

**CONEJOS SCHOOL DISTRICT NO. 6J
SANFORD, COLORADO**

FINANCIAL STATEMENTS

June 30, 2018



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

CONEJOS SCHOOL DISTRICT NO. 6J
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
Conejos School District No. 6J
Sanford, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, 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.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 – Summary of Significant Accounting Policies, in fiscal year 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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, pension and other postemployment benefits information on pages 3-8 and 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules and the Colorado School District 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, the combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

January 21, 2019

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in FY 2018 are as follows:

- Net position for governmental activities decreased by \$2,656,261
- Revenue for all governmental activities was \$4,372,471
- The District incurred \$7,028,732 in expenses related to governmental activities

Key financial highlights for the District in FY 2017 were as follows:

- Net position for governmental activities decreased by \$2,428,246
- Revenue for all governmental activities was \$4,022,089
- The District incurred \$6,450,335 in expenses related to governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

District-wide Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

- Total assets for the District were \$24,305,251 in 2017 and \$23,882,493 in 2018. Cash and investments were \$3,695,071 in 2017 and \$3,842,669 in 2018. Property tax receivable was \$13,623 in 2017 and \$15,994 in 2018. Receivables from other governmental entities were \$11,984 in 2017 and \$13,909 in 2018. Capital assets were in the amount of \$20,547,370 in 2017 and \$19,987,767, in 2018. Current liabilities were \$457,939 in 2017 and \$442,927 in 2018.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Table 1 provides a summary of the District's net position for fiscal year 2017 & 2018:

Table 1
Condensed Statement of Net Position

	Governmental Activities	Governmental Activities	Total Percent Change
	2017	2018	2017-2018
Assets			
Current Assets	\$ 3,757,881	\$ 3,894,726	3.64%
Capital Assets	\$ 20,547,370	\$ 19,987,767	-2.72%
Total Assets	\$ 24,305,251	\$ 23,882,493	-1.74%
Deferred Outflows of Resources	\$ 4,742,096	\$ 3,775,856	-20.38%
Liabilities			
Current liabilities	\$ 457,939	\$ 442,927	-3.28%
Long-term liabilities	\$ 13,458,424	\$ 14,441,685	7.31%
Total Liabilities	\$ 13,916,363	\$ 14,884,612	6.96%
Deferred Inflow of Resources			
Pension	\$ 189,120	\$ 769,788	307.04%
OPEB	\$ -	\$ 11,400	100.00%
Property Taxes	\$ 13,622	\$ 15,993	17.41%
Net Position			
Net Investment in Capital Assets	\$ 19,566,418	\$ 19,055,375	-2.61%
Restricted for:			
Tabor	\$ 110,589	\$ 115,320	4.28%
Debt Service	\$ 135,938	\$ 157,197	15.64%
BEST Capital Renewal Reserve	\$ 114,500	\$ 149,700	30.74%
Unrestricted	\$ (4,999,203)	\$ (7,501,036)	50.04%
Total Net Position	\$ 14,928,242	\$ 11,976,556	-19.77%

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Table 2 shows the changes in net position for fiscal year 2017 & 2018:

Table 2

Changes in Net Position

	Governmental Activities	Governmental Activities	Total Percentage Change
	2017	2018	2017-2018
Revenues			
Program Revenues			
Charges for Service	\$ 41,898	\$ 47,041	12.28%
Operating Grants & Contributions	\$ 465,317	\$ 724,974	55.80%
General Revenues			
Property Taxes	\$ 346,852	\$ 314,041	-9.46%
State Equalization	\$ 3,078,686	\$ 3,125,314	1.51%
Other	\$ 89,336	\$ 161,101	80.33%
Total Revenues	\$ 4,022,089	\$ 4,372,471	8.71%
Expenses			
Instruction	\$ 4,298,873	\$ 4,678,962	8.84%
Pupil & Instructional Services	\$ 174,996	\$ 202,862	15.92%
Admin & Business	\$ 753,338	\$ 816,264	8.35%
Maintenance & Operations	\$ 475,329	\$ 516,905	8.75%
Transportation	\$ 262,592	\$ 290,179	10.51%
Other	\$ 485,207	\$ 523,560	7.90%
Total Expenses	\$ 6,450,335	\$ 7,028,732	8.97%
Increase(Decrease) in Net Position	\$ (2,428,246)	\$ (2,656,261)	9.39%
Net Position- Beginning of the year	\$ 17,356,488	\$ 14,928,242	-13.99%
GASB 75 Restatement	\$ -	\$ (295,425)	0.00%
Beginning of year, Restated	\$ -	\$ 14,632,817	0.00%
Net Position- End of year	\$ 14,928,242	\$ 11,976,556	-19.78%

State equalization accounted for a major portion of the District's total revenue, contributing 71.5 percent of total revenue. Another 16.6 percent came from state and federal grants, 7.2 percent came from property taxes, and the remainder from charges for services and miscellaneous sources.

