

BIG SANDY SCHOOL DISTRICT
NUMBER 100J
Simla, Colorado

Financial Statements

For the Year Ended June 30, 2018

BIG SANDY SCHOOL DISTRICT NUMBER 100J

Simla, Colorado
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Big Sandy School District Number 100J
Simla, Colorado 80835

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Big Sandy School District Number 100J, as of and for the year ended June 30, 2018, 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, based on our audit, 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 Big Sandy School District Number 100J, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other post-employment benefit information on pages a-k and 30-34 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. For the management discussion and analysis 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 Big Sandy School District Number 100J's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund financial statements and the Auditor's Integrity Report 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, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Winfrey, County & Hays, PC

WINFREY, COUNTY & HAYS, PC

November 16, 2018

BIG SANDY SCHOOL DISTRICT NUMBER 100J

Simla, Colorado

Management's Discussion and Analysis

Year Ended June 30, 2018

Management of the District offers readers of the basic financial statements this narrative overview and analysis of the financial statements of the District for the fiscal year ended June 30, 2018.

Financial Highlights

At June 30, 2018, the District's net position was \$12,266,890, a decrease of \$2,460,328.

At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,020,544, an increase \$479,325 from the prior year.

General Fund revenues exceeded expenditures by \$251,071 for the 2017/2018 school year. The Capital Projects Fund increased \$219,309. The Kimble Scholarship Fund increased \$66. The Student Activity Fund increased by \$1,977. The Bond Redemption Fund increased by \$8,981. The Food Service Fund decreased \$2,081 this year.

The District has had adequate resources available for all appropriations.

The general fund local revenue increased by \$480,605. State revenue increased by \$313,403. Federal revenue decreased by \$17,009.

Expenditures in the General Fund increased by \$461,217 due to an increase in capital outlay purchases (four buses, skid steer, snow plow) and salaries and benefits.

Overview of the Financial Statements

This discussion is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided is other supplementary information.

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indication of whether its financial health is improving or deteriorating.

The government-wide statements show all the government activities.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Governmental activities - all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds—Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The District's total net position was \$12,266,890 on June 30, 2018.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Table 1 - Net Position

	<u>Government Activities</u>	
ASSETS	<u>6/30/2018</u>	<u>6/30/2017</u>
Current and other assets	2,348,120	1,876,830
Capital assets	<u>22,955,112</u>	<u>23,446,090</u>
Total Assets	25,303,232	25,322,919
 DEFERRED OUTFLOWS	 3,915,308	 4,797,363
 LIABILITIES		
Current liabilities	450,063	453,251
Noncurrent liabilities	<u>15,834,801</u>	<u>14,727,996</u>
Total Liabilities	16,284,864	15,181,247
 DEFERRED INFLOWS	 666,786	 211,817
 NET POSITION		
Invested in capital asset	20,696,301	21,069,638
Restricted for TABOR	117,682	98,516
Restricted for Preschool	11,388	681
Restricted for Scholarship	48,102	48,036
Restricted for Bond Redemption	211,138	202,156
Unrestricted	<u>(8,817,721)</u>	<u>(6,691,809)</u>
Total Net Position	<u>12,266,890</u>	<u>14,727,218</u>

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the State Equalization provided by the State of Colorado, and the local taxes assessed to community taxpayers.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Table 2 shows the District's largest functions – revenues, instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation and other expenses.

Table 2 - Change in Net Position

	<u>Government Activities</u>	
	<u>6/30/2018</u>	<u>6/30/2017</u>
REVENUES		
Program Revenues		
Charges for service	79,147	61,001
Operating grants	360,113	265,732
General Revenues		
Property taxes	671,217	629,859
Specific ownership taxes	118,445	106,080
State equalization	2,694,996	2,485,001
Other	507,917	80,583
Loss on assets	<u>28,281</u>	<u>(5,688)</u>
Total Revenues	4,460,118	3,622,568
EXPENSES		
Instruction	4,303,472	3,983,769
Pupil services	132,838	147,063
Instructional services	86,342	86,803
Superintendent	312,547	304,195
Principals	304,693	270,209
Accounting	100,736	81,128
Operations & maintenance	565,418	499,115
Pupil transportation	450,325	376,014
Central services	79,022	80,547
Facilities acquisition	4,415	893
Student activity	51,172	44,412
Debt services	96,201	100,951
Food services	<u>201,653</u>	<u>178,603</u>
Total Expenses	<u>6,688,835</u>	<u>6,153,702</u>
Increase (decrease) in net position	<u>(2,228,717)</u>	<u>(2,531,134)</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Financial Analysis of the District Funds

On June 30, 2018, the District governmental funds reported a combined fund balance \$2,020,544, which is an increase of \$479,325. Approximately 56% of the total fund balance constitutes unassigned fund balance, which is available for spending at the District's discretion.

Fund balances, an indicator of financial well-being, is currently 51% of 2017/2018 budgeted revenue of the General Fund.

General Fund - the chief operating fund of the District. On June 30, 2018, unassigned fund balance was \$1,138,402.

State Equalization Revenues		Increase or (Decrease)
June 2014	\$2,332,922	2.57%
June 2015	\$2,417,813	3.64%
June 2016	\$2,457,184	1.63%
June 2017	\$2,485,001	1.13%
June 2018	\$2,694,996	8.45%

The state equalization accounts for 66% of the districts operating revenue.

Local Revenues (GF)		Increase or (Decrease)
June 2014	\$571,218	13.16%
June 2015	\$499,979	15.87%
June 2016	\$590,803	(12.47%)
June 2017	\$591,389	18.17%
June 2018	\$1,071,994	81.27%

Local revenues account for about 26% of the districts operating revenue. With the sale of our old school property and the donation for safety items which included 4 new buses, a skid steer and a snow plow, our large local revenue increase will probably be a bubble for the 2017-18 school year. With interest rates and assessed property valuation increasing a little, we anticipate having a little increase in local revenue. To help increase revenue, the district has sought many different types of grants such as BEST, Preschool, GOCO, DOLA, technology, and E-Rate to help cover cost.

Total Revenues (GF)		Increase or (Decrease)
June 2014	\$3,143,654	3.99%
June 2015	\$3,349,931	6.56%
June 2016	\$3,349,457	(0.01%)
June 2017	\$3,294,611	(1.64%)
June 2018	\$4,071,611	23.58%

This year our revenue increased. Although the state's economy is doing very well, TABOR and other state constitutional restraints do not allow for the new revenue to flow to public schools. Our enrollment will decrease a little next year, but with new legislation, we will receive some additional revenue. With a new governor and changes to the legislature, we are uncertain about the state budget toward education the following year.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

District Enrollment

School Year	Student Count
2014/2015	261.0
2015/2016	267.0
2016/2017	272.5
2017/2018	290.5
2018/2019	297.5

The above count is our Funded October Count. With enrollment going up and down, and with the uncertainty of the economic climate, we must continue to monitor our expenses and revenue, including state revenue, closely.

Expenditures (GF) Increase or (Decrease)

June 2014	\$3,272,951	3.94%
June 2015	\$3,145,192	(3.90%)
June 2016	\$3,147,794	0.08%
June 2017	\$3,223,416	2.40%
June 2018	\$3,684,633	14.31%

Our expenditures for the year increased. These expenditures include the transfers of \$135,906 this year.

Instruction accounts for approximately 54% of the operating expenditures of the district. Salaries and benefits account for approximately 54% of expenditures. Having a donation for safety equipment (4 buses, skid steer, snow plow) increased the expenditures by \$420k). Through the retirement of individuals at the top end of the salary schedule and their replacement with individuals on the lower end of the salary schedule, this helps offset increases in total salary expenditures. We have members on the payroll that will be looking at retirement in the next couple of years.

