 30, 2018.* Eligible employees and Baca County School District Number RE-1 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	5.000%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Baca County School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Baca County School District Number RE-1 were \$233,661 for the year ended June 30, 2018.

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

At June 30, 2018, the Baca County School District Number RE-1 reported a liability of \$8,381,418 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Baca County School District Number RE-1 proportion of the net pension liability was based on Baca County School District Number RE-1 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 Baca County School District Number RE-1 proportion was 0.0259 percent, which was an increase of 0.0006 to its proportion measured as of December 31, 2016.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 8      PENSION PLAN (Continued)

For the year ended June 30, 2018, the Baca County School District Number RE-1 recognized pension expense of \$1,502,110. At June 30, 2018, the Baca County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	154,099	-
Changes of assumptions or other inputs	2,140,088	(13,580)
Net difference between projected and actual earnings on pension plan investments	166,157	(495,304)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	135,538	-
Contributions subsequent to the measurement date	121,871	N/A
Total	2,717,753	508,884

\$121,871 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	1,382,340
2020	800,970
2021	27,514
2022	(123,826)
2023	-
Thereafter	-

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 8      PENSION PLAN (Continued)

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

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

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

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 8**      PENSION PLAN (Continued)

The long-term expected return on pension plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 8

PENSION PLAN (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute. AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 8**      PENSION PLAN (Continued)

*Sensitivity of the Baca County School District Number RE-1 proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	10,587,156	8,381,418	6,583,993

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

**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](http://www.leg.colorado.gov).

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 8**      **PENSION PLAN (Continued)**

At June 30 2018, the Baca County School District Number RE-1 reported a liability of \$8,381,418 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 Baca County School District Number RE-1'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%	3,786,652

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$3,912,498 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

**Defined Contribution Pension Plan**

**Voluntary Investment Program**

*Plan Description* – Employees of the Baca County School District Number RE-1 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$6,127.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 9

OTHER POST EMPLOYMENT BENEFITS

**Defined Benefit And Other Post Employment Benefit (OPEB) Plan**

Summary of Significant Accounting Policies

*OPEB.* Baca County School District Number RE-1 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

*Plan Plan description.* Eligible employees of the Baca County School District Number RE-1 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](http://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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Baca County School District Number RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Baca County School District Number RE-1 were \$12,619 for the year ended June 30, 2018.

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

At June 30, 2018, the Baca County School District Number RE-1 reported a liability of \$191,396 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 Baca County School District Number RE-1 proportion of the net OPEB liability was based on Baca County School District Number RE-1 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 Baca County School District Number RE-1 proportion was 0.0147 percent, which was an increase of 0.0003 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Baca County School District Number RE-1 recognized OPEB expense of \$7,197. At June 30, 2018, the Baca County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	905	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(3,202)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,490	-
Contributions subsequent to the measurement date	6,487	N/A
Total	10,882	(3,202)

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

\$6,487 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	63
2020	63
2021	63
2022	64
2023	864
Thereafter	76

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 9**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

Sensitivity of the Baca County School District Number RE-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	186,130	191,396	197,739

*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.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 9**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	215,189	191,396	171,088

*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](http://www.copera.org/investments/pera-financial-reports).

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 10     JOINT VENTURE

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

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

Assets	1,073,792
Deferred Outflows	2,306,774
Liabilities	6,288,945
Deferred Inflows	<u>268,331</u>
Net Position	<u>(3,176,710)</u>
Revenues	2,449,802
Expenses	<u>3,215,297</u>
Change in Net Position	<u>(765,495)</u>

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

NOTE 11     POLICY REGARDING COMPENSATED ABSENCES

Full-time non-certified personnel are allowed compensated absences in the form of vacations and sick days. Vacations are non-cumulative. Sick days may be accumulated not to exceed forty days. Days in excess of an accumulation of twenty may be sold to the District in the month of December.

The liability for accumulated sick days is not material and is not recorded in the accompanying financial statements.