The District's expenses are predominately related to instruction, (66.6 percent). The District's administrative and business activities accounted for 11.6 percent of total costs.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$8,870.23 for 2017 and \$9,192.25 in 2018 per funded student. In fiscal year 2017 the funded pupil count was 376.7 and in fiscal year 2018 the pupil count was 367.6. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. The District receives approximately 94 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 3 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

Table 3

Government Activities

	Total Cost of Services	Total Cost of Services	Percentage Change	Net Cost of Services	Net Cost of Services	Percentage Change
	2017	2018	2017-2018	2017	2018	2017-2018
Instruction	\$ 4,298,873	\$ 4,678,962	9%	\$ 4,131,747	\$ 4,351,235	5.31%
Pupil & instructional services	\$ 174,996	\$ 202,862	16%	\$ 13,000	\$ 12,832	-1.29%
Administration and business	\$ 753,338	\$ 816,264	8%	\$ 753,338	\$ 816,264	8.35%
Maintenance and operations	\$ 475,329	\$ 516,905	9%	\$ 475,329	\$ 516,905	8.75%
Transportation	\$ 262,592	\$ 290,179	11%	\$ 238,042	\$ 262,174	10.14%
Food Services	\$ 315,566	\$ 345,177	9%	\$ 162,023	\$ 191,763	18.36%
Other	\$ 169,641	\$ 178,383	5%	\$ 169,641	\$ 105,544	-37.78%
Total	\$ 6,450,335	\$ 7,028,732	9%	\$ 5,943,120	\$ 6,256,717	5.28%

- The cost of all governmental activities during the year 2017 was \$6,450,335. During the year 2018 it was \$7,028,732.
- Federal and state government subsidized certain programs with grants and contributions in the amount of \$465,317 in 2017 and \$724,974 in 2018.
- Most of the District's costs were financed by State and District taxpayers. This portion of governmental activities was financed with \$3,078,686 for 2017 and \$3,125,314 in 2018 in state equalization from the School Finance Act of 1994 (SFA) and \$403,523 in property and specific ownership taxes for 2017 and \$377,672 in 2018.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

CAPITAL ASSET ADMINISTRATION

By the end of 2018, the District has invested \$19,987,767 in land, buildings, and equipment (including vehicles). By the end of 2017, the District has invested \$20,547,370 in land, buildings, and equipment (including vehicles).

Table 4 shows capital assets for FY 2017-2018:

Table 4

Capital Assets at June 30

	Governmental Activities	Governmental Activities	Total Percentage Change
	2017	2018	2017-2018
Land	\$ 43,969	\$ 43,969	0.00%
Land Improvements	\$ 52,238	\$ 75,103	43.77%
Buildings	\$ 20,334,922	\$ 20,334,922	0.00%
Equipment	\$ 2,120,363	\$ 2,120,363	0.00%
Buses & Vehicles	\$ 724,326	\$ 856,014	18.18%
Total	\$ 23,275,818	\$ 23,430,371	0.66%
Accumulated Depreciation			
Buildings	\$ 1,687,959	\$ 2,197,246	30.17%
Land Improvements	\$ 4,743	\$ 8,831	86.19%
Equipment	\$ 535,068	\$ 688,500	28.68%
Vehicles	\$ 500,678	\$ 548,027	9.46%
Total	\$ 2,728,448	\$ 3,442,604	26.17%
Gov Activities Cap Assets, Net	\$ 20,547,370	\$ 19,987,767	-2.72%

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin C. Edgar, Superintendent of Sanford School District 6-J, at 755 Second Street, Sanford, CO 81151.

CONEJOS SCHOOL DISTRICT NO. 6J

BASIC FINANCIAL STATEMENTS

CONEJOS SCHOOL DISTRICT NO. 6J
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 3,842,669
Accounts Receivable	19,715
Property Tax Receivable	15,994
Due from Other Governments	13,909
Inventories	2,439
Capital Assets	
Land	43,969
Land Improvements	75,103
Buildings	20,334,922
Equipment	2,120,363
Vehicles	856,014
Less: Accumulated Depreciation	(3,442,604)
TOTAL ASSETS	23,882,493
DEFERRED OUTFLOWS OF RESOURCES	
Pension	3,764,289
OPEB	11,567
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,775,856
LIABILITIES	
Current Liabilities	
Accounts Payable	1,570
Accrued Salaries and Benefits	341,654
Unearned Grant Revenue	12,756
Accrued Interest Payable	24,687
General Obligation Bonds	50,560
Retirement Benefit	11,700
Long-term Liabilities	
General Obligation Bonds	881,832
Retirement Benefit	147,600
Compensated Absences	57,768
Net Pension Liability	13,056,284
Net OPEB Liability	298,201
TOTAL LIABILITIES	14,884,612
DEFERRED INFLOWS OF RESOURCES	
Pension	769,788
OPEB	11,400
Unavailable Revenue - Property Tax	15,993
TOTAL DEFERRED INFLOWS OF RESOURCES	797,181
NET POSITION	
Net Investment in Capital Assets	19,055,375
Restricted for	
TABOR	115,320
Debt Service	157,197
BEST Capital Reserve	149,700
Unrestricted	(7,501,036)
TOTAL NET POSITION	\$ 11,976,556