The table below shows an increase in the General Fund Account Balance this year Competitive salaries, special education, technology upgrades, allocating funds for expenditures for future capital needs, and fuel costs continue to be emphasized when monitoring our budget. We received a BEST (Building Excellent Schools Today) grant in July 2011. We passed a \$2.9 million bond issue that same year. We completed the new P-12 school building using some Fund Balance to pay for some items that BEST would not cover. It is a good rule of thumb to keep at least three months of operating expenses in reserve; this amount equals around \$800,000. Our school board has set a goal of keeping \$1,000,000 in reserve. On June 30, 2018, the General Fund ending balance was \$1,267,473.

General Fund Account Balance

June 2014	\$883,269
June 2015	\$1,002,373
June 2016	\$1,085,078
June 2017	\$1,016,401
June 2018	\$1,267,473

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Capital Reserve/Capital Projects

We purchased a skid steer, snow blower, 4 buses, a ford pickup and started work on a storage shed. With now getting in good shape with our bus fleet, we will shift the setting aside of \$60,000 the last few years for buses, to now building reserves for future needs. The amount in the chart below increased with the sale of the old school property and will decrease with the building of the new storage building.

Capital Reserve/Capital Projects Account Balance

June 2014	\$123,849
June 2015	\$133,787
June 2016	\$165,532
June 2017	\$252,739
June 2018	\$472,048

Food Services

The Hot Lunch program has a goal of being self-sufficient, which is a hard task to even consider. It is funded through lunch sales, free and reduced government assistance, and government commodities. The district contributes to the program with a budget item in the General Fund. We also contribute to this program by purchasing capital equipment, depreciation and paying a portion of bookkeeping out of the General Fund. We received a kitchen equipment grant several years ago which paid for approximately \$27,000 in new equipment. Our new kitchen along with several new pieces of equipment was provided through the BEST grant.

We need to continue working at providing a quality product so as to increase the numbers of lunches being served in order to reach our goal of breaking even from a financial standpoint. We cut part of our staff going into the 13/14 school year due to declining lunch participation; however, because the new staff achieved high standards, our lunch participation increased significantly. During the 13/14 school year and again for this next year, we are keeping 3 full-time cooks, but have given the food service program the leeway to bring in another part-time substitute cook as needed.

Total Assets Food Service

June 2014	\$27,937
June 2015	\$26,851
June 2016	\$27,072
June 2017	\$21,409
June 2018	\$21,512

Fund Balance

June 2014	\$25,611
June 2015	\$23,036
June 2016	\$23,081
June 2017	\$17,133
June 2018	\$15,053

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Operating Expense

June 2014	\$130,178
June 2015	\$120,499
June 2016	\$116,854
June 2017	\$128,276
June 2018	\$134,512

The District will continue to support the food service program with a General Fund subsidy. We will raise lunch prices during the 2018/2019 school year because of state/federal mandate.

Student Activities Fund 23

The Student Activities Account does receive some support with funds appropriated from the General Fund. With officials' fees continuing to rise, participants qualifying for state competition, and increasing equipment purchases for student safety (we purchased football equipment this year), we contributed extra fund dollars three years ago. This year we contributed \$25,044 and will budget \$30,000 for next school year (partly to decrease extra-curricular fund raising efforts).

Revenue for student activities is derived from gate at events, student purchases or fees and money-making projects. We plan on being conscientious with our expenditures. By going to 1A CHSAA classification, we saw a drop in gate revenue. Being in 2A now, our gate revenue has risen and expenses at state competition may decrease.

Student Activity Special Revenue Fund 23 Account Balance as of June 30

2014	\$346
2015	\$920
2016	\$8,076
2017	\$4,754
2018	\$6,731

In 2010 the Activity Fund was split into 2 Funds as per our Auditor's request. Fund 23 is subsidized by the district and Fund 74 only has non-subsidized accounts showing the accounting of accounts having money come in and out throughout the year.

Student Activity Agency Fund 74 Account Balance as of June 30

2014	\$60,917
2015	\$65,913
2016	\$61,106
2017	\$60,334
2018	\$57,890

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Yearbook and Industrial Arts are two accounts that have carried negative balances in the past. After negotiating better prices with our yearbook publisher, we finally broke even several years ago. Industrial Arts has carried forward a negative balance for several years; we have balanced this fund out to a zero balance by a payment from the General Fund and look to finish each year with a zero or positive balance.

Kimble Scholarship

The Kimble Scholarship was established in May 2002. The scholarship was funded from proceeds from the Kimble estate.

On May 17, 2002, the district received \$47,400.00 from the estate. On March 27, 2003 we received an additional \$506.30 with the closure of the estate.

The first scholarship was awarded in May of 2002 for \$600.00. This amount was taken from the principal.

Scholarship guidelines were established through input from community members, staff, accountability committee and administration. The scholarship was to be a perpetual scholarship with proceeds from investments funding the yearly awards. With the state of the economy at this time, the interest rate revenue is producing minimal amounts of scholarships; however, the Fund remains strong.

On June 30, 2018, this fund balance is \$48,102.

Capital Assets

The District's capital assets for its governmental as of June 30, 2018 amount to \$22,955,112 (net of accumulated depreciation). This investment in capital assets follows:

	<u>Government Activities</u>	
	<u>6/30/2018</u>	<u>6/30/2017</u>
Assets Under Construction	62,310	0
Sites	74,277	107,777
Site Improvements	1,353,701	1,372,855
Buildings	23,227,423	23,417,540
Transportation	982,739	699,544
Equipment	<u>1,612,816</u>	<u>1,576,196</u>
Total	27,313,265	27,173,912
Accumulated Depreciation	<u>(4,358,153)</u>	<u>(3,727,822)</u>
Net capital assets	<u>22,955,112</u>	<u>23,446,090</u>

Fixed asset purchases included \$62,310 for a storage shed, \$41,450 for a skid steer, \$5,902 for a snow blower, \$7,000 for a Ford pickup, and \$345,755 for 4 buses.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Long Term Debt

The District has a bond issue outstanding of \$2,258,811 which is the balance of a \$2,900,663 issue of 2011 to build and furnish a new school building. Payments are scheduled through 2031 at approximately \$213,000 per year. Payments will be made through a tax levy assessed in the Bond Redemption Fund.

	Balance <u>7/1/2017</u>	<u>Issued</u>	<u>Paid</u>	Balance <u>6/30/2018</u>
Bonds Payable	2,376,452	0	117,641	2,258,811

Economic Factors and Next Year's Budget

The state and national economies are improving, but the revenue from state equalization is constrained by the State Constitution; our state constitution is in conflict with itself. The amount of money from the federal government continues to decline. We will be paying attention to the new state and federal regulations. Our school revenue will continue to benefit from some recent state legislation (hospital provider fee...). With a new governor and shifting within the state legislature, we will be paying close attention to school funding.

We need to continue monitoring our enrollment numbers; enrollment is down slightly, but we will have an increase in state revenue for next year's budget. With enrollment going up and down in the past, the actions implemented, reduction in staff through retirements, decreasing supply budgets, decreasing other expenditures and with increased revenues in preschool, vocational, transportation, and grants have allowed the district General Fund balance to stay healthy; with state revenues increasing the last couple of years, we are able to increase the teacher supply budgets and have been able to reduce class sizes with the addition of staff.

We will have a slight decrease in enrollment count next year. Most of the rural Colorado school districts have been having declining enrollment for several years. An increase in state revenues is nice, but we must continue to closely monitor and adjust our budget. With the state and federal budgets in question, if we had to decrease our budget, the district would need to look at the expense of its existing staff and may need to look at a possible decrease in staff through retirements to maintain a healthy financial condition, this would produce an overall reduction in instructional salaries. However, with preschool revenue added several years ago, with the vocational programs and revenue expanding, having trimmed the budget a head of falling revenue during the economic downturn, we are financially in good shape at present.

The district retired all of the outstanding bonds resulting in being debt free as of December, 2006. With the passage of a \$2.9 million bond election in November of 2011 for the matching \$23.7 million BEST Grant, we currently have 13.5 years of payments remaining on this bond.

