

cPa DIXON, WALLER & CO., INC.

CREEDE SCHOOL DISTRICT

CREEDE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

CREEDE SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2018

	<u>Page</u>
Title Page	
Table of Contents	
Roster of Officials	
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	i-x
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8

Fund Financial Statements (Continued):	<u>Page</u>
Statement of Fiduciary Net Position	9
Notes to Basic Financial Statements.....	10-44
 <u>REQUIRED SUPPLEMENTAL INFORMATION:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
General Fund	45-48
 Pension Trend Data:	
Schedule of Proportionate Share of Net Pension Liability.....	49
Schedule of District Contributions - Pension.....	50
 Other Post Employment Benefits (OPEB) Trend Data:	
Schedule of Proportionate Share of Net OPEB Liability.....	51
Schedule of District Contributions - OPEB.....	52
 <u>OTHER SCHEDULES:</u>	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
Building Fund – Major Fund.....	53
Bond Redemption – Major Fund.....	54
Food Service – Special Revenue Fund.....	55
Pupil Activity Agency Fund.....	56
 <u>STATE REQUIRED SCHEDULES:</u>	
Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)	57
Bolded Balance Sheet.....	58-60

CREEDE SCHOOL DISTRICT
ROSTER OF SCHOOL OFFICIALS
June 30, 2018

BOARD OF EDUCATION

Damon Gibbons	President
Kara Brittain	Vice-President
Tim Bachicha	Secretary
Kassidy Mankowski	Treasurer
David Robinson	Title IX Officer

SCHOOL OFFICIALS

Lis Richard	Superintendent
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FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Creede School District
Creede, Colorado 81130

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Creede School 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.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, and pension and post employment benefits trend data on pages i through x and 45 through 52 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 Creede School District's basic financial statements. The other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Trinidad, Colorado
November 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Creede School District
Management Discussion & Analysis
For the Fiscal Year Ended June 30, 2018

The Creede School District utilizes a financial reporting model as required by the provisions of Governmental Accounting Standards Board (GASB).

Financial Highlights

Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2018
<ul style="list-style-type: none"> The District's assets totaled over \$17.6 million. Capital assets totaled \$14.7 million following adjustment for accumulated depreciation. 	<ul style="list-style-type: none"> The District's assets totaled over \$16.9 million. Capital assets totaled \$14.3 million following adjustment for accumulated depreciation.
<ul style="list-style-type: none"> Long-term debt is made up of \$2.7 thousand on compensated absences; \$6.9 million on participation bonds; and \$24.1 thousand on accrued interest. 	<ul style="list-style-type: none"> Long-term debt is made up of \$2.8 thousand on compensated absences; \$6.6 million on participation bonds; and \$22.6 thousand on accrued interest.
<ul style="list-style-type: none"> Local Sources of Revenue, including property taxes received, account for approximately \$1.6 million or approximately 76 percent of all general fund revenues. State Equalization Entitlement made up approximately 14 percent of general fund revenues. The remaining general fund revenues consisted of earnings on investments, transfers, and other revenues. 	<ul style="list-style-type: none"> Local Sources of Revenue, including property taxes received, account for approximately \$1.6 million or approximately 79 percent of all general fund revenues. State Equalization Entitlement made up approximately 15 percent of general fund revenues. The remaining general fund revenues consisted of earnings on investments, transfers, and other revenues.
<ul style="list-style-type: none"> The District had \$2.05 million in expenses related to governmental activities. Total revenues were not adequate to provide for these activities. Reserve monies were required to meet expenses. 	<ul style="list-style-type: none"> The District had \$3.27 million in expenses related to governmental activities. Total revenues were not adequate to provide for these activities. Reserve monies were required to meet expenses.
<ul style="list-style-type: none"> State aid totaled \$1.10 million and federal aid totaled \$42.2 thousand for a total of \$1.14 million. 	<ul style="list-style-type: none"> State aid totaled \$510 thousand and federal aid totaled \$55 thousand for a total of \$565 thousand. (Due to BEST grant expiring)
<ul style="list-style-type: none"> Food services are now accounted for as a special revenue fund. Loss realized from charges, operating grants, contributions, and transfers approximated \$71.7 thousand. Revenue in the food service fund from charges for services and operating grants and contributions was insufficient to cover expenses in the 2017 fiscal year. The District continues to subsidize this service. 	<ul style="list-style-type: none"> Food services are now accounted for as a special revenue fund. Loss realized from charges, operating grants, contributions, and transfers approximated \$73.9 thousand. Revenue in the food service fund from charges for services and operating grants and contributions was insufficient to cover expenses in the 2018 fiscal year. The District continues to subsidize this service.

Overview of the Financial Statements

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

- The first two statements are 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.
- Proprietary funds statements offer short-and long-term financial information about the activities the District operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

District-Wide Financial Statements

The district-wide financial statements are designed to provide a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Creede School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Creede School District is improving or deteriorating. To assess the District's overall health, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued salaries).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, and administration. The only services accounted for as business-type activities are the District's food services.

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 track specific sources of funding and spending on particular programs. The Creede School District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, additional information following governmental funds statements explains the relationship (or differences) between them.

Creede School District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the (1) general fund and (2) the capital reserve fund.

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

Notes to the Financial Statements

The notes provide additional information meaningful to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found in Figure A of this report.

Figure A Major Features of the District-Wide and Fund Financial Statements				
	<i>District-Wide Statements</i>	<i>Fund Financial Statements</i>		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets
<i>Accounting Basis and Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Analysis

Table 1 provides a comparison summary of the District's net assets at June 30, 2018 (in thousands).

	SY 2017	SY 2018
Cash and Investments	2692.2	2390.0
Capital Assets, Net	14,957.7	14,531.8
Assets	17,649.9	16,921.8
Long-Term Debt Outstanding	6,634.8	6,335.4
Other Liabilities	5,598.1	6,523.9
Liabilities	12,232.9	12,859.3
Net Position		
Invested in Cap Assets, Net	7,796.2	7,745.5
Emergencies	58.0	49.6
Preschool	18.0	14.0
Debt Service	466.0	469.7
Food Service	1.0	4.5
Unrestricted	(1,276.5)	(2,542.5)
Net Position as of June 30	7,063.2	5,740.8

Table 2 provides a summary of the changes in net assets. Following Table 2 is a specific discussion related to overall revenues and expenses (in thousands).