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 4,678,962	\$ -	\$ 327,727	\$ -	\$ (4,351,235)
Student Supporting Services	121,357	-	181,186	-	59,829
Instructional Staff Supporting Services	81,505	-	8,844	-	(72,661)
General Administration Supporting Services	402,017	-	-	-	(402,017)
School Administration Supporting Services	328,209	-	-	-	(328,209)
Business Supporting Services	86,038	-	-	-	(86,038)
Operations & Maintenance of Plant Services	516,905	-	-	-	(516,905)
Student Transportation Services	290,179	-	28,005	-	(262,174)
Central Supporting Services	148,386	-	72,839	-	(75,547)
Food Services	345,177	47,041	106,373	-	(191,763)
Interest on Long-term Debt	29,997	-	-	-	(29,997)
Total Governmental Activities	7,028,732	47,041	724,974	-	(6,256,717)
Total Primary Government	\$ 7,028,732	\$ 47,041	\$ 724,974	\$ -	(6,256,717)

General Revenues:

Taxes:

General Property Taxes - Net	314,041
Specific Ownership Taxes	62,031
Other Taxes	1,600
State Equalization	3,125,314
Interest on Investments	14,410
Miscellaneous	83,060

Total General Revenues: 3,600,456

Change in Net Position (2,656,261)

Net Position - Beginning of Year 14,928,242

GASB 75 Restatement (295,425)

Net Position - Beginning of Year Restated 14,632,817

Net Position - End of Year \$ 11,976,556

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018

	<u>GENERAL FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Investments	\$ 3,151,134	\$ 691,535	\$ 3,842,669
Accounts Receivable	13,121	6,594	19,715
Property Tax Receivable	9,564	6,430	15,994
Due from Other Governments	13,084	825	13,909
Inventories	-	2,439	2,439
TOTAL ASSETS	<u>\$ 3,186,903</u>	<u>\$ 707,823</u>	<u>\$ 3,894,726</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,570	\$ -	\$ 1,570
Accrued Salaries and Benefits	305,557	36,097	341,654
Unearned Grant Revenue	-	12,756	12,756
TOTAL LIABILITIES	<u>307,127</u>	<u>48,853</u>	<u>355,980</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	<u>9,563</u>	<u>6,430</u>	<u>15,993</u>
FUND BALANCE			
Nonspendable:			
Inventory	-	2,439	2,439
Restricted:			
TABOR	115,320	-	115,320
Debt Service	-	157,197	157,197
BEST Capital Reserve	-	149,700	149,700
Committed:			
Early Retirement of Bonds	900,000	-	900,000
Emergency Reserves	500,000	-	500,000
Food Services	-	17,728	17,728
Student Activities	-	95,094	95,094
Capital Projects	-	230,382	230,382
Assigned:			
Designated for Subsequent Years	247,500	-	247,500
Other Appropriated Reserves	300,000	-	300,000
Unassigned:	807,393	-	807,393
TOTAL FUND BALANCE	<u>2,870,213</u>	<u>652,540</u>	<u>3,522,753</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,186,903</u>	<u>\$ 707,823</u>	<u>\$ 3,894,726</u>

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total governmental fund balances	\$	3,522,753
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,987,767
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		3,775,856
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Refunding Bonds	\$ (932,392)	
Accrued Interest Payable	(24,687)	
Retirement Benefit	(159,300)	
Compensated Absences	<u>(57,768)</u>	
		(1,174,147)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(13,354,485)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(781,188)</u>
Net position of governmental activities	\$	<u><u>11,976,556</u></u>

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	GENERAL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 438,769	\$ 323,939	\$ 762,708
State Sources	3,319,317	16,116	3,335,433
Federal Sources	76,749	197,581	274,330
TOTAL REVENUES	3,834,835	537,636	4,372,471
EXPENDITURES			
Instructional Program	2,181,238	296,767	2,478,005
Student Supporting Services	67,144	-	67,144
Instructional Staff Supporting Services	55,079	-	55,079
General Administration Supporting Services	235,354	-	235,354
School Administration Supporting Services	181,633	-	181,633
Business Supporting Services	48,411	-	48,411
Operations and Maintenance of Plant Services	391,946	-	391,946
Student Transportation Services	157,803	-	157,803
Central Supporting Services	137,335	-	137,335
Food Services	-	227,889	227,889
Facilities Acquisition and Construction Services	-	166,818	166,818
Debt Service	-	87,953	87,953
TOTAL EXPENDITURES	3,455,943	779,427	4,235,370
Excess (Deficiency) of Revenues Over Expenditures	378,892	(241,791)	137,101
OTHER FINANCING SOURCES (USES)			
Transfers (to)/from Other Funds	(143,000)	143,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(143,000)	143,000	-
Net Change in Fund Balance	235,892	(98,791)	137,101
Fund Balance at Beginning of Year	2,634,321	751,331	3,385,652
Fund Balance at End of Year	\$ 2,870,213	\$ 652,540	\$ 3,522,753