Our General Fund balance is greater than the goal of \$1,000,000. It has over four months in operating reserves within its Fund Balance.

We continue to look at keeping our streamlined budget and at the same time add to our revenue while maximizing student learning in the process.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Management's Discussion and Analysis - Continued
Year Ended June 30, 2018

Contacting the District Financial Management

Our financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of School at Big Sandy School District 100J, P O Box 68, Simla, CO 80835.



BASIC FINANCIAL STATEMENTS

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Statement of Net Position
June 30, 2018

	Governmental <u>Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	2,238,197
Certificates of deposit	48,000
Accounts/grants receivable	12,506
Inventory	2,529
Accrued property taxes receivable	<u>46,888</u>
Total Current Assets	2,348,120
Capital assets, net of accumulated depreciation	<u>22,955,112</u>
Total Assets	25,303,232
DEFERRED OUTFLOWS OF RESOURCES	3,915,308
LIABILITIES	
Current Liabilities	
Accounts payable	39
Accrued salaries payable	325,918
Unearned revenue	1,619
Bonds payable, due within one year	<u>122,487</u>
Total Current Liabilities	450,063
Noncurrent Liabilities	
Bonds payable, due beyond one year	2,136,324
Net health care trust fund liability	305,831
Net pension liability	<u>13,392,646</u>
Total Noncurrent Liabilities	<u>15,834,801</u>
Total Liabilities	16,284,864
DEFERRED INFLOWS OF RESOURCES	666,786
NET POSITION	
Invested in capital assets	20,696,301
Restricted for TABOR reserve	117,682
Restricted for preschool	11,388
Restricted for scholarships	48,102
Restricted for bond redemption	211,138
Unrestricted	<u>(8,817,721)</u>
Total Net Position	<u>12,266,890</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Statement of Activities
For the Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental Activities				
Instructional	4,303,472		239,538	
Support Services				
Pupil services	132,838			
Instructional services	86,342			
Superintendent	312,547			
Principals	304,693			
Accounting	100,736			
Operations & maintenance	565,418			
Pupil transportation	450,325		65,083	0
Central services	79,022			
Facilities acquisition	4,415			
Student activity	51,172	28,106		
Debt Services	96,201			
Food Services	<u>201,653</u>	<u>51,042</u>	<u>55,493</u>	<u>0</u>
Total Governmental Activities	<u>6,688,835</u>	<u>79,147</u>	<u>360,113</u>	<u>0</u>

General revenues:

Taxes

Property taxes, levied for general purposes

Property taxes, levied for bond redemption

Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Gain/Loss on assets

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Year Adjustment-Note 2C

Net Position - Ending

Net (Expense) Revenue
and Changes in Net Position

Governmental
Activities

(4,063,934)

(132,838)

(86,342)

(312,547)

(304,693)

(100,736)

(565,418)

(385,242)

(79,022)

(4,415)

(23,067)

(96,201)

(95,118)

(6,249,574)

448,810

222,407

118,445

2,694,996

483,033

24,884

28,281

4,020,857

(2,228,717)

14,727,218

(231,611)

12,266,890

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Balance Sheet
Governmental Funds
At June 30, 2018

	Major Funds				Total
	General	Bond Redemption	Capital Projects	Nonmajor Funds	Governmental Funds
ASSETS					
Cash and cash equivalents	1,544,763	195,733	472,048	25,653	2,238,197
Certificates of deposit	0	0	0	48,000	48,000
Accounts/grants Receivable	12,343	0	0	163	12,506
Inventory	0	0	0	2,529	2,529
Accrued property taxes receivable	<u>31,483</u>	<u>15,405</u>	<u>0</u>	<u>0</u>	<u>46,888</u>
Total Assets	<u>1,588,589</u>	<u>211,138</u>	<u>472,048</u>	<u>76,345</u>	<u>2,348,120</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	39	0	0	0	39
Accrued salaries payable	321,078	0	0	4,840	325,918
Unearned revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,619</u>	<u>1,619</u>
Total Liabilities	321,117	0	0	6,459	327,576
Fund Balances					
Restricted for TABOR reserve	117,682	0	0	0	117,682
Restricted for preschool	11,388	0	0	0	11,388
Restricted for bond redemption	0	211,138	0	0	211,138
Restricted for scholarships	0	0	0	48,102	48,102
Nonspendable	0	0	0	2,529	2,529
Committed	0	0	472,048	0	472,048
Assigned	0	0	0	19,255	19,255
Unassigned	<u>1,138,402</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,138,402</u>
Total Fund Balances	<u>1,267,473</u>	<u>211,138</u>	<u>472,048</u>	<u>69,886</u>	<u>2,020,544</u>
Total Liabilities and Fund Balances	<u>1,588,589</u>	<u>211,138</u>	<u>472,048</u>	<u>76,345</u>	<u>2,348,120</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Balance Sheet
Governmental Funds
At June 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total Governmental Fund Balances	2,020,544
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,955,112
Deferred outflows of resources are not financial resources and thus are not reported as assets in governmental funds	3,915,308
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(15,957,288)
Deferred inflows of resources are not financial resources and thus are not reported as assets in governmental funds	(666,786)
Net Position of Governmental Activities	<u>12,266,890</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				Total
	<u>General</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
REVENUES					
Local Sources					
Property taxes	448,810	222,407	0	0	671,217
Specific ownership taxes	118,445	0	0	0	118,445
Investment interest	17,546	416	6,021	901	24,884
Sale of assets	4,160	0	193,598	0	197,758
Other	483,033	0	0	79,147	562,181
State Sources					
Equalization	2,694,996	0	0	0	2,694,996
Transportation	65,083	0	0	0	65,083
Other	180,644	0	0	924	181,568
Federal Sources	<u>58,893</u>	<u>0</u>	<u>0</u>	<u>54,569</u>	<u>113,462</u>
Total Revenues	4,071,611	222,824	199,619	135,541	4,629,595
EXPENDITURES					
Current					
Instruction	1,993,600	0	0	0	1,993,600
Supporting Services					
Pupil guidance	80,562	0	0	0	80,562
Instructional staff services	54,919	0	0	0	54,919
Superintendent	172,903	0	0	0	172,903
Principals	172,856	0	0	0	172,856
Accounting	57,711	0	0	0	57,711
Operations and maintenance	372,336	0	3,000	0	375,336
Pupil transportation	251,266	0	0	0	251,266
Central support	78,943	0	0	0	78,943
Other	79	750	0	186,485	187,313
Debt Service	0	213,092	0	0	213,092
Capital Outlay	<u>449,458</u>	<u>0</u>	<u>62,310</u>	<u>0</u>	<u>511,768</u>
Total Expenditures	<u>3,684,633</u>	<u>213,842</u>	<u>65,310</u>	<u>186,485</u>	<u>4,150,270</u>
Revenues over (under)					
Expenditures	386,977	8,981	134,309	(50,943)	479,325
Other Financing Sources (Uses)					
Operating Transfers In (Out)	<u>(135,906)</u>	<u>0</u>	<u>85,000</u>	<u>50,906</u>	<u>0</u>
Excess of Revenues and Other Sources over					
(under) Expenditures and Other Uses	251,071	8,981	219,309	(37)	479,325

See auditor's report and notes to the financial statements.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018
(continued)

	<u>Major Funds</u>				<u>Total</u>
	<u>General</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
Fund Balance - Beginning	<u>1,016,401</u>	<u>202,156</u>	<u>252,739</u>	<u>69,923</u>	<u>1,541,219</u>
Fund Balance - Ending	<u>1,267,473</u>	<u>211,138</u>	<u>472,048</u>	<u>69,886</u>	<u>2,020,544</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds	479,325
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the period.

Capital outlays	462,417	
Depreciation expense	<u>(783,917)</u>	<u>(321,500)</u>

The issuance of long-term debt (e.g. bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal on bonds	117,641
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expenses	(2,320,540)	
Other post-employment benefit expenses	<u>(14,165)</u>	(2,334,705)

Gain (loss) on disposal of assets is not recognized in governmental funds, but the sale of the assets is recorded as income.