	Governmental Activities	
	SY 2017	SY 2018
Net Revenues		
Taxes		
Property Taxes Levied for General Purposes	1,509.5	1,489.7
Specific Ownership Taxes	140.5	154.5
State Equalization	303.2	317.7
Earnings on Investments	10.0	17.8
Other Revenues	139.2	92.3
Transfers	-	0
Total General Revenues and Transfers	<u>2,102.6</u>	<u>2,072.0</u>
Net Expenses		
Instructional Program	1,196.1	1,144.8
Support Services:		
Student	39.8	148.9
Instructional Staff	7.5	4.1
District Administration	142.4	152.2
School Administration	64.5	66.3
Business Support	52.0	70.0
Operations and Maintenance of Plant	(606.4)	213.6
Student Transportation	49.8	98.7
Central	107.0	131.4
Facility	7.6	10.2
Food Service	71.7	74.0
Capital Outlay	0.0	8.5
Interest and Fees	295.4	283.1
Pension and OPEB Amortization	629.5	868.0
Total Governmental Activities	<u>2,057.4</u>	<u>3,273.8</u>
Change in Net Position	45.2	-1,201.8
Net Position – Beginning	<u>7,018.0</u>	<u>6,942.6</u>
Net Position – Ending	<u>7,063.2</u>	<u>5,740.8</u>

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$15,375.76 per funded student for fiscal year 2017-18. The averaged funded pupil count was 80.6 – based on a five-year average. The averaged funded pupil count was up one from the previous year. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table 5 reflects each program’s net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these programs (in thousands).

	Total Cost of Services		Net Cost of Services	
	SY 2017	SY 2018	SY 2017	SY 2018
Instructional Program	1,228.3	1,337.7	1,196.1	1,144.8
Students	39.8	148.9	39.8	148.9
Instructional Supporting Services	7.5	4.1	7.5	4.1
General Administration	142.4	152.2	142.4	152.2
School Administration	64.5	66.3	64.5	66.3
Business Supporting Services	52.0	70.1	52.0	70.0
Operations and Maintenance	163.9	228.0	(606.4)	213.6
Student Transportation	67.8	119.8	49.8	98.7
Central Support Services	107.0	131.4	107.0	131.4
Facility	7.6	10.2	7.6	10.2
Food Service	71.7	117.3	71.7	74.0
Capital Outlay	0	8.5	0	8.5
Interest and Fees	295.4	283.1	295.4	283.1
Pension and OPEB Amortization	629.5	868.0	629.5	868.0
Total	2,877.4	3,545.6	2,056.9	3,273.8

Note: totals may not add due to rounding and adherence to auditor's financial statements

- The net cost of all governmental activities for fiscal year 2017-18 totaled \$3,273,852
- Federal and State governments subsidized certain programs with grants and contributions amounting to \$232,993. for Year Ended June 30, 2018, compared to \$73,898 for Year Ended June 30, 2017.
- District and State taxpayers financed most of the District’s costs (\$1,961,945).
- This portion of governmental activities were financed with \$1,489,665 in property taxes, \$154,534 in specific ownership taxes, \$317,746 in state aid (equalization) based on the statewide formula for per pupil funding, and \$17,798 in investment earnings and other miscellaneous revenues not pertaining specifically to a program. By comparison, for Year Ended June 30, 2017, governmental activities was financed with \$1,509,251 in

property taxes, \$140,561 in specific ownership taxes, \$303,244 in state aid and \$10,078 in investment earnings.

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$135. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$120.6 to \$6,942.6 from \$7,063 at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available

Financial Analysis of the District's Funds

District's funds are accounted for using the modified accrual basis of accounting. All governmental funds, for the Year Ended June 30, 2018, had total revenues and transfers of \$2,072,015. By comparison, for the Year Ended June 30, 2017, governmental funds had total revenues and transfers of \$2,102,633. The change in the District's Net Position was a decrease of \$1,201,837.

General Fund Budgetary Highlights

The District preapproves a budget in June based on enrollment projections for the upcoming school year.

The fund balance as of June 30, 2018 was \$2,333.4 thousand, compared to \$2,651.1 thousand as of June 30, 2017.

The budgetary basis differs from Generally Accepted Accounting Principles (GAAP) in the treatment of accrued salaries, benefits, and related liabilities. According to state statutes, the accrued salaries and related benefits do not need to be "funded" and, therefore, are not subtracted from budgetary basis fund balance.

Capital Assets

At the end of fiscal year 2018, the District had \$16,087.5 thousand in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment.

<u>Capital Assets (Net of Depreciation)</u>	Governmental <u>2017-2018</u>	Governmental <u>2016-2017</u>
Land & Sites	319,291	319,291
Buildings & Improvements	13,465,726	13,824,673
Equipment & Vehicles	595,245	574,536
Total Capital Assets (Net)	<u>14,380,262</u>	<u>14,718,500</u>

Long-Term Debt

At fiscal year-end, the District had \$6,634.8 thousand in long-term debt. The previous year's long-term debt totaled \$6,922.2 thousand.

<u>CHANGES IN LONG TERM DEBT</u>	Balance <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2018</u>
2013 General Obligation Matching Bonds	6,922,248	-	284,427	6,634,821
Totals	<u>6,922,248</u>	-	<u>287,427</u>	<u>6,634,821</u>

Factors Bearing on the District's Future

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

- The funded pupil count is trending in a positive direction for the first time in many years. The FTE pupil count for last year was 77, in 2016-17, it was 80.5 and the prior year (2015-16) it was 82.5. The FTE funded pupil count for the 2018-19 year is 92. This is a substantial increase for a district the size of Creede.
- The District is actively engaged in pursuing grants, donations, and other fund raising activities to increase general fund revenue.
- New Career and Technical Programs including: Automotive Technology, Welding, Construction Technology, Graphic Design, CAD, CADD, and others are now available to students. We now have a vibrant program that is engaging the students and community. This is already proving to keep our enrollment stronger in the secondary grades.