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$	137,101
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.</p>		
Capital asset additions	\$ 154,553	
Depreciation expense	<u>(714,156)</u>	(559,603)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal Payments on General Obligation Bonds		48,560
<p>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.</p>		
Compensated Absences	\$ (2,204)	
Retirement Benefit	<u>11,600</u>	9,396
<p>Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense.</p>		
		<u>(2,291,715)</u>
Change in net position of governmental activities	\$	<u>(2,656,261)</u>

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

Conejos School District No. 6J is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the Conejos School District No. 6J has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each reported as a separate column.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

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. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Certain eliminations have been made as prescribed in GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with initial maturity of three months or less.

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
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County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2018 have been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds”.

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and construction in progress are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-50
Equipment	4-20
Vehicles	7-20

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Compensated Absences

Employees of the District receive from 4.5 to 6 days each term for sick leave. At the end of each term, an employee has the option to either accumulate unused sick leave or be paid for the unused sick leave of that term provided they have 20 days or more of accumulated sick leave. Employees of the District shall receive reimbursement at the rate of \$75 per day for certified employees and \$65 per day for non-certified employees for unused sick leave, up to a maximum of 30 days, upon separation from the District. A liability for accrued personal leave is accrued in the government-wide financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pensions must be deferred.

Pensions

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

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

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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent is expressed by the Board of Education.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Pronouncements

During 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB No. 75), which revises and establishes new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB).

GASB No. 75 requires cost-sharing employers participating in the PERA program, such as the District to record their proportionate share, as defined in GASB No. 75, of PERA's unfunded OPEB, specifically the Health Care Trust Fund (HCTF). 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. The District has no legal obligation to fund this HCTF shortfall nor does it have any ability to affect funding, benefit or annual required contribution decisions made by PERA or the General Assembly. The requirement of GASB No. 75 to record a portion of PERA's unfunded liability negatively impacted the District's beginning net position by \$295,425. The OPEB liability recorded as of June 30, 2018 was \$298,201. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Conejos School District No. 6J follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks and on Hand	\$ 3,398,164
COLOTRUST Investments	<u>444,505</u>
 Total cash, deposits, and investments on the Statement of Net Position	 <u><u>\$ 3,842,669</u></u>

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a deposit policy for custodial credit risk. As of year-end, \$2,320,818 of the District's bank balance of \$3,175,116 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. They include the following:

- Obligations of the United States and certain U.S. governments agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities

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owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotruster.com. The total COLOTRUST investment was valued at \$444,505 at June 30, 2018 with a credit rating of AAAM by Standard & Poors.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2018, the District's General Fund and Bond Redemption Fund had an estimated property tax receivable of \$9,564 and \$6,430, respectively.

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2018, the District had \$13,909 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND TRANSFERS

Interfund Transfers

Interfund transfers for the year ended June 30, 2018, were as follows:

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Total</u>
Capital Reserve Capital Projects Fund	General Fund	\$ 78,000
Food Service Fund	General Fund	20,000
Student Activity Fund	General Fund	45,000
	Total	<u>\$ 143,000</u>

These transfers were made to subsidize the Capital Reserve Capital Projects, Food Service, and Student Activity Funds.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance 06/30/2017	Additions	Deletions	Balance 06/30/2018
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 43,969	\$ -	\$ -	\$ 43,969
Total capital assets not being depreciated	43,969	-	-	43,969
Capital assets being depreciated				
Land Improvements	52,238	22,865	-	75,103
Buildings	20,334,922	-	-	20,334,922
Equipment	2,120,363	-	-	2,120,363
Vehicles	724,326	131,688	-	856,014
Total capital assets being depreciated	23,231,849	154,553	-	23,386,402
Less accumulated depreciation for:				
Land Improvements	4,743	4,088	-	8,831
Buildings	1,687,959	509,287	-	2,197,246
Equipment	535,068	153,432	-	688,500
Vehicles	500,678	47,349	-	548,027
Total accumulated depreciation	2,728,448	714,156	-	3,442,604
Total Capital Assets being depreciated, net	20,503,401	(559,603)	-	19,943,798
Governmental Activities Capital Assets, net	<u>\$ 20,547,370</u>	<u>\$ (559,603)</u>	<u>\$ -</u>	<u>\$ 19,987,767</u>