Cash received on sale of asset		
Recognized gain (loss)	<u>(169,477)</u>	<u>(169,477)</u>

Change in net position of government activities	<u>(2,228,717)</u>
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BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Statement of Fiduciary Net Position
Student Activity Agency Fund
June 30, 2018

	Student Activity <u>Fund</u>
ASSETS	
Cash in bank	57,890
LIABILITIES	
Due to student activities	<u>57,890</u>
NET POSITION	<u><u>0</u></u>

Notes to the Financial Statements

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to the Financial Statements
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Big Sandy School District Number 100J (the “District”) is a political subdivision of the State of Colorado which is governed by an elected board of five members. A summary of the District’s significant accounting policies applied in the preparation of these financial statements follows.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 “The Financial Reporting Entity”, established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District’s financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District’s reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of Big Sandy School District Number 100J.

B. Basis of Presentation

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 school district. As a general rule, the effect of interfund activity has been eliminated from these statements.

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

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the District. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

- The General Fund is the district’s primary operating fund. It accounts for all financial resources except those required to be in another fund.
- The Bond Redemption Fund is used to account for collection of taxes and payment of bonds.
- The Capital Projects Fund is used to account for resources used for the acquisition and/or construction of capital assets and other expenditures.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 Notes to Financial Statements
 June 30, 2018
 (continued)

The District reports the following nonmajor governmental funds:

- The Food Service Fund accounts for revenues and expenditures to provide hot meals to students, teachers, and visitors.
- The Scholarship Fund accounts for donations to fund student scholarships.
- The Student Activity Special Revenue Fund accounts for revenue and expenditures for student activities, both athletic and non-athletic.

District reports also reports the following fund types:

- The Student Activity Agency Fund accounts for cash held by the District for related organizations. This fund is custodial in nature and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary 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. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10, or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection. The last date for final adoption of the budget and appropriation resolution is June 30. January 31 is last date to change adopted budget. By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general and bond redemption funds.

The legal level of budgetary control is at the individual fund level.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to Financial Statements
June 30, 2018
(continued)

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

F. Assets, Liabilities and Fund Balances/Net Position

1. Deposits

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

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds."

Accounts receivable and property taxes receivable are shown at gross. Uncollectible accounts have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2018 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Compensated Absences

Teachers are allowed 12 days per year plus two days may be used for personal time off. Other full-time employees are allowed nine days per year plus two days may be used for personal time off. Four days will be granted for a death in the immediate family.

Upon retirement under PERA and final termination of employment, the District will buy back at a rate of one-half the current substitute rate any unused sick days, up to a total of 72, if the employee has ten years employment in the District. The amount is determined to not be material.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to Financial Statements
June 30, 2018
(continued)

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	10-20
Buildings	15-50
Equipment	3-30
Vehicles	7-10

The District does not have any infrastructure assets.

6. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

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

7. 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. Actual results could differ from those estimates.

8. Fund Balances and Net Position

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

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When both restricted and unrestricted funds are available, restricted are deemed first spent.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to Financial Statements
June 30, 2018
(continued)

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

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, and unassigned funds are available, committed is deemed first spent, then assigned.

At June 30, 2018, the amounts restricted were \$117,682 for TABOR, \$11,388 for preschool, \$48,102 for scholarships, and \$211,138 for bond retirement. Within the governmental fund financial statements, amounts committed include \$472,048 for capital projects; the amount nonspendable for food service is \$2,529; the amount assigned for food service is \$12,523; and the amount assigned for student activities is \$6,731.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

In November of 1997, the voters of the District approved a ballot issue which allows the District to receive and spend all revenues received. Based upon this approval, the District considers the revenue and spending limits imposed by the Amendment to no longer apply to the District.

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.
- C. For the fiscal year ended June 30, 2018, the District implemented GASB 75, reporting for Other Post-Employment Benefits (OPEB) associated with the PERA Health Care Trust Fund (HCTF). As a result, a prior year adjustment was required that included the amount \$241,387 of net HCTF liability for the District as computed by HCTF, less the amount the District submitted to HCTF of \$9,775 after HCTF's year end. The net prior year adjustment is \$231,611.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 Notes to Financial Statements
 June 30, 2018
 (continued)

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments - displayed on the balance sheets as "Cash and Cash Equivalents."

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State 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 specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District does not have a written deposit policy for custodial credit risk.

At June 30, 2018, the District's cash deposits had a bank balance and carrying balance as follows:

	Bank Balance	Carrying Balance
Insured (FDIC)	684,619	695,733
Cash with County Treasurer		-0-
Deposits uncollateralized in one institutional pool	1,646,648	1,648,254
Total cash	2,331,267	2,343,987
Less: Amounts of certificates of deposit		(48,000)
Less: Amount in agency fund		(57,890)
Plus: Cash on hand		100
Net cash		2,238,197

As presented above, deposits with a bank balance of \$1,646,648 and a carrying balance of \$1,648,254 as of June 30, 2018, are uninsured, exposed to custodial credit risk, and collateralized with securities held by the pledging financial institution.

B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, and the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to the Financial Statements
June 30, 2018
(continued)

C. Changes in General Fixed Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Assets Under Construction	0	62,310	0	62,310
Land	107,777	-	33,500	74,277
Site Improvements	1,372,855	-	19,154	1,353,701
Buildings	23,417,540	-	190,117	23,227,423
Equipment	1,576,195	47,352	10,732	1,612,815
Transportation	699,544	352,755	69,560	982,739
Total	27,173,911	462,417	323,063	27,313,265
Less Accumulated Depreciation				
Site Improvements	388,513	99,557	11,067	477,003
Buildings	2,206,305	540,639	65,394	2,681,550
Equipment	521,261	104,918	7,565	618,614
Transportation	611,742	38,803	69,560	580,985
Total	3,727,821	783,917	153,586	4,358,152
Net Capital Assets	23,446,090	(321,500)	169,477	22,955,113

Depreciation expense for the governmental activities was allocated \$742,841 to instruction, \$38,803 to transportation, and \$2,273 to food service.

D. Changes in Noncurrent Liabilities

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Bonds Payable	2,376,452	-	117,641	2,258,811
Net Pension Liability	12,469,185	2,811,057	1,887,596	13,392,646
Net Health Care Trust Fund Liability	241,387	89,134	24,690	305,831
Total	15,087,024	2,900,191	2,029,927	15,957,288

In November of 2011 the voters of the District approved a bond issue in the amount of \$2,900,663 to supplement BEST awarded by the State of Colorado to build a new school building on purchased land. Principal payments are due each December 1, and interest payments are due on June 1 and December 1.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to the Financial Statements
June 30, 2018
(continued)

Debt Service requirements to maturity:

Year	Principal	Interest	Total
6/30/2019	122,487	90,507	212,994
6/30/2020	127,531	85,358	212,889
6/30/2021	132,784	79,998	212,782
6/30/2022	138,252	74,416	212,668
6/30/2023	143,946	68,605	212,551
2023-2028	813,692	247,128	1,060,820
2028-2032	780,119	65,878	845,997
Total	2,258,811	711,891	2,970,702

(4) OTHER INFORMATION

- A. Risk Management - The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its property and casualty and workers' compensation insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve-month period from September 1 to August 31 but are earned over a school year of approximately a nine-month period. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. Operating Transfers In (Out) - The General Fund transferred \$25,862 to the Food Services Fund, \$25,044 to the Student Activity Fund, and \$85,000 to the Capital Projects Fund.
- D. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

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

General Information about the Pension Plan

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

Benefits provided 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:

- 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.

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.

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

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

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer contribution rate ¹	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total employer contribution rate to the SCHDTF¹	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$361,642 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 District reported a liability of \$13,392,646 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 District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 0.0414165677 percent, which was a decrease of 0.0004630605 percent from its proportion measured as of December 31, 2016.