NOTE 12     RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 13      COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

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

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

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

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 14    INTERFUND ACTIVITY

Transfers from the general fund to support operational cash requirements were made in the following amounts:

Food Service Fund	\$34,592
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NOTE 15    EXPENDITURES IN EXCESS OF BUDGET

Expenditures in the Designated Purpose Grants Fund exceeded amounts budgeted by \$3,712 for the year ended June 30, 2018.

NOTE 16    RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$(1,288,655) has been changed by the net OPEB liability at June 30, 2017 of \$186,769 and related deferred flows of \$10,250, resulting in a restated beginning net position of \$(1,465,174).

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFITS (OPEB) TREND DATA

## MAJOR GOVERNMENTAL FUNDS

### General Fund

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	806,864	806,864	818,554	11,690
Specific Ownership Taxes	75,000	75,000	93,076	18,076
Earnings on Investments	2,870	2,870	13,489	10,619
Delinquent Taxes & Interest	2,600	2,600	3,579	979
Tuition	36,000	36,000	32,050	(3,950)
Other	37,125	37,125	40,325	3,200
<u>State Sources</u>				
Equalization	1,295,584	1,295,584	1,311,612	16,028
Transportation	27,000	27,000	33,535	6,535
Vocational Education	20,000	20,000	27,009	7,009
Other	15,128	15,128	71,056	55,928
<u>Federal Sources</u>				
Designated Purpose Grants	-	-	665	665
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,318,171</b>	<b>2,318,171</b>	<b>2,444,950</b>	<b>126,779</b>
 <u>EXPENDITURES</u>				
<u>Instruction</u>				
Salaries	733,743	733,743	729,484	4,259
Employee Benefits	282,504	282,504	281,937	567
Purchased Services - Professional	17,350	17,350	12,112	5,238
Purchased Services – Property	-	-	-	-
Purchased Services – Other	76,300	76,300	47,828	28,472
Supplies and Materials	64,400	64,400	59,624	4,776
Property	25,300	25,300	8,051	17,249
Other Objects	-	-	-	-
<u>Total Instruction</u>	<u>1,199,597</u>	<u>1,199,597</u>	<u>1,139,036</u>	<u>60,561</u>
 <u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	40,000	40,000	41,917	(1,917)
Employee Benefits	16,024	16,024	16,118	(94)
Purchased Services – Professional	300	300	-	300
Purchased Services – Property	-	-	-	-
Purchased Services – Other	500	500	-	500
Supplies and Materials	2,500	2,500	1,475	1,025
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>59,324</u>	<u>59,324</u>	<u>59,510</u>	<u>(186)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Instructional Staff</u>				
Salaries	29,000	29,000	27,716	1,284
Employee Benefits	14,500	14,500	9,788	4,712
Purchased Services – Professional	4,500	4,500	1,575	2,925
Purchased Services – Property	-	-	-	-
Purchased Services – Other	1,700	1,700	-	1,700
Supplies and Materials	10,900	10,900	7,141	3,759
Property	15,500	15,500	7,639	7,861
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>76,100</u>	<u>76,100</u>	<u>53,859</u>	<u>22,241</u>
<u>General Administration</u>				
Salaries	84,200	84,200	98,112	(13,912)
Employee Benefits	30,597	30,597	22,867	7,730
Purchased Services – Professional	39,300	39,300	37,622	1,678
Purchased Services – Property	-	-	-	-
Purchased Services – Other	45,710	45,710	43,842	1,868
Supplies and Materials	20,500	20,500	36,843	(16,343)
Property	-	-	-	-
Other Objects	6,100	6,100	5,029	1,071
<u>Total General Administration</u>	<u>226,407</u>	<u>226,407</u>	<u>244,315</u>	<u>(17,908)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	108,955	108,955	129,519	(20,564)