- As of October 15, 2018, students attending Creede Schools from outside the District accounted for 30% of the total enrollment. The elementary school had 18% of its enrollment from outside the District and Creede Middle/Senior High Schools had an out-of-district enrollment of 30%. There has been discussion among the Board of Directors to run buses in our district. This may help with the desire of many to attend CSD.
- Stability in leadership is helping the future of the district. The school board remains supportive and willing to enhance the quality of education to better attract all school-age children in the district and beyond.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent or Finance Director, Creede School District, PO Box 429, Creede, Colorado 81130.

BASIC FINANCIAL STATEMENTS

CREEDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Investments	2,390,003	2,390,003
Accounts Receivable	7,267	7,267
Grants Receivable	4,470	4,470
Property Taxes Receivable	139,200	139,200
Inventories	623	623
Capital Assets	16,087,500	16,087,500
Accumulated Depreciation	<u>(1,707,238)</u>	<u>(1,707,238)</u>
<u>Total Assets</u>	<u>16,921,825</u>	<u>16,921,825</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension	2,128,084	2,128,084
Other Post Employment Benefits	<u>14,196</u>	<u>14,196</u>
<u>Total Deferred Outflow of Resources</u>	<u>2,142,280</u>	<u>2,142,280</u>
<u>LIABILITIES</u>		
Accounts Payable	6,843	6,843
Accrued Salaries	119,765	119,765
Accrued Interest	22,632	22,632
Compensated Absences	2,886	2,886
Deferred Revenues	7,267	7,267
Net Pension Obligation	5,929,694	5,929,694
Net Other Post Employment Benefits Liability	135,409	135,409
Debt – Current	299,463	299,463
Debt – Long Term	<u>6,335,358</u>	<u>6,335,358</u>
<u>Total Liabilities</u>	<u>12,859,317</u>	<u>12,859,317</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	461,721	461,721
Other Post Employment Benefits	<u>2,265</u>	<u>2,265</u>
<u>Total Deferred Inflow of Resources</u>	<u>463,986</u>	<u>463,986</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	7,745,441	7,745,441
Restricted for:		
Emergencies	49,600	49,600
Preschool	14,028	14,028
Capital Outlay	-	-
Debt Service	469,739	469,739
Food Service	4,543	4,543
Unrestricted	<u>(2,542,549)</u>	<u>(2,542,549)</u>
<u>TOTAL NET POSITION</u>	<u>5,740,802</u>	<u>5,740,802</u>

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

CREEDE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018

	Net (Expenses) Revenue and Changes in Net Position			
	Program Revenues		Primary Government	
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Total
FUNCTIONS/PROGRAMS				
Instructional Services	1,337,717	192,966	-	(1,144,751)
Supporting Services:				
Students	148,875	-	-	(148,875)
Instructional Staff	4,085	-	-	(4,085)
District Administration	152,201	-	-	(152,201)
School Administration	66,285	-	-	(66,285)
Business	70,065	-	-	(70,065)
Operation & Maintenance of Facilities	227,983	-	14,358	(213,625)
Transportation	119,824	21,121	-	(98,703)
Central	131,429	-	-	(131,429)
Facility	10,234	-	-	(10,234)
Food Service	117,317	18,906	-	(73,996)
Capital Outlay	8,478	-	-	(8,478)
Loss on Disposition of Assets	-	-	-	-
Interest and Fees	283,105	-	-	(283,105)
Net Pension Costs	865,191	-	-	(865,191)
Net OPEB Costs	2,829	-	-	(2,829)
Total Governmental Activities	3,545,618	232,993	14,358	(3,273,852)
	24,415	232,993	14,358	(3,273,852)
	1,489,665	154,534	317,746	1,489,665
	17,798	92,272	2,072,015	2,072,015
	(1,201,837)	6,942,639	5,740,802	(1,201,837)
	6,942,639	5,740,802	5,740,802	6,942,639
	5,740,802	5,740,802	5,740,802	5,740,802
	1,489,665	154,534	317,746	1,489,665
	17,798	92,272	2,072,015	2,072,015
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	17,798	92,272	2,072,015	2,072,015
	(1,201,837)	6,942,639	5,740,802	(1,201,837)
	6,942,639	5,740,802	5,740,802	6,942,639
	5,740,802</			

CREEDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and Equivalents	1,941,344	-	444,739	3,920	2,390,003
Accounts Receivable	7,267	-	-	-	7,267
Grants Receivable	4,470	-	-	-	4,470
Due From Other Funds	-	-	-	-	-
Property Taxes Receivable	95,200	-	44,000	-	139,200
Inventories	-	-	-	623	623
<u>Total Assets</u>	<u>2,048,281</u>	<u>-</u>	<u>488,739</u>	<u>4,543</u>	<u>2,541,563</u>
<u>LIABILITIES</u>					
Accounts Payable	6,843	-	-	-	6,843
Accrued Salaries	119,765	-	-	-	119,765
Due To Other Funds	-	-	-	-	-
Other Payables	-	-	-	-	-
<u>Total Liabilities</u>	<u>126,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,608</u>
<u>DEFERRED INFLOW OF RESOURCES</u>					
Unavailable Property Tax	55,200	-	19,000	-	74,200
Deferred Grants	7,267	-	-	-	7,267
<u>Total Deferred Inflows</u>	<u>62,467</u>	<u>-</u>	<u>19,000</u>	<u>-</u>	<u>81,467</u>
<u>FUND BALANCES</u>					
Nonspendable					
Inventories	-	-	-	623	623
Restricted					
Emergencies	49,600	-	-	-	49,600
Preschool	14,028	-	-	-	14,028
Capital Outlay	-	-	-	-	-
Debt Service	-	-	469,739	-	469,739
Food Service	-	-	-	3,920	3,920
Unassigned	1,795,578	-	-	-	1,795,578
<u>Total Fund Balances</u>	<u>1,859,206</u>	<u>-</u>	<u>469,739</u>	<u>4,543</u>	<u>2,333,488</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,048,281</u>	<u>-</u>	<u>488,739</u>	<u>4,543</u>	<u>2,541,563</u>