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For the year ended June 30, 2018 the District recognized pension expense of \$2,320,540. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	246,234	-0-
Changes of assumptions or other inputs	3,419,640	21,700
Net difference between projected and actual earnings on pension plan investments	-0-	525,942
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-0-	114,029
Contributions subsequent to the measurement date	184,262	N/A
Total	3,850,136	661,672

There is \$184,262 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, which 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	(67,599)
2020	(35,918)
2021	(10,511)
2022	-0-
2023	-0-
Thereafter	-0-

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

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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.

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial 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%.
- 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.

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- 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.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 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	16,917,190	13,392,646	10,520,545

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.

Payables to the pension plan

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.

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

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

At June 30, 2018, the District reported a liability of \$13,392,646 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 6,050,681

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 \$6,050,681 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

E. Other Post-Employment Benefits

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

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General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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.

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.

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Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$19,536 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 District reported a liability of \$305,831 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on Districts contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.0235327206 percent, which was an increase of 0.0049148722 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$14,165. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	1,446	-0-
Changes of assumptions or other inputs	-0-	-0-
Net difference between projected and actual earnings on OPEB plan investments	-0-	5,116
Changes in proportion and differences between contributions recognized and proportionate share of contributions	53,900	-0-
Contributions subsequent to the measurement date	9,825	N/A
Total	65,171	5,116

There is \$9,825 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	10,589
2020	10,589
2021	10,589
2022	10,589
2023	10,589
Thereafter	953

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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 OPEB 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

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

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

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

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%

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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.

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.
- 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.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 Notes to the Financial Statements
 June 30, 2018
 (continued)

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

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%.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to the Financial Statements
June 30, 2018
(continued)

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

	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	297,417	305,831	315,966

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	343,850	305,831	273,381

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Notes to the Financial Statements
June 30, 2018
(continued)

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

- F. Joint Venture - The District participates in the Pikes Peak Board of Cooperative Educational Services (BOCES) which is not reflected in these financial statements. One member of BOCES is from the District. The Board of BOCES has final authority for all budgeting and financing of the joint venture.

Each member pays a membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members.

At June 30, 2017, total assets were \$13,468,655, deferred outflows were \$12,258,061, total liabilities were \$36,354,291, deferred inflows were \$364,177 total net position was (\$10,991,752), revenues were \$11,404,672, and expenses were \$19,787,744.

Complete financial statements can be obtained from their office at 2883 S Circle Drive, Colorado Springs, CO, 80915.

REQUIRED SUPPLEMENTARY INFORMATION

BIG SANDY SCHOOL DISTRICT NUMBER 100J

Simla, Colorado

Budgetary Comparison Schedule - Major Funds

For the Year Ended June 30, 2018

General Fund

	<u>General Fund</u>			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	954,284	954,284	1,071,994	117,710
State sources	2,934,379	2,934,379	2,940,723	6,344
Federal sources	<u>58,754</u>	<u>58,754</u>	<u>58,893</u>	<u>139</u>
Total Revenues	3,947,417	3,947,417	4,071,611	124,194
EXPENDITURES				
Current				
Instruction	2,205,151	2,205,151	1,993,600	211,551
Supporting Services				
Pupils	85,844	85,844	80,562	5,282
Instructional staff - library	80,688	80,688	54,919	25,769
General administration	187,569	187,569	172,903	14,666
School administration	179,212	179,212	172,856	6,356
Business services	57,148	57,148	57,711	(563)
Operations and maintenance	399,520	399,520	372,336	27,184
Pupil transportation	246,284	246,284	251,266	(4,982)
Central services	158,686	158,686	78,943	79,743
Community services	2,500	2,500	79	2,421
Appropriated reserves	766,448	766,448	0	766,448
Capital outlay	<u>440,405</u>	<u>440,405</u>	<u>449,458</u>	<u>(9,053)</u>
Total Expenditures	<u>4,809,455</u>	<u>4,809,455</u>	<u>3,684,633</u>	<u>1,124,822</u>
Excess of revenues over (under)				
Expenditures	(862,038)	(862,038)	386,977	1,249,015
Other Sources (Uses)				
Operating Transfers In (Out)	<u>(155,044)</u>	<u>(155,044)</u>	<u>(135,906)</u>	<u>19,138</u>
Excess of revenues and other sources over (under) expenditures and other uses	(1,017,082)	(1,017,082)	251,071	1,268,153
Fund Balance - Beginning	<u>1,017,082</u>	<u>1,017,082</u>	<u>1,016,401</u>	<u>(681)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>1,267,473</u>	<u>1,267,473</u>

See auditor's report and notes to the financial statements.

BIG SANDY SCHOOL DISTRICT NUMBER 100J

Simla, Colorado

Schedule of District's Proportionate Share of the Net Pension Liability-PERA School Division Trust Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.041417%	0.041880%	0.043284%	0.043284%	0.045355%
Proportionate share of the collective net pension liability	13,392,646	12,469,185	6,488,056	5,866,462	5,638,547
Covered payroll	1,910,496	1,879,631	1,828,770	1,778,937	1,787,198
Proportionate share of the net pension liability as a percentage of its covered employee payroll	701.00%	663.38%	354.78%	329.77%	315.50%
Plan fiduciary net position as a percentage of total pension liability	43.96%	43.10%	59.20%	62.80%	64.06%

Note 1: The amounts presented for each year were determined as of December 31.

Note 2: Information is not currently available for years prior to 2013; additional years will be displayed as they become available.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Schedule of Contributions and Related Ratios-PERA School Division Trust Fund
Last 10 Fiscal Years

As of June 30,	<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>
Statutorily required contributions	361,642	348,644	324,081	301,977	288,234	269,025	258,911	239,565	224,642	207,188
Contributions in relation to the statutorily required contribution	361,642	<u>348,644</u>	<u>324,081</u>	<u>301,977</u>	<u>288,234</u>	<u>269,025</u>	<u>258,911</u>	<u>239,565</u>	<u>224,642</u>	<u>207,188</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	1,915,333	1,896,590	1,826,464	1,788,276	1,804,308	1,785,062	1,824,958	1,803,182	1,814,832	1,803,954
Contributions as a percentage of covered-employee payroll	18.88%	18.38%	17.74%	16.89%	15.97%	15.07%	14.19%	13.29%	12.38%	11.49%

Note 1: Information above is presented as of the District's fiscal year.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 Schedule of District's Proportionate Share of the Net Other Post-Employment Benefit
 Liability-Health Care Trust Fund

	<u>2017</u>	<u>2016</u>
Proportion (percentage) of the collective net pension liability	0.023533%	0.018618%
Proportionate share of the collective net pension liability	305,831	241,387
Covered payroll	1,910,496	1,879,631
Proportionate share of the net pension liability as a percentage of its covered employee payroll	16.01%	12.84%
Plan fiduciary net position as a percentage of total pension liability	17.53%	N/A

Note 1: The amounts presented for each year were determined as of December 31.

Note 2: Information is not currently available for years prior to 2016; additional year will be displayed as they become available.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Schedule of Contributions and Related Ratios-Health Care Trust Fund

As of June 30,	<u>2018</u>	<u>2017</u>
Statutorily required contributions	19,536	19,345
Contributions in relation to the statutorily required contribution	19,536	<u>19,345</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>
Covered-employee payroll	1,915,333	1,896,590
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

Note 1: Information above is presented as of the District's fiscal year.

Note 2: Information is not currently available for years prior to 2017; additional years will be displayed as they become available.