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

Governmental activities:

Instructional Program	\$ 644,711
Student Transportation Services	47,349
Food Services	22,095
Total depreciation expense – governmental activities	<u>\$ 714,156</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis and, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$341,654.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 LONG-TERM DEBT

Changes in Long-Term Debt

Long-term liability balances for the year ended June 30, 2018, were as follows:

	Beginning Balance <u>06/30/2017</u>	Additions	Deletions	Ending Balance <u>06/30/2018</u>	Due Within One Year
<i>Governmental Activities:</i>					
G.O. Bonds Payable-Series 2011	\$ 980,952	\$ -	\$ (48,560)	\$ 932,392	\$ 50,560
Retirement Benefit	170,900	-	(11,600)	159,300	11,700
Compensated Absences	55,564	2,204	-	57,768	-
Total	<u>\$ 1,207,416</u>	<u>\$ 2,204</u>	<u>\$ (60,160)</u>	<u>\$ 1,149,460</u>	<u>\$ 62,260</u>

General Obligation Bonds Payable

On December 8, 2011, the District issued general obligation bonds series 2011 in the amount of \$1,197,335 with an interest rate of 4.12% to be paid in full on December 1, 2031. The District issued the bonds to fulfill the required match of the Building Excellent Schools Today Act (BEST). The bond proceeds were used for the construction and renovation of schools within the District. The bonds are subject to redemption prior to maturity at the option of the District, in whole, but not in part on December 31, 2021, and any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount redeemed, plus accrued interest to the redemption date.

The annual debt service for the General Obligation Bonds Payable is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
FY 2019	\$ 50,560	\$ 38,400	\$ 88,960
FY 2020	52,642	36,318	88,960
FY 2021	54,810	34,150	88,960
FY 2022	57,068	31,893	88,961
FY 2023	59,418	29,542	88,960
FY 2024 - FY 2028	335,876	108,926	444,802
FY 2029 - FY 2032	322,018	33,825	355,843
	<u>\$ 932,392</u>	<u>\$ 313,054</u>	<u>\$ 1,245,446</u>

Retirement Benefit

The District offers a retirement benefit for eligible staff. The amount of the benefit is based on the length of employment by the District. Part time employees will be eligible for one-half of this benefit if the length of their employment meets the requirements noted in the policy. The retirement benefit will be paid to the employee, or the designated beneficiary after retirement in five equal yearly payments.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 DEFINED BENEFIT PENSION PLAN

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

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

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

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

	For the Year Ended December 31,	
	2018	2017
Employer Contribution Rate	<u>10.15%</u>	<u>10.15%</u>
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	<u>-1.02%</u>	<u>-1.02%</u>
Amount Apportioned to the SCHDTF	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	<u>5.50%</u>	<u>5.00%</u>
Total Employer Contribution Rate to the SCHDTF	<u><u>19.13%</u></u>	<u><u>18.63%</u></u>

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 \$361,636 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 \$13,056,284 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, District's proportion was 0.0404 percent, which was a decrease of 0.001 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 \$2,289,106. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 240,048	\$ -
Changes of assumptions or other inputs	3,333,754	21,157
Net difference between projected and actual earnings on pension plan investments	-	512,733
Changes in proportion share and differences between contributions recognized and proportionate share of contributions	-	235,898
Contributions subsequent to the measurement date	190,487	-
Total	\$ 3,764,289	\$ 769,788

\$190,487 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ 1,921,943
2020	1,087,354
2021	(12,387)
2022	(192,892)
2023	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following 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	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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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 Employee Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The 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 by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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 Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 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	\$ 16,492,308	\$ 13,056,284	\$ 10,256,318

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

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

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

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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 \$13,056,284 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 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%	\$5,898,716

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 \$6,094,755 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

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

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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.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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 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.

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 \$19,527 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 \$298,201 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

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net OPEB liability was based on District 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 proportion was 0.023 percent, which was a decrease of 0.0006 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized OPEB expense of \$2,609. At June 30, 2018, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,410	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	4,988
Changes of assumptions or other inputs	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	6,412
Contributions subsequent to the measurement date	10,157	-
Total	\$ 11,567	\$ 11,400

\$10,157 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	(2,230)
2020	(2,230)
2021	(2,230)
2022	(2,230)
2023	(983)
Thereafter	(88)

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:	

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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

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%

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

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

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

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

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

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

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

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

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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:

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	\$289,947	\$298,201	\$308,031

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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	\$ 335,215	\$ 298,201	\$ 266,515

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.

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NOTE 12 DEFINED CONTRIBUTION PENSION PLAN

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$5,394 for the Voluntary Investment Program.

NOTE 13 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entity. This joint venture and related party does not meet the criteria for inclusion within the reporting entity because the following entity:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- has governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2018. Complete separate financial statements may be obtained from BOCES.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 15 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. These risks are covered by commercial insurance

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

Self Insurance Program

Health Insurance

Effective July 1, 2014, the District began a level-funding self-insurance program, accounted for in the General Fund, to internally provide services previously purchased through a third party contract. The purpose of the program is to pay medical and prescription claims of the District employees and minimize annual medical insurance costs to the District. Medical claims exceeding \$20,000 per covered individual claim liability is covered by a private insurance carrier. The District does not report a liability based on the requirements of Governmental Accounting Standards Board No. 10, as the plan is a level-funding health plan in which monthly payments to the Third Party Administrator are fixed.

NOTE 16 TABOR EMERGENCY RESERVE

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.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

In November 1996, voters approved a ballot which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1996-97 budget year and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is accounted for as a restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

CONEJOS SCHOOL DISTRICT NO. 6J

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liabilities is required to supplement the basic financial statements.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 259,000	\$ 331,000	\$ 438,769	\$ 107,769
State Sources	3,379,500	3,320,500	3,319,317	(1,183)
Federal Sources	1,500	1,500	76,749	75,249
TOTAL REVENUES	3,640,000	3,653,000	3,834,835	181,835
EXPENDITURES				
Instructional Program	2,543,000	2,521,000	2,181,238	339,762
Student Supporting Services	75,000	75,000	67,144	7,856
Instructional Staff Supporting Services	59,500	59,500	55,079	4,421
General Administration Supporting Services	272,500	270,500	235,354	35,146
School Administration Supporting Services	188,500	190,500	181,633	8,867
Business Supporting Services	51,500	59,500	48,411	11,089
Operations and Maintenance of Plant Services	472,000	461,000	391,946	69,054
Student Transportation Services	187,000	185,000	157,803	27,197
Central Supporting Services	80,000	172,000	137,335	34,665
Other Support Services	18,000	-	-	-
Reserves	155,000	140,000	-	140,000
TOTAL EXPENDITURES	4,102,000	4,134,000	3,455,943	678,057
Excess (Deficiency) of Revenues Over Expenditures	(462,000)	(481,000)	378,892	859,892
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(202,000)	(183,000)	(143,000)	40,000
TOTAL OTHER FINANCING SOURCES (USES)	(202,000)	(183,000)	(143,000)	40,000
Net Change in Fund Balance	(664,000)	(664,000)	235,892	899,892
Fund Balance at Beginning of Year	664,000	664,000	2,634,321	1,970,321
Fund Balance at End of Year	\$ -	\$ -	\$ 2,870,213	\$ 2,870,213

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCDITF PENSION PLAN
For the Years Ended June 30,

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0403763758%	0.0413975578%	0.0426188835%	0.0438161782%	0.0413653489%
District's proportionate share of the net pension liability (asset)	\$ 13,056,284	\$ 12,325,653	\$ 6,518,257	\$ 5,938,564	\$ 5,276,139
District's covered payroll	\$ 1,865,776	\$ 1,858,496	\$ 1,857,318	\$ 1,834,005	\$ 1,667,568
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	700%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.1%	59.2%	62.8%	64.1%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 10 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHEDULE PENSION PLAN

For the Years Ended June 30,

	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 361,636	\$ 340,754	\$ 328,964	\$ 314,426	\$ 283,681	\$ 243,211	\$ 211,910	\$ 198,561
Contributions in relation to the contractually required contribution	(361,636)	(340,754)	(328,964)	(314,426)	(283,681)	(243,211)	(211,910)	(198,561)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,914,423	\$ 1,853,383	\$ 1,854,277	\$ 1,861,402	\$ 1,772,892	\$ 1,611,807	\$ 1,593,183	\$ 1,494,115
Contributions as a percentage of covered payroll	18.89%	18.39%	17.74%	16.89%	16.00%	15.09%	13.30%	13.29%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 10 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTH CARE TRUST FUND
For the Years Ended June 30

	2018	2017
District's proportion of the net OPEB liability	0.0229416933%	0.0235308493%
District's proportionate share of the net OPEB liability	\$ 298,201	\$ 305,085
District's covered payroll	\$ 1,865,776	\$ 1,858,496
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	20.07%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
COLORADO PERA HEALTH CARE TRUST FUND

For the Years Ended June 30,

	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 19,527	\$ 18,905	\$ 18,914	\$ 18,986	\$ 18,083	\$ 16,440	\$ 16,250	\$ 15,240
Contributions in relation to the contractually required contribution	(19,527)	(18,905)	(18,914)	(18,986)	(18,083)	(16,440)	(16,250)	(15,240)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,914,423	\$ 1,853,383	\$ 1,854,277	\$ 1,861,402	\$ 1,772,892	\$ 1,611,807	\$ 1,593,183	\$ 1,494,115
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 11 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

CONEJOS SCHOOL DISTRICT NO. 6J

SUPPLEMENTARY INFORMATION

These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Food Service Fund - This fund is used to account for the operations of the school breakfast and lunch programs.