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

CREEDE SCHOOL DISTRICT
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO STATEMENT OF NET POSITION
 June 30, 2018

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

<u>Total Fund Balance – Governmental Funds</u>	2,333,488
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$16,087,500 and the accumulated depreciation is \$1,707,238.	14,380,262
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is shown as not available in the fund financial statements.	74,200
Compensated absences are not reported as a liability in the funds.	(2,886)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(6,634,821)
Accrued interest on long term debt is not reported in the funds.	(22,632)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net pension liability	(5,929,694)
Net Other Post Employment Benefits Liability	(135,409)
Deferred Outflows	2,142,280
Deferred Inflows	<u>(463,986)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>5,740,802</u>

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

CREEDE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
Property Taxes	884,431	-	572,034	-	1,456,465
Specific Ownership Taxes	154,534	-	-	-	154,534
Earnings on Investments	15,522	-	2,276	-	17,798
Other Local Sources	90,798	-	1,474	24,414	116,686
State Aid	494,996	14,358	-	730	510,084
Federal Aid	36,837	-	-	18,177	55,014
<u>Total Revenues</u>	<u>1,677,118</u>	<u>14,358</u>	<u>575,784</u>	<u>43,321</u>	<u>2,310,581</u>
<u>EXPENDITURES</u>					
Current:					
Instructional Services	951,768	-	-	-	951,768
Supporting Services:					
Students	148,875	-	-	-	148,875
Instructional Staff	4,085	-	-	-	4,085
District Administration	150,201	-	-	-	150,201
School Administration	66,285	-	-	-	66,285
Business	70,065	-	-	-	70,065
Operation & Maintenance of Facilities	227,065	-	-	-	227,065
Transportation	87,347	-	-	-	87,347
Central Facilities	131,429	-	-	-	131,429
Food Service	-	-	-	89,860	89,860
Debt Service:					
Principal Retirement	-	-	287,427	-	287,427
Interest and Fiscal Charges	-	-	284,623	-	284,623
Capital Outlay	-	14,358	-	-	14,358
<u>Total Expenditures</u>	<u>1,951,924</u>	<u>14,358</u>	<u>572,050</u>	<u>89,860</u>	<u>2,628,192</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(274,806)</u>	<u>-</u>	<u>3,734</u>	<u>(46,539)</u>	<u>(317,611)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers	(50,000)	-	-	50,000	-
<u>NET CHANGE IN FUND BALANCES</u>	<u>(324,806)</u>	<u>-</u>	<u>3,734</u>	<u>3,461</u>	<u>(317,611)</u>
<u>FUND BALANCES – Beginning</u>	<u>2,184,012</u>	<u>-</u>	<u>466,005</u>	<u>1,082</u>	<u>2,651,099</u>
<u>FUND BALANCES – Ending</u>	<u>1,859,206</u>	<u>-</u>	<u>469,739</u>	<u>4,543</u>	<u>2,333,488</u>

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

CREEDE SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2018

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

Net Change in Fund Balances – Total Governmental Funds (317,611)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays more than \$5,000	166,498	
Depreciation Expense	<u>(504,736)</u>	(338,238)

Property tax revenues received prior to the year for which the are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenue in the statement of activities. Deferred inflows of property tax increased this year. 33,200

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount. (113)

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

Pension Cost		(865,191)
Other Post Employment Benefits Cost		<u>(2,829)</u>

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

Interest Expense		1,518
Debt Payment		<u>287,427</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (1,201,837)

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

CREEDE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
PUPIL ACTIVITY AGENCY FUND
June 30, 2018

	<u>Pupil Activity Fund</u>
<u>ASSETS</u>	
Cash and Equivalents	50,494
Due From Other Funds	<u>-</u>
<u>Total Assets</u>	<u>50,494</u>
<u>LIABILITIES</u>	
Accounts Payable	8,135
Deposits Held for Others	<u>42,359</u>
<u>Total Liabilities</u>	<u>50,494</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Creede School District (District) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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

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

A. Reporting Entity

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

D. Fund Accounting

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

- Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Building Fund – used to account for the activities associated with major construction projects.
3. Bond Fund – used to account for the collection of taxes and payment of bond obligations.

Additionally, the District reports the following fund type:

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

E. Cash and Investments

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

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

F. Receivables

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

G. Inventories

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

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

H. Capital Assets

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

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long Term Obligations

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

J. Constitutional Amendment

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

On November 6, 2001 voters approved a ballot question which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 2000-01 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.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2018, the District reserved \$49,600 for this purpose.

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Taxes

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

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

L. Accumulated Sick Leave

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2018, the District has recorded an estimated liability of \$2,886 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Accumulated Sick Leave	<u>2,773</u>	<u>113</u>	<u>-</u>	<u>2,886</u>

M. Use of Estimates

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54

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

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

Order of Fund Balance Spending Policy (Continued)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Bond Fund</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Inventories	-	-	-	623	623
<u>Restricted:</u>					
Emergencies	49,600	-	-	-	49,600
Preschool	14,028	-	-	-	14,028
Debt Service	-	-	469,739	-	469,739
Capital Reserve	-	-	-	-	-
Food Service	-	-	-	3,920	3,920
<u>Unassigned</u>	<u>1,795,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,795,578</u>
<u>Total Fund Balances</u>	<u>1,859,206</u>	<u>-</u>	<u>469,739</u>	<u>4,543</u>	<u>2,333,488</u>

O. Deferred Outflows / Inflows of Resources

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

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

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2

RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

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

	Items Eliminated	
	Transfers To Other Funds	Transfers From Other Funds
General Fund	50,000	-
Food Service	-	50,000

NOTE 3

BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Food Service Fund, Bond Fund and Building Fund.
6. Budgets for the General Fund, Food Service Fund, Bond Fund and Building Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds although measurement of operations is not required in the financial statements.