Employee Benefits	48,772	48,772	50,885	(2,113)
Purchased Services – Professional	2,000	2,000	-	2,000
Purchased Services – Property	-	-	-	-
Purchased Services – Other	2,000	2,000	165	1,835
Supplies and Materials	8,300	8,300	4,186	4,114
Property	1,500	1,500	165	1,335
Other Objects	600	600	429	171
<u>Total School Administration</u>	<u>172,127</u>	<u>172,127</u>	<u>185,349</u>	<u>(13,222)</u>
<u>Business Services</u>				
Salaries	28,400	28,400	35,303	(6,903)
Employee Benefits	13,457	13,457	14,171	(714)
Purchased Services – Professional	300	300	-	300
Purchased Services – Property	-	-	-	-
Purchased Services – Other	500	500	-	500
Supplies and Materials	1,500	1,500	1,165	335
Property	1,000	1,000	-	1,000
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>45,157</u>	<u>45,157</u>	<u>50,639</u>	<u>(5,482)</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Operations and Maintenance</u>				
Salaries	87,000	87,000	95,252	(8,252)
Employee Benefits	36,097	36,097	34,944	1,153
Purchased Services – Professional	3,000	3,000	5,331	(2,331)
Purchased Services – Property	21,700	21,700	12,422	9,278
Purchased Services – Other	14,500	14,500	11,046	3,454
Supplies and Materials	106,000	106,000	93,152	12,848
Property	3,000	3,000	-	3,000
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>271,297</u>	<u>271,297</u>	<u>252,147</u>	<u>19,150</u>
<u>Student Transportation</u>				
Salaries	88,905	88,905	79,024	9,881
Employee Benefits	23,364	23,364	27,966	(4,602)
Purchased Services – Professional	2,000	2,000	3,089	(1,089)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	1,500	1,500	190	1,310
Supplies and Materials	40,300	40,300	33,607	6,693
Property	1,000	1,000	-	1,000
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>157,069</u>	<u>157,069</u>	<u>143,876</u>	<u>13,193</u>
<u>Central Support</u>				
Purchased Services – Professional	-	-	-	-
Purchased Services - Other	48,131	48,131	44,001	4,130
<u>Total Central Support</u>	<u>48,131</u>	<u>48,131</u>	<u>44,001</u>	<u>4,130</u>
<u>Community Services</u>				
Other	-	-	-	-
<u>Total Community Services</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Facilities Acquisition and Construction</u>				
Property	180,000	180,000	152,215	27,785
Debt Service	-	-	-	-
<u>Total Facilities and Construction</u>	<u>180,000</u>	<u>180,000</u>	<u>152,215</u>	<u>27,785</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,235,612</u>	<u>1,235,612</u>	<u>1,185,911</u>	<u>49,701</u>
<u>Appropriated Reserves</u>	<u>2,222,087</u>	<u>2,222,087</u>	<u>-</u>	<u>2,222,087</u>
<u>TOTAL EXPENDITURES</u>	<u>4,657,296</u>	<u>4,657,296</u>	<u>2,324,947</u>	<u>2,332,349</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues Over (Under) Expenditures</u>	(2,339,125)	(2,339,125)	120,003	
<u>Other Financing Sources (Uses)</u>				
Transfers	(50,000)	(50,000)	(34,592)	15,408
Insurance Proceeds	<u>133,000</u>	<u>133,000</u>	<u>131,616</u>	<u>(1,384)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>83,000</u>	<u>83,000</u>	<u>97,024</u>	<u>14,024</u>
<u>Revenues and Sources Over (Under) Expenditures and Uses</u>	(2,256,125)	(2,256,125)	217,027	
<u>FUND BALANCE, July 1</u>	<u>2,256,125</u>	<u>2,256,125</u>	<u>2,326,662</u>	
<u>FUND BALANCE, June 30</u>	<u>-----</u> -	<u>-----</u> -	<u>2,543,689</u>	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset)	.0259%	.0253%	.0253%	0.0249%	0.0261%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$8,381,418	\$7,545,586	\$3,864,176	\$3,371,880	\$3,325,457	-	-	-	-	-
District's covered-employee payroll	\$1,237,126	\$1,154,207	\$1,110,372	\$1,092,379	\$ 996,186	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	677%	654%	348%	309%	334%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.2%	62.80%	64.06%	-	-	-	-	-