Governmental Designated Purpose Grants Fund - This fund is used to account for restricted state and federal grants that are obtained primarily to provide for specific instructional programs.

Student Activity Fund – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

Capital Reserve Capital Projects Fund – This fund is used to account for the acquisition of sites, buildings, equipment, and vehicles.

DEBT SERVICE FUND

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Bond Redemption Fund- This fund is used to account for the accumulation of resources and for the payment of principal, interest, and related expenses on the long-term general obligation debt.

CONEJOS SCHOOL DISTRICT NO. 6J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	SPECIAL REVENUE FUNDS							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	STUDENT ACTIVITY FUND	BOND REDEMPTION FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND			
\$	32,323	\$ 34,258	\$ 95,094	\$ 149,778	\$ 380,082	\$	691,535	
Cash and Investments	-	-	-	6,594	-	-	6,594	
Accounts Receivable	-	-	-	6,430	-	-	6,430	
Property Tax Receivable	-	-	-	825	-	-	825	
Due from Other Governments	2,439	-	-	-	-	-	2,439	
Inventories	-	-	-	-	-	-	-	
TOTAL ASSETS	\$ 34,762	\$ 34,258	\$ 95,094	\$ 163,627	\$ 380,082	\$	\$ 707,823	

**LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCES**

\$	\$	\$	\$	\$	\$	\$	\$
14,595	21,502	-	-	-	-	-	36,097
-	12,756	-	-	-	-	-	12,756
TOTAL LIABILITIES	14,595	34,258	-	-	-	-	48,853
-	-	-	6,430	-	-	-	6,430

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue - Property Tax	-	-	-	6,430	-	-	6,430
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FUND BALANCE

Nonspendable:							
Inventory	2,439	-	-	-	-	-	2,439
Restricted:							
Debt Service	-	-	-	157,197	-	-	157,197
BEST Capital Reserve	-	-	-	-	149,700	-	149,700
Committed:							
Food Services	17,728	-	-	-	-	-	17,728
Student Activities	-	-	95,094	-	-	-	95,094
Capital Projects	-	-	-	-	230,382	-	230,382
TOTAL FUND BALANCE	20,167	-	95,094	157,197	380,082	-	652,540

**TOTAL LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCES**

\$	34,762	\$ 34,258	\$ 95,094	\$ 163,627	\$ 380,082	\$	707,823
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CONEJOS SCHOOL DISTRICT NO. 6J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	<u>SPECIAL REVENUE FUNDS</u>							
	FOOD SERVICE FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	STUDENT ACTIVITY FUND	BOND REDEMPTION FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS		
REVENUES								
Local Sources	\$ 47,041	\$ -	\$ 167,686	\$ 109,212	\$ -	\$ 323,939		
State Sources	3,796	12,320	-	-	-	16,116		
Federal Sources	102,577	95,004	-	-	-	197,581		
TOTAL REVENUES	<u>153,414</u>	<u>107,324</u>	<u>167,686</u>	<u>109,212</u>	<u>-</u>	<u>537,636</u>		
EXPENDITURES								
Instructional Program	-	107,324	189,443	-	-	296,767		
Food Services	227,889	-	-	-	-	227,889		
Facilities Acquisition and Construction Services	-	-	-	-	166,818	166,818		
Debt Service	-	-	-	87,953	-	87,953		
TOTAL EXPENDITURES	<u>227,889</u>	<u>107,324</u>	<u>189,443</u>	<u>87,953</u>	<u>166,818</u>	<u>779,427</u>		
Excess (Deficiency) of Revenues Over Expenditures	<u>(74,475)</u>	<u>-</u>	<u>(21,757)</u>	<u>21,259</u>	<u>(166,818)</u>	<u>(241,791)</u>		
OTHER FINANCING SOURCES (USES)								
Transfers from Other Funds	20,000	-	45,000	-	78,000	143,000		
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>78,000</u>	<u>143,000</u>		
Net Change in Fund Balance	<u>(54,475)</u>	<u>-</u>	<u>23,243</u>	<u>21,259</u>	<u>(88,818)</u>	<u>(98,791)</u>		
Fund Balance at Beginning of Year	<u>74,642</u>	<u>-</u>	<u>71,851</u>	<u>135,938</u>	<u>468,900</u>	<u>751,331</u>		
Fund Balance at End of Year	<u>\$ 20,167</u>	<u>\$ -</u>	<u>\$ 95,094</u>	<u>\$ 157,197</u>	<u>\$ 380,082</u>	<u>\$ 652,540</u>		

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 22,000	\$ 22,000	\$ 47,041	\$ 25,041
State Sources	1,500	1,500	3,796	2,296
Federal Sources	84,000	84,000	102,577	18,577
TOTAL REVENUES	107,500	107,500	153,414	45,914
EXPENDITURES				
Food Services				
Salaries	86,000	86,000	87,496	(1,496)
Fringe Benefits	43,000	43,000	35,539	7,461
Supplies and Materials	100,500	100,500	103,103	(2,603)
Purchased Services	2,000	2,000	1,146	854
Other Operating	2,000	2,000	605	1,395
TOTAL EXPENDITURES	233,500	233,500	227,889	5,611
Excess (Deficiency) of Revenues Over Expenditures	(126,000)	(126,000)	(74,475)	51,525
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	60,000	60,000	20,000	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	60,000	60,000	20,000	(40,000)
Net Change in Fund Balance	(66,000)	(66,000)	(54,475)	11,525
Fund Balance at Beginning of Year	66,000	66,000	74,642	8,642
Fund Balance at End of Year	\$ -	\$ -	\$ 20,167	\$ 20,167

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
State Sources	\$ 15,000	\$ 15,000	\$ 12,320	\$ (2,680)
Federal Sources	92,000	97,000	95,004	(1,996)
TOTAL REVENUES	<u>107,000</u>	<u>112,000</u>	<u>107,324</u>	<u>(4,676)</u>
EXPENDITURES				
Instructional Program	<u>107,000</u>	<u>112,000</u>	<u>107,324</u>	<u>4,676</u>
TOTAL EXPENDITURES	<u>107,000</u>	<u>112,000</u>	<u>107,324</u>	<u>4,676</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 200,000	\$ 270,000	\$ 167,686	\$ (102,314)
TOTAL REVENUES	<u>200,000</u>	<u>270,000</u>	<u>167,686</u>	<u>(102,314)</u>
EXPENDITURES				
Instructional Program	245,000	315,000	189,443	125,557
TOTAL EXPENDITURES	<u>245,000</u>	<u>315,000</u>	<u>189,443</u>	<u>125,557</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,000)</u>	<u>(45,000)</u>	<u>(21,757)</u>	<u>23,243</u>
OTHER FINANCING SOURCES (USES)				
Transfer to/from Other Funds	45,000	45,000	45,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	23,243	23,243
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>71,851</u>	<u>71,851</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,094</u>	<u>\$ 95,094</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 89,000	\$ 89,000	\$ 109,212	\$ 20,212
TOTAL REVENUES	<u>89,000</u>	<u>89,000</u>	<u>109,212</u>	<u>20,212</u>
EXPENDITURES				
Debt Service	89,000	89,000	87,953	1,047
TOTAL EXPENDITURES	<u>89,000</u>	<u>89,000</u>	<u>87,953</u>	<u>1,047</u>
Net Change in Fund Balance	-	-	21,259	21,259
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>135,938</u>	<u>135,938</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,197</u>	<u>\$ 157,197</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Facilities Acquisition and Construction Services	590,000	568,000	166,818	401,182
TOTAL EXPENDITURES	590,000	568,000	166,818	401,182
Excess (Deficiency) of Revenues Over Expenditures	(590,000)	(568,000)	(166,818)	401,182
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	100,000	78,000	78,000	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	78,000	78,000	-
Net Change in Fund Balance	(490,000)	(490,000)	(88,818)	401,182
Fund Balance at Beginning of Year	490,000	490,000	468,900	(21,100)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,082</u>	<u>\$ 380,082</u>

CONEJOS SCHOOL DISTRICT NO. 6J

CDE COMPLIANCE SECTION



Wall,
Smith,
Bateman Inc.

REPORT ON COMPLIANCE WITH CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL

To the Board of Education
Conejos School District No. 6J
Sanford, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (the District), 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 and have issued our report thereon dated January 21, 2019.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

January 21, 2019

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com



Colorado Department of Education
Auditors Integrity Report
 District: 0560 - SANFORD 6J
 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	2,630,968		3,465,835		3,224,025		2,872,777
18 Risk Mgmt Sub-Fund of General Fund	5,368		83,000		82,429		5,940
19 Colorado Preschool Program Fund	-2,016		143,000		149,488		-8,504
Sub-Total	2,634,320		3,691,835		3,455,942		2,870,213
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	74,642		173,414		227,890		20,166
22 Govt Designated-Purpose Grants Fund	0		107,324		107,324		0
23 Pupil Activity Special Revenue Fund	71,851		212,687		189,444		95,094
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	135,939		109,212		87,953		157,197
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	468,900		78,000		166,818		380,082
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	3,385,652		4,372,471		4,235,371		3,572,753
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
Total	0		0		0		0
Proprietary							
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	0		0		0		0
79 GASB 34-Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

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