OTHER INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2018

	<u>Special Revenue Funds</u>			
	<u>Food</u>	<u>Scholarship</u>	<u>Student</u>	<u>Total</u>
	<u>Service</u>		<u>Activity</u>	
ASSETS				
Cash and cash equivalents	18,820	102	6,731	25,653
Certificates of deposit	0	48,000	0	48,000
Accounts/grants receivable	163	0	0	163
Inventory	<u>2,529</u>	<u>0</u>	<u>0</u>	<u>2,529</u>
Total Assets	<u>21,512</u>	<u>48,102</u>	<u>6,731</u>	<u>76,345</u>
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accrued salaries and benefits	4,840	0	0	4,840
Unearned revenue	<u>1,619</u>	<u>0</u>	<u>0</u>	<u>1,619</u>
Total Liabilities	6,459	0	0	6,459
FUND BALANCE				
Restricted	0	48,102	0	48,102
Nonspendable	2,529	0	0	2,529
Assigned	<u>12,523</u>	<u>0</u>	<u>6,731</u>	<u>19,255</u>
Total Fund Balances	<u>15,053</u>	<u>48,102</u>	<u>6,731</u>	<u>69,886</u>
Total Liabilities and Fund Balance	<u>21,512</u>	<u>48,102</u>	<u>6,731</u>	<u>76,345</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

REVENUES	Special Revenue Funds			<u>Total</u>
	<u>Food Service</u>	<u>Scholarship</u>	<u>Student Activity</u>	
Local Sources				
Investment interest	35	866	0	901
Other	51,042	0	28,106	79,147
State Sources	924	0	0	924
Federal Sources	<u>54,569</u>	<u>0</u>	<u>0</u>	<u>54,569</u>
Total Revenues	106,569	866	28,106	135,541
EXPENDITURES				
Current				
Other	134,512	800	51,172	186,485
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>134,512</u>	<u>800</u>	<u>51,172</u>	<u>186,485</u>
Revenues over (under)				
Expenditures	(27,943)	66	(23,067)	(50,943)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>25,862</u>	<u>0</u>	<u>25,044</u>	<u>50,906</u>
Excess of Revenues and Other Sources over				
(under) Expenditures and Other Uses	(2,081)	66	1,977	(37)
Fund Balance - Beginning	<u>17,133</u>	<u>48,036</u>	<u>4,754</u>	<u>69,923</u>
Fund Balance - Ending	<u>15,053</u>	<u>48,102</u>	<u>6,731</u>	<u>69,886</u>

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. It is the most significant fund in relation to the District's overall operation.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 General Fund
 Comparative Balance Sheet

ASSETS	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
Cash			
On hand	100	100	0
In bank	1,544,663	1,293,993	250,670
With county treasurer	<u>0</u>	<u>22,474</u>	<u>(22,474)</u>
Total Cash	1,544,763	1,316,567	228,196
Accounts/Grants receivable	12,343	0	12,343
Accrued property taxes receivable	<u>31,483</u>	<u>31,169</u>	<u>314</u>
Total Assets	<u>1,588,589</u>	<u>1,347,736</u>	<u>240,853</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	39	684	(644)
Accrued salaries and benefits payable	<u>321,078</u>	<u>330,651</u>	<u>(9,574)</u>
Total Liabilities	321,117	331,335	(10,218)
Fund Balance			
Restricted for TABOR reserve	117,682	98,516	19,166
Restricted preschool	11,388	681	10,707
Unassigned	<u>1,138,402</u>	<u>917,204</u>	<u>221,198</u>
Total Fund Balance	<u>1,267,473</u>	<u>1,016,401</u>	<u>251,071</u>
Total Liabilities and Fund Balance	<u>1,588,589</u>	<u>1,347,736</u>	<u>240,853</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

			Variance Favorable (Unfavorable)	Prior Year Actual
LOCAL SOURCES	<u>Budget</u>	<u>Actual</u>		
Property taxes	444,890	447,117	2,227	410,367
Specific ownership taxes	69,394	118,445	49,051	105,038
Delinquent taxes and interest	0	1,693	1,693	1,662
Interest on investments	10,000	17,546	7,546	9,775
Indirect costs	0	5,314	5,314	4,712
Other	<u>430,000</u>	<u>481,880</u>	<u>51,880</u>	<u>59,835</u>
Total Local Sources	954,284	1,071,994	117,710	591,389
STATE SOURCES				
State equalization	2,693,453	2,694,996	1,543	2,485,001
Vocational education	65,617	60,397	(5,220)	59,625
Transportation	64,931	65,083	152	71,268
Other	<u>110,378</u>	<u>120,247</u>	<u>9,869</u>	<u>11,426</u>
Total State Sources	2,934,379	2,940,723	6,344	2,627,320
FEDERAL SOURCES	<u>58,754</u>	<u>58,893</u>	<u>139</u>	<u>75,902</u>
Total Revenues	3,947,417	4,071,611	124,194	3,294,611
Expenditures	<u>4,809,455</u>	<u>3,684,633</u>	<u>1,124,822</u>	<u>3,223,416</u>
Excess of Revenues over (under) Expenditures	(862,038)	386,977	1,249,015	71,195
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(155,044)</u>	<u>(135,906)</u>	<u>19,138</u>	<u>(139,871)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(1,017,082)	251,071	1,268,153	(68,677)
Fund Balance - Beginning	<u>1,017,082</u>	<u>1,016,401</u>	<u>(681)</u>	<u>1,085,078</u>
Fund Balance - Ending	<u>0</u>	<u>1,267,473</u>	<u>1,267,473</u>	<u>1,016,401</u>

See auditor's report and notes to the financial statements.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

			Variance Favorable (Unfavorable)	Prior Year Actual
INSTRUCTION	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Current				
Salaries	1,426,997	1,353,496	73,501	1,360,529
Employee benefits	481,718	429,240	52,478	409,241
Purchased services	108,200	95,148	13,052	75,545
Supplies and expenses	187,036	114,393	72,643	110,485
Other	1,200	1,323	(123)	1,305
Capital outlay	<u>41,150</u>	<u>13,935</u>	<u>27,215</u>	<u>16,279</u>
Total Instruction	2,246,301	2,007,535	238,766	1,973,385
SUPPORTING SERVICES				
Pupil Guidance				
Current				
Salaries	47,502	48,835	(1,333)	61,804
Employee benefits	15,542	14,613	929	16,722
Purchased services	19,000	16,507	2,493	10,554
Supplies and expenses	3,800	608	3,193	5,130
Capital outlay	<u>400</u>	<u>0</u>	<u>400</u>	<u>0</u>
Total Pupil Guidance	86,244	80,562	5,682	94,209
Instructional Staff-Library				
Current				
Salaries	53,321	30,813	22,508	33,895
Employee benefits	9,817	9,586	231	10,257
Purchased services	8,400	6,165	2,235	6,623
Supplies and expenses	9,150	8,355	795	8,281
Capital outlay	<u>500</u>	<u>0</u>	<u>500</u>	<u>0</u>
Total Instructional Staff	81,188	54,919	26,269	59,056
Superintendent				
Current				
Salaries	129,260	121,824	7,436	130,342
Employee benefits	36,609	34,322	2,287	36,182
Purchased services	10,000	3,813	6,187	3,467
Supplies and expenses	3,500	2,341	1,159	2,690
Other expenses	8,200	10,603	(2,403)	10,323
Capital outlay	<u>100</u>	<u>0</u>	<u>100</u>	<u>0</u>
Total Superintendent	187,669	172,903	14,766	183,003

See auditor's report and notes to the financial statements.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017
(continued)