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION  
 For The Last 10 Fiscal Years (As Available)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 233,661	\$ 212,235	\$ 197,601	\$ 184,603	\$ 159,381	\$ 159,599	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (233,661)</u>	<u>\$ (212,235)</u>	<u>\$ (197,601)</u>	<u>\$ (184,603)</u>	<u>\$ (159,381)</u>	<u>\$ (159,599)</u>	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
District's covered-employee payroll	\$1,237,126	\$1,154,207	\$1,110,372	\$1,092,379	\$ 996,186	\$1,055,590	-	-	-
Contributions as a percentage of covered-employee payroll	18.89%	18.39%	17.79%	16.90%	16.00%	15.12%	-	-	-

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY  
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net OPEB liability (asset)	.0147%	.0144%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$191,936	\$186,769	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,237,126	\$1,154,207	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.51%	16.18%	-	-	-	-	-	-	-	-
Plan fiduciary net OPEB as a percentage of the total pension liability	17.53%	16.71%	-	-	-	-	-	-	-	-

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB  
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 12,619	\$ 11,773	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(12,619)</u>	<u>\$(11,773)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,237,126	\$1,154,207	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

AND

OTHER SCHEDULES

## SPECIAL REVENUE FUNDS

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

Designated Purpose Grants Fund – This fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.

## FIDUCIARY FUND

### Agency Fund

Student Activity – Agency Fund – Used to account for amounts held in a fiduciary capacity for student clubs and organizations.

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2018

	<u>Special Revenue Funds</u>		Total
	<u>Food Service</u>	<u>Designated Purpose Grants</u>	<u>Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash	23,603	-	23,603
Inventories	7,117	-	7,117
Accrued Revenue	<u>6,867</u>	<u>-</u>	<u>6,867</u>
<u>Total Assets</u>	<u>37,587</u>	<u>-</u>	<u>37,587</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	-	-	-
Accrued Salaries	-	-	-
Due to Other Funds	-	-	-
Grant Amounts Received in Advance	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Fund Balances</u>			
Nonspendable:			
Inventories	7,117	-	7,117
Restricted:			
Food Service	<u>30,470</u>	<u>-</u>	<u>30,470</u>
<u>Total Fund Balances</u>	<u>37,587</u>	<u>-</u>	<u>37,587</u>
 <u>TOTAL LIABILITIES &amp; FUND BALANCES</u>	 <u>37,587</u>	 <u>-</u>	 <u>37,587</u>

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

BACA COUNTY SCHOOL DISTRICT RE-1  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service</u>	<u>Designated Purpose Grants</u>	
<u>REVENUES</u>			
Earnings on Investments	84	-	84
Other Local Sources	21,295	-	21,295
State Aid	9,505	5,382	14,887
Federal Aid	<u>55,786</u>	<u>82,506</u>	<u>138,292</u>
<u>Total Revenues</u>	<u>86,670</u>	<u>87,888</u>	<u>174,558</u>
 <u>EXPENDITURES</u>			
Instruction	-	87,888	87,888
Food Service	117,478	-	117,478
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>117,478</u>	<u>87,888</u>	<u>205,366</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>			
	(30,808)	-	(30,808)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>34,592</u>	-	<u>34,592</u>
<u>Total Other Financing Sources (Uses)</u>	<u>34,592</u>	-	<u>34,592</u>
 <u>NET CHANGE IN FUND BALANCES</u>			
	3,784	-	3,784
 <u>FUND BALANCE, Beginning</u>			
	<u>33,803</u>	-	<u>33,803</u>
 <u>FUND BALANCE, Ending</u>			
	<u>37,587</u>	-	<u>37,587</u>