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 BUDGETARY INFORMATION (continued)

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

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

NOTE 4 CASH

Deposits

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

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)(SIPC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	883,691	903,600
Cash Equivalents	851,271	-
Cash with Fiscal Agent	357,796	-
Cash with County Treasurer	<u>97,739</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>2,440,497</u>	<u>1,153,600</u>

As presented above, deposits with a bank balance of \$903,600 and a carrying balance of \$883,691 as of June 30, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Capital Assets Not Being Depreciated</u>					
Land	319,291	-	-	-	319,291
<u>Total Capital Assets Not Being Depreciated</u>	<u>319,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,291</u>
<u>Capital Assets Being Depreciated:</u>					
Building & Site Improvements	14,621,452	5,880	-	-	14,627,332
Equipment	624,987	56,048	-	-	681,035
Vehicles	203,673	104,570	-	-	308,243
Food Service	151,599	-	-	-	151,599
<u>Total Capital Assets Being Depreciated</u>	<u>15,601,711</u>	<u>166,498</u>	<u>-</u>	<u>-</u>	<u>15,768,209</u>
<u>Less Accumulated Depreciation for:</u>					
Building & Site Improvements	796,779	364,827	-	-	1,161,606
Equipment	172,120	91,501	-	-	263,621
Vehicles	163,459	20,951	-	-	184,410
Food Service	70,144	27,457	-	-	97,601
<u>Total Accumulated Depreciation</u>	<u>1,202,502</u>	<u>504,736</u>	<u>-</u>	<u>-</u>	<u>1,707,238</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>14,399,209</u>	<u>(338,238)</u>	<u>-</u>	<u>-</u>	<u>14,060,971</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>14,718,500</u>	<u>(338,238)</u>	<u>-</u>	<u>-</u>	<u>14,380,262</u>

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

<u>Governmental Activities:</u>	
Instructional Programs	441,884
Instructional Support	-
General Administration Support	2,000
Operations and Maintenance	918
Student Transportation Services	32,477
Central Support	-
Food Service	27,457
<u>Total Depreciation Expense – Governmental Activities</u>	<u>504,736</u>

NOTE 6 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

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

General Information about the Pension Plan

Plan description. Eligible employees of the Creede School 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/investment/pera-financial-reports.

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 PENSION PLAN (Continued)

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

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

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

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

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

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Creede School District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Creede School District were \$174,560 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 Creede School District reported a liability of \$5,929,694 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Creede School District proportion of the net pension liability was based on Creede School 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, the Creede School District proportion was 0.0183 percent, which was an increase of 0.0014 in its proportion measured as of December 31, 2016.

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 PENSION PLAN (Continued)

For the year ended June 30, 2018, the Creede School District recognized pension expense of \$865,191. At June 30, 2018, the Creede School 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	109,022	(350,418)
Changes of assumptions or other inputs	1,514,071	(9,608)
Net difference between projected and actual earnings on pension plan investments	117,553	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	293,551	(101,695)
Contributions subsequent to the measurement date	93,887	N/A
Total	2,128,084	(461,721)

\$93,887 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	966,924
2020	638,350
2021	54,806
2022	(87,604)
2023	-
Thereafter	-

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

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

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

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6

PENSION PLAN (Continued)

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

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 **PENSION PLAN (Continued)**

Sensitivity of the Creede School District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (6.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	7,490,212	5,929,694	4,658,050

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

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

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

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 **PENSION PLAN (Continued)**

At June 30 2018, the Creede School District reported a liability of \$5,929,694 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 Creede School District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	2,678,984

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 \$2,768,024 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Creede School 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 which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$7,176.

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit And Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Creede School District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Creede School District were \$9,423 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 Creede School District reported a liability of \$135,409 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 Creede School District proportion of the net OPEB liability was based on Creede School 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 Creede School District proportion was 0.0104 percent, which was an increase of 0.0008 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Creede School District recognized OPEB expense of \$2,829. At June 30, 2018, the Creede School 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	640	-
Changes of assumptions or other inputs	-	(2,265)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,550	-
Contributions subsequent to the measurement date	5,006	N/A
Total	14,196	(2,265)

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7

OTHER POST EMPLOYMENT BENEFITS (Continued)

\$5,006 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	1,239
2020	1,239
2021	1,239
2022	1,240
2023	1,806
Thereafter	162

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

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

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	131,683	135,409	139,896

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.

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Creede School District 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	152,242	135,409	121,041

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.

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 RISK MANAGEMENT

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

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

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

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

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

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

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

Total Assets	<u>42,273,940</u>
Total Liabilities	<u>11,655,251</u>
Total Equity	<u>30,618,689</u>
Revenue	7,429,394
Underwriting Expenses	<u>4,126,717</u>
Underwriting Gain (Loss)	<u>3,302,677</u>
Net Investment Income	276,653
Other Income	<u>-</u>
Net Income (Loss) Before Dividend	3,579,330
Dividend	<u>-</u>
Net Income	<u>3,579,330</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>253,606</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>30,618,689</u>

NOTE 10 FOOD INVENTORIES

Food Service Fund inventories at June 30, 2018, consisted of purchased, non-food and donated commodities amounting to \$623, \$0 and \$0, respectively. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 11 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2018 are estimated to be \$119,765. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 12 LITIGATION

None.

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 13 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

NOTE 14 JOINT VENTURES AND RELATED PARTIES

Not reflected in the accompanying financial statements is the District's participation in the 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 District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2018. The joint venture summary audited financial information as of June 30, 2017 is as follows:

Assets	2,738,164
Deferred Outflow of Resources	6,371,216
Liabilities	18,363,350
Deferred Inflow of Resources	<u>474,810</u>
Net Position	<u>(9,728,780)</u>
Revenues	4,871,297
Expenditures	<u>7,183,348</u>
Change In Net Position	<u>(2,312,051)</u>
Net Position, Beginning	<u>(7,416,729)</u>
Net Position Ending	<u>(9,728,780)</u>

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

Creede Schools Endowment Foundation

The Creede Schools Endowment Foundation was established to supplement or fund any program or educational activity of Creede School District. This is done primarily through scholarships to the students of the school. The District has two members on the Board. The Board has final authority for all budgeting and financing of the Endowment Foundation, which is a related party and not a joint venture. Complete separate financial statements may be obtained from the Foundation. As of 6-30-2018 the Foundation had cash and investment assets of \$302,899.