			Variance Favorable (Unfavorable)	Prior Year Actual
Principals	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Current				
Salaries	124,098	122,367	1,731	120,450
Employee benefits	40,914	38,293	2,621	32,984
Purchased services	3,300	1,167	2,133	1,272
Supplies and expenses	8,000	9,454	(1,454)	10,104
Other expenses	2,900	1,575	1,325	1,095
Capital outlay	<u>1,000</u>	<u>680</u>	<u>320</u>	<u>350</u>
Total Principals	180,212	173,536	6,676	166,255
Accounting				
Current				
Salaries	27,423	28,050	(627)	27,423
Employee benefits	10,175	9,769	406	9,519
Purchased services	17,750	16,598	1,152	14,505
Supplies and expenses	1,800	3,293	(1,493)	1,168
Capital outlay	<u>11,500</u>	<u>10,872</u>	<u>628</u>	<u>3,015</u>
Total Accounting	68,648	68,583	65	55,630
Operations and Maintenance				
Current				
Salaries	149,419	150,256	(837)	144,965
Employee benefits	48,101	44,044	4,057	41,830
Purchased services	75,000	57,849	17,151	61,959
Supplies and expenses	127,000	120,187	6,813	115,571
Capital outlay	<u>23,000</u>	<u>75,197</u>	<u>(52,197)</u>	<u>0</u>
Total Operations and Maintenance	422,520	447,533	(25,013)	364,325
Pupil Transportation				
Current				
Salaries	122,078	139,805	(17,727)	135,651
Employee benefits	38,206	39,268	(1,062)	38,169
Purchased services	17,000	12,660	4,340	5,032
Supplies and expenses	69,000	59,533	9,467	54,626
Capital outlay	<u>350,755</u>	<u>345,755</u>	<u>5,000</u>	<u>500</u>
Total Pupil Transportation	597,039	597,021	18	233,979

See auditor's report and notes to the financial statements.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017
(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Prior Year <u>Actual</u>
Central Services				
Current				
Salaries	44,000	0	44,000	0
Benefits	7,686	0	7,686	0
Purchased services	107,000	78,943	28,057	80,388
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,135</u>
Total Central Services	158,686	78,943	79,743	92,523
Community Services				
Purchased services	<u>2,500</u>	<u>79</u>	<u>2,421</u>	<u>159</u>
Total Supporting Services	1,784,706	1,674,078	110,628	1,249,138
Facilities Acquisition				
Capital outlay	12,000	3,020	8,980	893
Appropriated Reserves	<u>766,448</u>	<u>0</u>	<u>766,448</u>	<u>0</u>
Total Expenditures	<u>4,809,455</u>	<u>3,684,633</u>	<u>1,124,822</u>	<u>3,223,416</u>



SPECIAL REVENUE FUNDS

Food Services Fund - to account for revenue and expenditures associated with providing hot lunches to students, teachers, and visitors.

Scholarship Fund - to account for donations to fund student scholarships and the expenditures for those scholarships.

Student Activity Fund - to account for the revenues reported and the expenditures of each of the activities reported.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Food Services Special Revenue Fund
Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash in bank	18,820	14,776	4,044
Accounts receivable	163	26	136
Grants receivable	0	3,944	(3,944)
Inventory	<u>2,529</u>	<u>2,663</u>	<u>(134)</u>
Total Assets	<u>21,512</u>	<u>21,409</u>	<u>103</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accrued salaries and benefits	4,840	3,194	1,646
Unearned revenue	<u>1,619</u>	<u>1,081</u>	<u>538</u>
Total Liabilities	6,459	4,276	2,184
Fund Balance			
Nonspendable	2,529	2,663	(134)
Assigned	<u>12,523</u>	<u>14,470</u>	<u>(1,947)</u>
Total Fund Balance	<u>15,053</u>	<u>17,133</u>	<u>(2,081)</u>
Total Liabilities and Fund Balance	<u>21,512</u>	<u>21,409</u>	<u>103</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Food Services Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

REVENUES			Variance- Favorable	Prior Year
Local Sources	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Actual</u>
Charges for Service				
Food sales	42,000	49,506	7,506	39,202
Other local	0	1,535	1,535	753
Interest income local	100	35	(65)	34
State grants	0	924	924	1,092
Federal aid	50,000	45,870	(4,130)	37,961
Commodities donated	<u>9,000</u>	<u>8,699</u>	<u>(301)</u>	<u>8,458</u>
Total Revenues	101,100	106,569	5,469	87,501
EXPENDITURES				
Current				
Salaries	75,000	56,589	18,411	51,681
Benefits	0	20,945	(20,945)	15,545
Food and milk	60,000	51,151	8,849	50,211
Purchased services	17,133	2,890	14,243	6,595
Supplies	11,100	2,937	8,163	4,244
Appropriated reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>163,233</u>	<u>134,512</u>	<u>28,721</u>	<u>128,276</u>
Excess of Revenues over (under) Expenditures	(62,133)	(27,943)	34,190	(40,776)
OTHER SOURCES (USES)				
Operating Transfer In	<u>45,000</u>	<u>25,862</u>	<u>(19,138)</u>	<u>34,827</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(17,133)	(2,081)	15,053	(5,948)
Fund Balance - Beginning	<u>17,133</u>	<u>17,133</u>	<u>0</u>	<u>23,081</u>
Fund Balance - Ending	<u>0</u>	<u>15,053</u>	<u>15,053</u>	<u>17,133</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 Scholarship Special Revenue Fund
 Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
ASSETS			
Cash	102	36	66
Certificates of deposit	<u>48,000</u>	<u>48,000</u>	<u>0</u>
Total Assets	<u>48,102</u>	<u>48,036</u>	<u>66</u>
FUND BALANCE			
Restricted	<u>48,102</u>	<u>48,036</u>	<u>66</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Scholarship Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

			Variance Favorable (Unfavorable)	Prior Year Actual
REVENUES	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Local Sources				
Interest	<u>960</u>	<u>866</u>	<u>(94)</u>	<u>964</u>
Total Revenues	<u>960</u>	<u>866</u>	<u>(94)</u>	<u>964</u>
EXPENDITURES				
Scholarships paid	<u>48,996</u>	<u>800</u>	<u>48,196</u>	<u>1,400</u>
Revenues over (under) Expenditures	(48,036)	66	48,102	(436)
Fund Balance - Beginning	<u>48,036</u>	<u>48,036</u>	<u>(0)</u>	<u>48,472</u>
Fund Balance - Ending	<u>0</u>	<u>48,102</u>	<u>48,102</u>	<u>48,036</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
 Simla, Colorado
 Student Activity Special Revenue Fund
 Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
ASSETS			
Cash in bank	<u>6,731</u>	<u>4,754</u>	<u>1,977</u>
FUND BALANCE			
Assigned	<u>6,731</u>	<u>4,754</u>	<u>1,977</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Student Activity Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

			Variance Favorable (Unfavorable)	Prior Year Actual
REVENUES	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Local Sources				
Gate revenue	50,000	25,269	(24,731)	17,351
Season passes	3,000	660	(2,340)	2,947
Event fees	<u>1,000</u>	<u>2,177</u>	<u>1,177</u>	<u>747</u>
Total Revenue	54,000	28,106	(25,894)	21,046
EXPENDITURES				
Current				
Athletics				
Purchased services	20,000	16,431	3,569	14,335
Travel, registration and entry fees	20,000	18,884	1,116	14,921
Supplies	20,000	13,950	6,050	9,502
Non capital equipment	<u>17,798</u>	<u>0</u>	<u>17,798</u>	<u>0</u>
Total Athletics	77,798	49,264	28,534	38,758
Non Athletic				
Other	<u>6,000</u>	<u>1,908</u>	<u>4,092</u>	<u>5,654</u>
Total Expenditures	<u>83,798</u>	<u>51,172</u>	<u>32,626</u>	<u>44,412</u>
Revenue over (under) Expenditures	(29,798)	(23,067)	6,731	(23,367)
Other Financing Sources				
Operating Transfers In	<u>25,044</u>	<u>25,044</u>	<u>0</u>	<u>20,044</u>
Revenues and Other Financing Sources over (under) Expenditures	(4,754)	1,977	6,731	(3,323)
Fund Balance - Beginning	<u>4,754</u>	<u>4,754</u>	<u>0</u>	<u>8,076</u>
Fund Balance - Ending	<u>0</u>	<u>6,731</u>	<u>6,731</u>	<u>4,754</u>