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
FOOD SERVICE – SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	18,500	21,295	2,795
Earnings on Investments	50	84	34
Other	2,000	-	(2,000)
<u>State Sources</u>			
School Lunches and Breakfast	1,300	9,505	8,205
<u>Federal Sources</u>			
School Lunches and Breakfast	39,000	55,786	16,786
Commodities	-	-	-
<u>Total Revenues</u>	<u>60,850</u>	<u>86,670</u>	<u>25,820</u>
 <u>EXPENDITURES</u>			
Salaries	36,198	36,531	(333)
Employee Benefits	22,337	18,939	3,398
Purchased Services – Professional	2,100	1,775	325
Purchased Services – Property	-	-	-
Purchased Services - Other	-	-	-
Food Purchases	50,000	43,204	6,796
Capital Outlay	4,000	7,905	(3,905)
Commodities	-	5,599	(5,599)
Non-Food Supplies	3,800	3,525	275
Appropriated Reserves	21,648	-	21,648
<u>Total Expenditures</u>	<u>140,083</u>	<u>117,478</u>	<u>22,605</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(79,233)</u>	<u>(30,808)</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>50,000</u>	<u>34,592</u>	<u>(15,408)</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	<u>(29,233)</u>	<u>3,784</u>	
<u>FUND BALANCE, July 1</u>	<u>29,233</u>	<u>33,803</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>37,587</u>	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues</u>			
Local Sources	-	-	-
State Sources	7,300	5,382	(1,918)
Federal Sources	<u>76,876</u>	<u>82,506</u>	<u>5,630</u>
<u>Total Revenues</u>	<u>84,176</u>	<u>87,888</u>	<u>3,712</u>
 <u>Expenditures</u>			
Salaries	49,500	49,836	(336)
Employee Benefits	29,817	16,893	12,924
Purchased Services – Professional	-	15,870	(15,870)
Purchased Services – Property	-	-	-
Purchased Services – Other	3,300	2,950	350
Supplies and Materials	-	2,339	(2,339)
Property	1,559	-	1,559
Other Objects	-	-	-
<u>Total Expenditures</u>	<u>84,176</u>	<u>87,888</u>	<u>(3,712)</u>
 <u>Revenues Over (Under) Expenditures</u>	-	-	
 <u>Transfers</u>	-	-	-
 <u>Fund Balance, July 1</u>	-	-	
 <u>Fund Balance, June 30</u>	-	-	

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

BACA COUNTY SCHOOL DISTRICT NUMBER RE-1  
STUDENT ACTIVITY FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES – BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

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	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>RECEIPTS</u>			
Other Local	<u>116,471</u>	<u>132,511</u>	<u>16,040</u>
<u>Total Receipts</u>	<u>116,471</u>	<u>132,511</u>	<u>16,040</u>
<u>EXPENDITURES:</u>			
Pupil Activities	<u>221,703</u>	<u>120,755</u>	<u>100,948</u>
<u>Total Expenditures</u>	<u>221,703</u>	<u>120,755</u>	<u>100,948</u>
Net Increase (Decrease) in Deposits Held	(105,232)	11,756	
Deposits Held – Beginning of Year	<u>105,232</u>	<u>105,232</u>	
Deposits Held – End of Year	<u>—</u>	<u>116,988</u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District 0230 - WALSH RE-1  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

**Revenues, Expenses, & Fund Balance by Fund**

Fund Type & Number	1000 - 5999 Total Revenues & Other Sources	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>		
10 General Fund	2,170,091	2,398,878
15 Risk Mgmt Sub-Fund of General Fund	2,537	2,551
19 Colorado Presidential Program Fund	154,094	142,261
<b>Sub-Total</b>	<b>2,326,722</b>	<b>2,543,690</b>
21 Charter School Fund	0	0
20,26-29 Special Revenue Fund	0	0
06 Supplemental Cap Const, Tech, Maint. Fund	0	0
21 Food Service Spec Revenue Fund	33,803	37,592
22 Govt Designated-Purpose Grants Fund	121,262	117,278
23 Pupil Activity Special Revenue Fund	67,848	83,948
24 Full Day Kindergarten Mill Levy Override	0	0
25 Transportation Fund	0	0
31 Bond Redemption Fund	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0
41 Building Fund	0	0
42 Special Building Fund	0	0
43 Capital Reserve Capital Projects Fund	0	0
46 Supplemental Cap Const, Tech, Maint Fund	0	0
<b>Totals</b>	<b>2,500,622</b>	<b>2,591,277</b>
<b>Proprietary</b>		
50 Other Enterprise Funds	0	0
64 (63) Risk-Related Activity Fund	0	0
66,65-69 Other Internal Service Funds	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>		
70 Other Trust and Agency Funds	0	0
72 Private Purpose Trust Fund	0	0
73 Agency Fund	0	0
74 Pupil Activity Agency Fund	105,232	116,598
79 GASB 34 Permanent Fund	0	0
85 Foundations	0	0
<b>Totals</b>	<b>105,232</b>	<b>116,598</b>
<b>FINAL</b>	<b>2,500,622</b>	<b>2,591,277</b>