CREEDE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 14 JOINT VENTURES AND RELATED PARTIES (Continued)

Whitney Newton Trust

The Whitney Newton Trust was established in 1969 to supplement or fund any program or educational activity of Creede School District. The custodian of the trust is Mineral County. As of January 1, 2018, no Mineral County Commissioners were also Creede School District Board Members. As Commissioners, they have authority over the Whitney Newton Trust Funds. Complete separate financial statements may be obtained from Mineral County. As of 6-30-2018 the Trust had cash and investment assets of \$799,152.

NOTE 15 INTERFUND BALANCES AND TRANSFERS

<u>TRANSFERS</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	50,000
Food Service Fund	<u>50,000</u>	<u>-</u>
	<u>50,000</u>	<u>50,000</u>

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

NOTE 16 LONG-TERM DEBT – GENERAL OBLIGATION BONDS

	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Current</u> <u>Portion</u>
G.O. Matching Money Bonds 2013	<u>6,922,248</u>	<u>-</u>	<u>287,427</u>	<u>6,634,821</u>	<u>299,463</u>

Series 2013 General Obligation Matching Money Bonds

These general obligation bonds were issued December 9, 2013 for the purpose of constructing District facilities. The Series 2013 matching money bonds of \$7,462,907 were used to match \$8,683,253 in State of Colorado – BEST Program Series 2013 Project funds. These bonds were issued at an interest rate of 4.187817%.

CREEDE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 16 LONG-TERM DEBT – GENERAL OBLIGATION BONDS (Continued)

Below is a schedule of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	299,463	271,584	571,047
2020	312,004	258,780	570,784
2021	325,071	245,440	570,511
2022	338,684	231,542	570,226
2023	352,867	217,061	569,928
2024	367,645	201,975	569,620
2025	383,041	186,256	569,297
2026	399,082	169,879	568,961
2027	415,795	152,816	568,611
2028	433,208	135,039	568,247
2029	451,350	116,517	567,867
2030	470,251	97,220	567,471
2031	489,945	77,114	567,059
2032	510,463	56,166	566,629
2033	531,840	34,341	566,181
2034	<u>554,112</u>	<u>11,602</u>	<u>565,714</u>
	<u>6,634,821</u>	<u>2,463,332</u>	<u>9,098,153</u>

NOTE 17 RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post-employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$7,063,288 has been changed by the net OPEB liability at June 30, 2017 of \$135,090 and related deferred flows of \$14,441, resulting in a restated beginning net position of \$6,942,639.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFIT TREND DATA

MAJOR GOVERNMENTAL FUNDS

General Fund

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

CREEDE SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Taxes	850,787	850,787	884,431	33,644
Specific Ownership Taxes	79,325	79,325	154,534	75,209
Earnings on Investments	4,000	4,000	15,522	11,522
Delinquent Taxes and Interest	2,500	2,500	2,372	(128)
Other	29,000	87,633	88,426	793
<u>State Sources</u>				
Equalization	303,266	303,266	317,746	14,480
Transportation	17,796	19,985	21,121	1,136
Small and Rural School Funding	-	81,826	83,826	2,000
School Health Grant	-	29,643	29,643	-
Other	5,913	11,401	42,660	31,259
<u>Federal Sources</u>				
Other	18,862	40,057	36,837	(3,220)
<u>Allocation</u>	-	(40,591)	-	40,591
<u>TOTAL REVENUES</u>	<u>1,311,449</u>	<u>1,469,832</u>	<u>1,677,118</u>	<u>207,286</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
<u>Regular Programs</u>				
Salaries	535,288	547,530	540,165	7,365
Employees Benefits	176,087	172,490	167,184	5,306
Purchased Services-Professional	59,550	59,550	60,829	(1,279)
Purchased Services-Property	10,600	10,600	8,354	2,246
Purchased Services-Other	25,500	26,225	22,728	3,497
Supplies and Materials	16,900	18,489	66,377	(47,888)
Property	14,975	14,975	81,273	(66,298)
Other Objects	10,269	7,350	4,858	2,492
<u>Total Instruction</u>	<u>849,169</u>	<u>857,209</u>	<u>951,768</u>	<u>(94,559)</u>

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

CREEDE SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended June 30, 2018

<u>SUPPORTING SERVICES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Student Supporting Services</u>				
Salaries	20,985	73,482	73,793	(311)
Employee Benefits	10,444	27,778	25,812	1,966
Purchased Services – Professional	4,500	6,000	6,043	(43)
Purchased Services – Other	500	500	37,417	(36,917)
Supplies and Materials	300	1,000	5,120	(4,120)
Property	100	500	453	47
Other Objects	100	100	237	(137)
<u>Total Student Services</u>	<u>36,929</u>	<u>109,360</u>	<u>148,875</u>	<u>(39,515)</u>
<u>Instructional Staff</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	950	4,450	4,085	365
Property	3,500	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>4,450</u>	<u>4,450</u>	<u>4,085</u>	<u>365</u>
<u>General Administration</u>				
Salaries	71,640	71,640	71,639	1
Employee Benefits	21,309	21,531	21,508	23
Purchased Services-Professional	18,000	30,000	35,296	(5,296)
Purchased Services-Other	6,050	10,550	11,225	(675)
Supplies and Materials	350	800	3,011	(2,211)
Property	1,000	1,000	500	500
Other Objects	9,000	9,000	7,022	1,978
<u>Total General Administration</u>	<u>127,349</u>	<u>144,521</u>	<u>150,201</u>	<u>(5,680)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	48,438	48,438	48,438	-
Employee Benefits	16,456	16,456	14,409	2,047
Purchased Services – Professional	1,500	1,500	41	1,459
Purchased Services – Other	150	150	2,676	(2,526)
Supplies and Materials	550	1,000	693	307
Property	50	50	28	22
Other Objects	13,463	100	-	100
<u>Total School Administration</u>	<u>80,607</u>	<u>67,694</u>	<u>66,285</u>	<u>1,409</u>