DEBT SERVICE FUND

Bond Redemption Fund – to account for payment of principle and interest on bonds. Financing is provided by a specific annual property tax levy.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Bond Redemption Debt Service Fund
Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
ASSETS			
Cash in bank	195,733	173,891	21,842
Cash with county treasurer	0	11,911	(11,911)
Accrued property taxes receivable	<u>15,405</u>	<u>16,355</u>	<u>(950)</u>
Total Assets	<u>211,138</u>	<u>202,156</u>	<u>8,981</u>
FUND BALANCE			
Restricted for bond redemption	<u>211,138</u>	<u>202,156</u>	<u>8,981</u>

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Prior Year Actual
REVENUES				
Property taxes	221,980	222,407	427	217,830
Specific ownership taxes	1,000	0	(1,000)	1,042
Interest	<u>100</u>	<u>416</u>	<u>316</u>	<u>56</u>
Total Revenues	223,080	222,824	(256)	218,928
EXPENDITURES				
Bond interest	98,000	95,451	2,549	100,201
Bond principal	117,000	117,641	(641)	112,988
Other	<u>210,236</u>	<u>750</u>	<u>209,486</u>	<u>750</u>
Total Expenditures	<u>425,236</u>	<u>213,842</u>	<u>211,394</u>	<u>213,939</u>
Revenues over (under)				
Expenditures	(202,156)	8,981	211,138	4,990
Fund Balance - Beginning	<u>202,156</u>	<u>202,156</u>	<u>0</u>	<u>197,167</u>
Fund Balance - Ending	<u>0</u>	<u>211,138</u>	<u>211,138</u>	<u>202,156</u>



CAPITAL PROJECTS FUND

Capital Reserve Capital Projects Fund - to account for acquisition of land or improvements and construction of structures thereon, or acquisition of land with existing structures thereon and equipment and furnishing therein; construction of additions to existing structures; procurement of equipment for new buildings and additions to existing buildings and installation thereof; alterations and improvements to existing structures, installment purchase agreements or lease agreements with an option to purchase for a period not to exceed twenty years under which a school district becomes entitled to the use of real property and related equipment for a school site, building, or structure. Also allowed are lease agreements with option to purchase for a period of one year or less, including lease agreements consisting of a series of one-year terms renewable at the option of the district. Financing is provided by a transfer from the General Fund.

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Capital Reserve Capital Projects Fund
Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
ASSETS			
Cash in bank	<u>472,048</u>	<u>252,739</u>	<u>219,309</u>
 FUND BALANCE			
Committed	<u>472,048</u>	<u>252,739</u>	<u>219,309</u>

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Capital Reserve Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

			Variance Favorable (Unfavorable)	Prior Year Actual
REVENUES	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Local Sources				
Interest on investments	2,000	6,021	4,021	2,207
Sale of fixed assets	0	193,598	193,598	0
Other	<u>190,000</u>	<u>0</u>	<u>(190,000)</u>	<u>3,000</u>
Total Revenues	192,000	199,619	7,619	5,207
EXPENDITURES				
Current				
Repairs	0	3,000	(3,000)	0
Capital Outlay				
New construction	374,739	8,480	366,259	0
Building	0	53,829	(53,829)	0
Vehicles	55,000	0	55,000	0
Non capital outlay	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
Total Expenditures	<u>529,739</u>	<u>65,310</u>	<u>464,429</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	(337,739)	134,309	472,048	5,207
Other Financing Sources				
Operating Transfers In	<u>85,000</u>	<u>85,000</u>	<u>0</u>	<u>85,000</u>
Excess of Revenues and Other Sources over (under) Expenditures	(252,739)	219,309	472,048	90,207
Fund Balance - Beginning	<u>252,739</u>	<u>252,739</u>	<u>0</u>	<u>162,532</u>
Fund Balance - Ending	<u>0</u>	<u>472,048</u>	<u>472,048</u>	<u>252,739</u>



AGENCY FUND

Student Activity Fund – to act as custodian for the classes and activities of the District

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities - Budget and Actual
For the Year Ended June 30, 2018

	Balance <u>7/1/2017</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance <u>6/30/2018</u>
Staff Miscellaneous	37	0	37	0
Student Activity	4,899	33,177	35,181	2,896
Library Activity	479	3,870	3,872	477
Have a Heart Scholarship	200	300	500	0
SADD	167	0	0	167
Flower Fund	293	116	114	296
Colorado On Line Tuition	200	1,540	695	1,045
College Tuition	5,985	8,082	12,395	1,672
Health Insurance	1,772	1,350	795	2,327
JH Boys Basketball	0	190	0	190
Jr High Girls Basketball	489	2,380	2,466	403
Medical 18-19	2,351	21,839	20,294	3,897
Secondary Admin Gift	284	520	393	411
T R Hamacher Scholarship	0	4,000	3,000	1,000
Day Care 2018-19	0	2,700	2,700	0
Athletics	(144)	3,385	2,937	304
Fun Run	484	6,883	6,654	713
Cheerleading	(0)	463	314	149
Dance Team	31	0	31	0
Adopt A Cub	217	0	217	0
Girls Summer Basketball	819	729	1,635	(87)
Elementary Football	740	515	731	524
Football	302	3,871	3,800	373
Huddle, Site Licensing	6,609	890	2,199	5,300
Elementary Volleyball	132	54	0	186
Summer Volleyball	820	3,298	3,845	272
Jr High Volleyball	115	903	853	165
Wrestling	533	2,091	2,057	567
Boys Summer BB	0	7,069	6,708	362
Baseball	204	1,491	544	1,151

BIG SANDY SCHOOL DISTRICT NUMBER 100J
Simla, Colorado
Student Activity Special Revenue Fund
Statement of Changes in Assets and Liabilities - Budget and Actual
For the Year Ended June 30, 2018
(continued)

	Balance <u>7/1/2017</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance <u>6/30/2018</u>
True Sport	401	0	85	316
Track	475	3,957	4,097	335
Jr High Track	9	937	867	79
Jr High Football	0	0	0	0
Band	63	0	63	0
Band Fund Raiser	17	0	17	0
Class of 2018	8,944	15,050	22,921	1,073
Class of 2017	(1,022)	2,780	1,758	0
Class of 2019	4,611	13,499	10,427	7,683
Class of 2020	2,416	4,598	2,318	4,696
Class of 2021	50	3,485	2,450	1,084
Class of 2023	25	10	0	35
Current Yearbooks	6,422	6,348	7,463	5,307
FBLA Garden Club	209	0	0	209
FBLA Fund raiser	690	220	890	20
VICA	(383)	3,526	2,854	289
Industrial Arts	46	16,667	14,677	2,036
Art Fee	157	190	0	347
Elementary Matchwits	79	110	189	0
Student Miscellaneous	132	43	0	175
Elementary Stuco	183	0	0	183
Interest - checking	3,844	132	0	3,977
Interest - savings	<u>4,946</u>	<u>340</u>	<u>0</u>	<u>5,286</u>
Total	60,334	183,599	186,044	57,890
 Budget	 <u>60,334</u>	 <u>240,627</u>	 <u>300,961</u>	 <u>0</u>
 Variance Favorable (Unfavorable)	 <u>0</u>	 <u>(57,028)</u>	 <u>114,917</u>	 <u>57,890</u>

AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
District: 0940 – BIG SANDY 100J
Fiscal Year 2017-18
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	1,015,720		3,829,429	3,589,065		1,256,084
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	681		106,276	95,568		11,388
Sub-Total	1,016,401		3,935,705	3,684,633		1,267,473
11 Charter School Fund	0		0	0		0
20,26-29 Special Revenue Fund	48,036		866	800		48,102
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
21 Food Service Spec Revenue Fund	17,133		132,431	134,512		15,053
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	4,754		53,150	51,172		6,731
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	202,156		222,824	213,842		211,138
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	252,739		284,619	65,310		472,048
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	1,541,219		4,629,595	4,150,270		2,020,544
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60,65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	60,335		183,599	186,044		57,890
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	60,335		183,599	186,044		57,890
FINAL						