**Colorado Department of Education**  
**Balanced Budget Report**  
 District: 0230 - WALSH RE-1  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary						Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	1,947,618	0	156,032	0	0	23,603	0	0	0	0	0	116,988	0	2,244,241
Cash With Fiscal Agent (8105)	8,677	0	0	0	0	0	0	0	0	0	0	0	0	8,677
Other Investment Accounts (8112-8115)	658,173	0	0	0	0	0	0	0	0	0	0	0	0	658,173
Taxes Receivable (8121,8122)	57,200	0	0	0	0	0	0	0	0	0	0	0	0	57,200
Interfund Loans Receivable (8131,8132)	6,469	0	0	0	0	0	0	0	0	0	0	0	0	6,469
Grants Accounts Receivable (8142)	0	0	0	0	0	6,867	0	0	0	0	0	0	0	6,867
Inventories (8171,8172,8173)	0	0	0	0	0	7,118	0	0	0	0	0	0	0	7,118
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>2,679,136</b>	<b>0</b>	<b>156,032</b>	<b>0</b>	<b>0</b>	<b>27,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>116,988</b>	<b>0</b>	<b>2,900,744</b>

Fiduciary

Proprietary

Governmental

LIABILITIES & FUND EQUITY

LIABILITIES

	General Funds 10-17-18	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
Interfund Payables (7401,7402)	0	0	6,469	0	0	0	0	0	0	0	0	0	0	0	6,469
Other Payables (7421-7423)	11,151	0	0	0	0	0	0	0	0	0	0	0	0	0	11,151
Accrued Expenses (7461)	156,105	0	7,303	0	0	0	0	0	0	0	0	0	0	0	163,408
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	62,752	0	0	0	0	0	0	0	0	0	0	0	0	0	62,752
Deferred Inflow (7600)	46,700	0	0	0	0	0	0	0	0	0	0	0	0	0	46,700
<b>Total Liabilities</b>	<b>276,708</b>	<b>0</b>	<b>13,772</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290,479</b>

Governmental

Proprietary

Fiduciary

FUND EQUITY

	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	7,118	0	0	0	0	0	0	0	0	7,118
Restricted Fund Balance 6720	0	0	0	0	0	30,469	0	0	0	0	0	0	0	0	30,469
TABOR 3% Emergency Reserve 6721	81,000	0	0	0	0	0	0	0	0	0	0	0	0	0	81,000
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 (CEP) Reserve 6724	0	0	142,261	0	0	0	0	0	0	0	0	0	0	0	142,261
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	2,551	0	0	0	0	0	0	0	0	0	0	0	0	0	2,551
Assigned Fund Balances 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	2,317,878	0	0	0	0	0	0	0	0	0	0	0	0	0	2,317,878
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
<b>Total Fund Equity</b>	<b>2,401,429</b>	<b>0</b>	<b>142,261</b>	<b>0</b>	<b>0</b>	<b>37,587</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,690,265</b>

	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>Total Liabilities &amp; Fund Equity</b>	<b>2,678,136</b>	<b>0</b>	<b>156,032</b>	<b>0</b>	<b>0</b>	<b>37,587</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>116,988</b>	<b>0</b>	<b>2,988,744</b>

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