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

CREEDE SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018

<u>Supporting Services (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Business Services</u>				
Salaries	35,702	50,000	47,695	2,305
Employees Benefits	13,667	16,793	15,355	1,438
Purchased Services-Professional	3,200	3,200	2,948	252
Purchased Services-Other	320	320	147	173
Supplies and Materials	1,500	1,500	1,615	(115)
Property	250	250	-	250
Other Objects	-	2,194	2,305	(111)
<u>Total Business Services</u>	<u>54,639</u>	<u>74,257</u>	<u>70,065</u>	<u>4,192</u>
<u>Operations and Maintenance</u>				
Salaries	61,798	100,347	85,744	14,603
Employees Benefits	26,764	33,519	29,126	4,393
Purchased Services-Professional	4,500	4,500	7,526	(3,026)
Purchased Services-Property	14,200	14,200	8,653	5,547
Purchased Services-Other	2,000	2,000	3,273	(1,273)
Supplies and Materials	62,000	62,000	80,078	(18,078)
Property	8,500	17,000	12,665	4,335
<u>Total Operations and Maintenance</u>	<u>179,762</u>	<u>233,566</u>	<u>227,065</u>	<u>6,501</u>
<u>Student Transportation</u>				
Salaries	8,000	7,000	24,751	(17,751)
Employee Benefits	1,752	1,533	5,890	(4,357)
Purchased Services-Professional	50	50	1,876	(1,826)
Purchased Services-Other	40,000	40,000	37,807	2,193
Supplies and Materials	-	-	5,790	(5,790)
Property	-	-	11,233	(11,233)
<u>Total Student Transportation</u>	<u>49,802</u>	<u>48,583</u>	<u>87,347</u>	<u>(38,764)</u>
<u>Central Support</u>				
Salaries	29,368	38,920	43,032	(4,112)
Employee Benefits	12,289	14,375	15,640	(1,265)
Purchased Services – Professional	-	-	14	(14)
Purchased Services – Other	32,500	75,308	66,691	8,617
Supplies and Materials	5,750	5,750	5,639	111
Property	250	250	413	(163)
<u>Total Central Support</u>	<u>80,157</u>	<u>134,603</u>	<u>131,429</u>	<u>3,174</u>
<u>Facilities</u>				
Property	50,000	150,000	114,804	35,196
<u>Total Facilities</u>	<u>50,000</u>	<u>150,000</u>	<u>114,804</u>	<u>35,196</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>663,695</u>	<u>967,034</u>	<u>1,000,156</u>	<u>(33,122)</u>

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

CREEDE SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>APPROPRIATED RESERVES</u>	1,766,060	1,625,734	-	1,625,734
<u>TOTAL EXPENDITURES</u>	3,278,924	3,449,977	1,951,924	1,498,053
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(1,967,475)	(1,980,145)	(274,806)	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(115,026)	(102,356)	(50,000)	52,356
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	(2,082,501)	(2,082,501)	(324,806)	
<u>FUND BALANCE, July 1</u>	2,082,501	2,082,501	2,184,012	
<u>FUND BALANCE, June 30</u>	-	-	1,859,206	

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

CREEDE SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset)	0.0183%	0.0169%	0.0176%	0.0201%	0.0222%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$5,929,694	\$5,044,426	\$2,690,030	\$2,724,169	\$2,837,254	-	-	-	-	-
District's covered-employee payroll	\$923,810	\$793,941	\$749,366	\$789,631	\$884,326	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	642%	635%	359%	345%	321%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.20%	62.80%	64.06%	-	-	-	-	-

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 174,560	\$ 145,980	\$ 132,862	\$ 133,259	\$ 141,329	\$ 134,478	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(174,560)</u>	<u>\$(145,980)</u>	<u>\$(132,862)</u>	<u>\$(133,259)</u>	<u>\$(141,329)</u>	<u>\$(134,478)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$ 923,810	\$ 793,941	\$ 749,366	\$ 789,631	\$ 884,326	\$ 891,141	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.90%	18.39%	17.73%	16.88%	15.98%	15.09%	-	-	-	-

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net OPEB liability (asset)	0.0104%	0.0096%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$135,409	\$124,860	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$923,810	\$793,941	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	14.66%	15.73%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%	-	-	-	-	-	-	-	-

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 9,423	\$ 8,098	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (9,423)</u>	<u>\$ (8,098)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$923,810	\$793,941	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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

OTHER SCHEDULES

Building Fund – Used to account for the activities associated with major construction projects.

Bond Redemption Fund – Used to account for the collections of taxes and payment of bonds.

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

Fiduciary Fund Types

Pupil Activity Agency Fund – This fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District

CREEDE SCHOOL DISTRICT
 BUILDING FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Budget</u>		
<u>REVENUES</u>				
Earnings on Investments	-	-	-	-
Other Local	-	-	-	-
Grant Revenue	-	<u>14,358</u>	<u>14,358</u>	-
<u>Total Revenues</u>	-	<u>14,358</u>	<u>14,358</u>	-
<u>EXPENDITURES</u>				
Land and Land Sites	-	-	-	-
Building & Improvements	20,000	20,000	14,358	5,642
Equipment	-	-	-	-
Vehicles	-	-	-	-
Other	-	14,358	-	14,358
Contingency Reserves	-	-	-	-
<u>Total Expenditures</u>	<u>20,000</u>	<u>34,358</u>	<u>14,358</u>	<u>20,000</u>
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>(20,000)</u>	<u>(20,000)</u>	-	-
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers	20,000	20,000	-	(20,000)
Proceeds from Debt	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>20,000</u>	<u>20,000</u>	-	<u>(20,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>				
	-	-	-	-
<u>FUND BALANCE, July 1</u>	-	-	-	-
<u>FUND BALANCE, June 30</u>	-	-	-	-

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

CREEDE SCHOOL DISTRICT
 BOND REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Budget</u>		
<u>REVENUES</u>				
Property Taxes	630,000	630,000	572,034	(57,966)
Specific Ownership Taxes	-	-	-	-
Earnings on Investments	-	-	2,276	2,276
Other Local Sources	-	-	1,474	1,474
<u>Total Revenues</u>	<u>630,000</u>	<u>630,000</u>	<u>575,784</u>	<u>(54,216)</u>
<u>EXPENDITURES</u>				
Debt Service:				
Principal Retirement	287,427	287,427	287,427	-
Interest and Fiscal Charges	283,873	283,873	283,873	-
Other	-	-	750	(750)
Contingency	474,719	474,719	-	474,719
<u>Total Expenditures</u>	<u>1,046,019</u>	<u>1,046,019</u>	<u>572,050</u>	<u>473,969</u>
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	(416,019)	(416,019)	3,734	
<u>FUND BALANCE, July 1</u>	<u>416,019</u>	<u>416,019</u>	<u>466,005</u>	
<u>FUND BALANCE, June 30</u>	<u>-----</u>	<u>-----</u>	<u>469,739</u>	

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

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	19,500	23,467	3,967
Earnings on Investments	-	-	-
Other	-	947	947
<u>State Sources</u>			
School Lunches	320	730	410
<u>Federal Sources</u>			
School Lunches	17,521	14,724	(2,797)
Commodities	-	3,453	3,453
<u>Total Revenues</u>	<u>37,341</u>	<u>43,321</u>	<u>5,980</u>
 <u>EXPENDITURES</u>			
Salaries	48,335	45,150	3,185
Employee Benefits	21,329	20,490	839
Purchased Services – Professional	1,500	461	1,039
Purchased Services – Property	-	-	-
Purchased Services - Other	2,000	-	2,000
Supplies and Materials	27,000	20,010	6,990
Capital Outlay	2,000	-	2,000
Other	341	296	45
Commodities	-	3,453	(3,453)
Depreciation	-	-	-
<u>Total Expenditures</u>	<u>102,505</u>	<u>89,860</u>	<u>12,645</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(65,164)	(46,539)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>65,164</u>	<u>50,000</u>	<u>(15,164)</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>			
	-	3,461	
<u>FUND BALANCE, Beginning</u>	<u>-</u>	<u>1,082</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>4,543</u>	

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

CREEDE SCHOOL DISTRICT
 PUPIL ACTIVITY AGENCY FUND
 SCHEDULE OF ACTIVITIES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>ADDITIONS</u>			
Local Sources	27,500	49,004	21,504
State Sources	-	-	-
Federal Sources	-	-	-
<u>Total Additions</u>	<u>27,500</u>	<u>49,004</u>	<u>21,504</u>
 <u>DEDUCTIONS</u>			
Student Activities	<u>57,300</u>	<u>49,629</u>	<u>7,671</u>
<u>Total Deductions</u>	<u>57,300</u>	<u>49,629</u>	<u>7,671</u>
<u>Net Increase (Decrease) in Deposits Held for Others</u>	(29,800)	(625)	
<u>Deposits Held for Others – Beginning of Year</u>	<u>29,800</u>	<u>42,984</u>	
<u>Deposits Held for Others – End of Year</u>	<u>-</u>	<u>42,359</u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 2010 - CREEDE SCHOOL DISTRICT
 Fiscal Year 2017-18
 Colorado School District/BOCES

Fund Type & Number	Beg Fund Balance & Prior Per Adj. (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	2,164,012	1,627,118	1,951,924	1,859,206
18 Risk Mgmt. Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	2,164,012	1,627,118	1,951,924	1,859,206
11 Charter School Fund	0	0	0	0
20-25-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,081	93,320	89,858	4,543
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	466,605	575,784	572,050	469,739
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	14,358	14,358	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
Total	2,630,617	2,310,579	2,523,190	2,328,945
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
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	42,985	49,003	49,629	42,359
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Total	42,985	49,003	49,629	42,359

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2010 - CREEDE SCHOOL DISTRICT
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary			
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	1,930,548	0	0	0	0	3,920	0	0	0	0	0	0	50,494	0	1,984,961
Cash with Fiscal Agent (8105)	10,796	0	0	0	0	0	444,739	0	0	0	0	0	0	0	455,535
Taxes Receivable (8121,8122)	95,200	0	0	0	0	0	44,000	0	0	0	0	0	0	0	139,200
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	4,470	0	0	0	0	0	0	0	0	0	0	0	0	0	4,470
Other Receivables (8151-8154,8161)	7,267	0	0	0	0	0	0	0	0	0	0	0	0	0	7,267
Inventories (8171,8172,8173)	0	0	0	0	0	623	0	0	0	0	0	0	0	0	623
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,048,281	0	0	0	0	4,543	488,739	0	0	0	0	0	50,494	0	2,592,056

Governmental

Proprietary

Fiduciary

	Governmental										Proprietary				Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
LIABILITIES & FUND EQUITY																	
LIABILITIES																	
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Payables (7421-7423)	6,843	0	0	0	0	0	0	0	0	0	0	8,135	0	14,977			
Accrued Expenses (7461)	119,765	0	0	0	0	0	0	0	0	0	0	0	0	119,765			
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Grants Deferred Revenue (7482)	7,267	0	0	0	0	0	0	0	0	0	0	0	0	7,267			
Deferred Inflow (7800)	55,200	0	0	0	0	0	19,000	0	0	0	0	0	0	74,200			
Total Liabilities	188,074	0	0	0	0	0	19,000	0	0	0	0	8,135	0	216,209			

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
	Non-spendable Fund Balance 6710	0	0	0	0	0	623	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	3,970	463,739	0	0	0	0	0	0	0	473,659
TABOR 3% Emergency Reserve 6721	49,600	0	0	0	0	0	0	0	0	0	0	0	0	0	49,600
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	14,028	0	0	0	0	0	0	0	0	0	0	0	0	0	14,028
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	1,795,578	0	0	0	0	0	0	0	0	0	0	0	42,359	0	1,837,937
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	1,859,206	0	0	0	0	4,543	463,739	0	0	0	0	0	42,359	0	2,375,847

General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
2,048,281	0	0	0	0	4,543	488,739	0	0	0	0	0	50,494	0	2,592,056
Total Liabilities & Fund Equity														

General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
2,048,281	0	0	0	0	4,543	488,739	0	0	0	0	0	50,494	0	2,592,056
Total Liabilities & Fund Equity														

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

For Each Fund Type: