

cPa DIXON, WALLER & CO., INC.

---

CROWLEY COUNTY SCHOOL DISTRICT

NUMBER RE-1-J

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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 .....	10-42

REQUIRED SUPPLEMENTARY INFORMATION:

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Funds:

General Fund.....	43-46
-------------------	-------

Pension Trend Data:

Schedule of Proportionate Share of Net Pension Liability.....	47
---	----

Schedule of District Contributions - Pension.....	48
---	----

Other Post Employment Benefits (OPEB) Trend Data:

Schedule of Proportionate Share of Net OPEB Liability.....	49
--	----

Schedule of District Contributions – OPEB.....	50
--	----

OTHER SCHEDULES:

Major Capital Reserve Capital Projects Fund – Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual.....	51
---	----

Food Service – Special Revenue Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.....	52
--	----

Pupil Activity Agency Fund – Schedule of Activities.....	53
--	----

STATE REQUIRED SCHEDULES:

Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund).....	54
--	----

Bolded Balance Sheet.....	55-57
---------------------------	-------

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

---

BOARD OF EDUCATION

Jerry Davis	President
Chris Tuma	Vice-President
Jennifer Morgan	Secretary
Leif Berg	Treasurer
Bert Buhr	Member
Carl Acord	Member
Lisa Torgler	Member

SCHOOL OFFICIALS

Scott Cuckow	Superintendent
--------------	----------------

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Crowley County School District Number RE-1-J  
Ordway, Colorado 81063

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crowley County School District Number RE-1-J, 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 Crowley County School District Number RE-1-J as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and post employment benefits trend data on pages i through x and 43 through 50 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 Crowley County School District Number RE-1-J'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 respects in relation to the basic financial statements as a whole.



November 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

Management of Crowley County School District RE 1-J offers readers the basic financial statements. This narrative is an overview and analysis of the financial activities of the District for the year ended June 30, 2018. The focus of the information is on the primary government (general) fund. Most of the expenditures and revenue for the district reside in the general fund.

The District has adopted the financial reporting model promulgated by the Government Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments, the District is not required to restate prior periods for the purposes of providing comparative information. A comparative analysis of the government-wide information is presented.

### **Financial Highlights**

- In governmental activities, The District's liabilities and flows exceeded its assets and flows at the close of the fiscal year by \$5,205,306. This is due to Governmental Accounting Standard Board (GASB) Statement No. 67 and 68 which affects the financial statements of all Colorado Public Employee Retirement Association (PERA)-affiliated employers. In these statements, PERA-affiliated employers are required to state their employee's retirement liability which was \$14,252,929 for the District as of June 30, 2018. Without the PERA liability, our assets would have exceeded its liabilities by \$6,228,173.
- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$2.2 million which was an increase of \$247,028 from the previous year.
- The long-term debt obligation of the District has decreased in the last fiscal years. Several obligations were paid off the last lease the District added was to purchase a new bus in 2015, this will mature in 2020. The lease for the HVAC upgrade matures in 2018 and the note for the matching portion of the Building Excellent Schools Today (BEST) grant will mature in 2023. The total annual principal and interest payment for all three current debt obligations are approximately \$128,000.

The District was required to implement GASB 75 resulting in a net other post-employment benefit (OPEB) liability of \$325,477. 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

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

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 \$348,958 to \$(2,860,756) from \$(2,511,798) 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

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

Management's discussion and analysis is intended to serve as an introduction to the district's basic financial statements. Comparison to the prior year's activity is normally provided in this document. This is the thirteenth presentation of management's discussion and analysis comparison data. Crowley County School District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### ***District-Wide Financial Statements***

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

The two District-wide statements report the District's net position and how they have changed. Net position, the difference between the district's assets and liabilities are one way to measure the district's financial health or position. The difference between assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the district is improving or declining.

The District-wide statements are divided into two categories: Governmental activities and Business-type activities.

#### ***Governmental activities:***

Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finances most of these activities. This information is comprised of all of the following designated purpose grant funds and capital reserve.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

***Fund Financial Statements***

The fund financial statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to demonstrate compliance with finance related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Crowley County School District uses fund accounting to ensure and demonstrate compliance.

All of the funds of the district can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds:* Most of the District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*Fiduciary Funds:* The District is the agent, or fiduciary, for assets that belong to others. The district is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operation. The District uses fiduciary funds to account for its pupil activity fund.

***Notes to the Financial Statements***

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

In addition to the financial statements and accompanying notes, this report also contains other supplementary information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

**Financial Analysis of the District as a Whole**

The District had total net assets on June 30, 2018 of (\$5,205,306). The negative net asset is again due to the new GASB 68 rules. Of the District's \$7,261,587 in assets over 63 percent (or \$4,557,101) were reflected as investments in capital assets (including land, sites, buildings, vehicles, infrastructure, and machinery/equipment).

Below, is the first table which reflects the changes in the net position for the district.

**Condensed Statement of Net Position**

	Governmental Activities 2016-2017	Governmental Activities 2017-2018
Current and Other Assets	\$ 4,839,411	\$ 2,704,486
Capital Assets	<u>2,428,118</u>	<u>4,557,101</u>
Total Assets	<u>7,267,529</u>	<u>7,261,587</u>
 Deferred Outflow of Resources	 <u>5,308,298</u>	 <u>4,400,395</u>
Current Liabilities	14,380,646	15,157,721
Long-Term Liabilities	<u>248,799</u>	<u>128,622</u>
Total Liabilities	<u>14,629,445</u>	<u>15,286,343</u>
 Deferred Inflow of Resources	 <u>458,180</u>	 <u>1,580,945</u>
Net Investment in Capital Assets	0	4,308,280
<i>Restricted for:</i>		
Tabor Reserve	125,000	136,000
Multi Year Obligations	126,709	109,838
Capital Outlay	188,354	6,621
Unrestricted	<u>(2,951,861)</u>	<u>(9,766,045)</u>
Total Net Position	<u>\$ (2,511,798)</u>	<u>\$ (5,205,306)</u>

The changes in the net operations of the District are illustrated in this table above. The District made significant strides in trying to manage costs in the areas of instruction for students. The District has undergone major student enrollment declines over the past budget years. The following charts illustrate the impact on revenue and expenses during the two recent fiscal years.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Condensed Statement of Activities**

	Governmental Activities 2016-2017	Governmental Activities 2017-2018
<b>Program Revenues:</b>		
Charges for Services	\$ 29,190	\$ 40,311
Operating Grants and Contributions	655,720	824,409
Capital Grants and Contributions	<u>-</u>	<u>-</u>
Total Program Revenues	684,910	864,720
<b>General Revenues:</b>		
Taxes	776,667	1,099,869
State Equalization	2,971,469	2,970,359
Earnings on Investments	3,675	4,444
Insurance Proceeds	203,033	145,231
Other Revenues	34,545	19,310
Total General Revenues	<u>3,989,389</u>	<u>4,239,213</u>
<b>Total Revenues</b>	<u>4,674,299</u>	<u>5,103,933</u>
<b>Expenses:</b>		
Instructional Staff	2,555,694	2,708,856
<i>Supporting Services:</i>		
Students	185,731	202,577
Instructional Staff	60,068	74,601
District Administration	230,713	230,843
School Administration	274,049	274,865
Business	59,430	61,370
Operations & Maintenance	515,945	557,358
Transportation	235,733	188,337
Central	140,788	176,502
Food Services	231,718	244,234
Capital Outlay	-	278,905
Interest on Long-Term Liabilities	12,076	8,092
Pension Amortization	2,096,404	2,457,923
Post Employment Benefit Activity	<u>-</u>	<u>(15,980)</u>
<b>Total Expenses</b>	<u>6,598,349</u>	<u>7,448,483</u>
<b>Change in Net Position</b>	<u>(1,924,050)</u>	<u>(2,344,550)</u>
<b>Beginning Net Position</b>	<u>(587,748)</u>	<u>(2,860,756)</u>
<b>Net Position - Ending</b>	<u>\$ (2,511,798)</u>	<u>\$ (5,205,306)</u>

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Governmental Activities by Major Function**

	2016-2017		2017-2018	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional Services	\$ 2,555,694	\$ (2,140,467)	\$ 2,708,856	\$ (2,107,345)
Students	\$ 185,731	\$ (185,731)	\$ 202,577	\$ (202,577)
Instructional Staff	\$ 60,068	\$ (60,068)	\$ 74,601	\$ (74,601)
District Administration	\$ 230,713	\$ (230,713)	\$ 230,843	\$ (230,843)
School Administration	\$ 274,049	\$ (274,049)	\$ 274,865	\$ (274,865)
Business	\$ 59,430	\$ (59,430)	\$ 61,370	\$ (61,370)
Operation and Maintenance of Facilities	\$ 515,945	\$ (511,945)	\$ 557,358	\$ (557,358)
Transportation	\$ 235,733	\$ (200,909)	\$ 188,337	\$ (155,156)
Central	\$ 140,788	\$ (140,788)	\$ 176,502	\$ (176,502)
Food Service	\$ 231,718	\$ (859)	\$ 244,234	\$ (14,206)
Capital Outlay	\$ -	\$ -	\$ 278,905	\$ (278,905)
Interest on Long Term Liabilities	\$ 12,076	\$ (12,076)	\$ 8,092	\$ (8,092)
Pension Expense	\$ 2,096,404	\$ (2,096,404)	\$ 2,457,923	\$ (2,457,923)
Post Employment Benefit Activity	\$ -	\$ -	\$ (15,980)	\$ 15,980
<b>Total</b>	<b>\$ 6,598,349</b>	<b>\$ (5,913,439)</b>	<b>\$ 7,448,483</b>	<b>\$ (6,583,763)</b>

In the two tables above, some of the more significant changes are illustrated as:

- The cost of all government activities this year was \$7,448,483 which is an increase over the prior fiscal year. Pension liability has increased over the last two fiscal years.
- Some of the costs of the District are financed by users of district facilities and programs and that amounted to \$40,311 which increased over the immediate prior fiscal year.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$824,409. All of the Title programs are funded from the federal level administered by the State.
- Most of the Districts costs however, are financed by the District and State taxpayers. This portion of governmental activities was financed with \$2,970,359 in State Equalization revenue from the School Finance Act (1994). The local share of funding was \$1,099,869, with \$247,829 received from the voter-approved mill levy override of November 2017.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Financial Analysis of the District's Funds**

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

- Significant cuts have continued to be made for this and the current school year in an attempt to make strides towards a balanced budget and reflecting the changing demographics of the school district. The cuts were made in areas of school personnel and trying to utilize our staff in a more efficient matter and allow for little duplication of services to our students yet providing a quality, academically enriched atmosphere for them.
- The District must maintain a 3 percent emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2018, the districts tabor reserve were set at \$136,000 a decrease of \$11,000 from the previous year.
- Starting in the 2008-2009 school year and beyond the district has embarked on a series of positive facility upgrades and improvements. Chief among these are: 1) New windows for the high school and elementary windows that were at least twenty-five to fifty years old; 2) ongoing efforts to renovate the interior lighting for all classrooms in the district; 3) an ambitious asbestos removal project to insure that our facilities are safe for staff and students; 4) district-wide security enhancements; 5) addition of lighting and concession/restroom facilities to the Crowley County Baseball fields in cooperation with Crowley County; 6) a re-roof project over the Elementary and High School.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Capital Assets and Debt Administration**

The Districts investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$4,557,101

<u>Governmental Activities</u>	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets Not Being Depreciated				
Land and Sites	\$ 222,797	\$ -	\$ -	\$ 222,797
Total Assets Not Being Depreciated	<u>222,797</u>	<u>-</u>	<u>-</u>	<u>222,797</u>
Capital Assets Being Depreciated				-
Buildings and Site Improvements	9,003,487	-	-	9,003,487
Equipment and Vehicles	1,251,169	31,947	99,687	1,183,429
Food Service Equipment	87,021	-	-	87,021
Construction In Progress	-	-	-	-
Total Assets Being Depreciated	<u>10,341,677</u>	<u>31,947</u>	<u>99,687</u>	<u>10,273,937</u>
Less Accumulated Depreciation for:				-
Buildings and Site Improvements	4,582,123	268,606	-	4,850,729
Equipment and Vehicles	1,055,919	45,651	99,687	1,001,883
Food Service Equipment	87,021	-	-	87,021
Total Accumulated Depreciation	<u>5,725,063</u>	<u>314,257</u>	<u>99,687</u>	<u>5,939,633</u>
<b>Net Capital Assets</b>	<u><u>4,839,411</u></u>	<u><u>(282,310)</u></u>	<u><u>-</u></u>	<u><u>4,557,101</u></u>

**Long-Term Debt**

At the end of the fiscal year (June 30, 2018) the District had the following schedule in long-term obligations:

	Matures	Balance June 30, 2018
Unused Sick Leave		\$ 83,227
2007 HVAC Lease (2012 Re-Finance)	2018	85,863
2013 Capital Projects Note	2023	109,838
2015 Bus Lease	2020	53,120
<b>Total Long Term Debt Obligations</b>		<u><u>\$ 332,048</u></u>

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Economic Factors Bearing on the District's Future**

The factors that will affect next year's budget are the same items that have impacted Crowley County School District for the past fiscal years: special education costs, declining student enrollment, aging buildings, increased transportation costs and increased state and federal mandates.

The largest impact to the school district remains declining student enrollment. This is a problem that impacts all surrounding school districts and is not indigenous to Crowley County alone. In 1996 Crowley County School District had a fall student count of 642 students, in 2007 the fall count was 500.5 and in 2017 the fall count was 468. The years have seen a steady decline in the number of students. This can be attributed to several factors; however, chief among them would be the stagnant economy and the issue to non completers. Many of our fixed costs remain the same or escalate and with the declining student enrollment and resulting decline in state equalization dollars, it makes budgeting and allocations even more challenging.

One item that affects the district is the rising number of special education students. We have had an increase in therapeutic foster homes in the county. Many of these placements require specialized assistance from the district with no resulting funds that follow those requirements. Several of these placements need services for emotionally disturbed youth and require intense one on one service. We have been able to handle the special transportation and rearrange our busing schedules to accommodate this.

The cost of transporting our students is economically straining the district. At this time, over fifty percent of our students are eligible for transportation services. The increased costs of fuel, salaries, and equipment make this a problem for the district. The state transportation revenue has not kept pace with costs the district faces in meeting this expense.

The District has not been able to pass any bond issues to help in repairing and renovating the aging buildings. All of the major renovations have been paid by outside foundations or grants obtained by the district. The need for a debt service bond issue is severe and the board has expressed serious consideration to approach the voters to help alleviate the continued drain on program area development to finance the needed improvements to facilities. The assessed valuation of Crowley County School District could never meet the bonding capacity to construct a modernized school. The choices at this point are to continue to improve our existing facilities. If the district makes the needed payments for the energy upgrade and the existing refinanced debt that would "free" up needed revenue to help maintain and expand program development for our student body.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Contacting the District's Financial Management**

This financial report was prepared by the District Superintendent and is designed to provide a general overview of the Crowley County School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Scott Cuckow  
Superintendent of Schools  
Crowley County School District RE-1J  
1001 Main Street  
Ordway, CO 81063

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>		
Cash and Investments	2,551,893	2,551,893
Accounts Receivable	7,114	7,114
Allowance for Doubtful Accounts	-	-
Grants Receivable	68,611	68,611
Property Taxes Receivable	71,400	71,400
Other Receivables	-	-
Inventories	5,468	5,468
Capital Assets	10,496,734	10,496,734
Accumulated Depreciation	<u>(5,939,633)</u>	<u>(5,939,633)</u>
<u>Total Assets</u>	<u>7,261,587</u>	<u>7,261,587</u>
 <b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>		
Pensions	4,387,975	4,387,975
Other Post Employment Benefits	12,420	12,420
<u>Total Deferred Outflow of Resources</u>	<u>4,400,395</u>	<u>4,400,395</u>
 <b><u>LIABILITIES</u></b>		
Accounts Payable	25,344	25,344
Accrued Salaries	344,050	344,050
Accrued Interest	6,445	6,445
Compensated Absences	83,277	83,277
Net Pension Liability	14,252,929	14,252,929
Net OPEB Liability	325,477	325,477
Debt Payable – Current	120,199	120,199
Debt Payable – Long Term	<u>128,622</u>	<u>128,622</u>
<u>Total Liabilities</u>	<u>15,286,343</u>	<u>15,286,343</u>
 <b><u>DEFERRED INFLOW OF RESOURCES</u></b>		
Pensions	1,561,024	1,561,024
Other Post Employment Benefits	19,921	19,921
<u>Total Deferred Inflow of Resources</u>	<u>1,580,945</u>	<u>1,580,945</u>
 <b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	4,308,280	4,308,280
Restricted for:		
TABOR Reserve	136,000	136,000
Multi-Year Obligations	109,838	109,838
Food Service	6,621	6,621
Capital Outlay	-	-
Unrestricted	<u>(9,766,045)</u>	<u>(9,766,045)</u>
<u>TOTAL NET POSITION</u>	<u>(5,205,306)</u>	<u>(5,205,306)</u>

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



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

	<u>General</u>	<u>Capital Reserve Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Investments	2,308,010	231,012	12,871	2,551,893
Accounts Receivable	7,114	-	-	7,114
Accrued Revenue	68,611	-	-	68,611
Due From Other Funds	-	-	-	-
Property Taxes Receivable	71,400	-	-	71,400
Inventories	-	-	5,468	5,468
Deposits	-	-	-	-
<u>Total Assets</u>	<u>2,455,135</u>	<u>231,012</u>	<u>18,339</u>	<u>2,704,486</u>
<u>Liabilities</u>				
Accounts Payable	25,329	-	15	25,344
Accrued Salaries	337,815	-	6,235	344,050
Due To Other Funds	-	-	-	-
Grant Amounts Received in Advance	-	-	-	-
<u>Total Liabilities</u>	<u>363,144</u>	<u>-</u>	<u>6,250</u>	<u>369,394</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Taxes	62,400	-	-	62,400
<u>FUND BALANCES:</u>				
Nonspendable:				
Inventories	-	-	5,468	5,468
Restricted for:				
Emergencies	136,000	-	-	136,000
Multi-Year Obligations	109,838	-	-	109,838
Capital Outlay	-	-	-	-
Preschool	-	-	-	-
Food Service	-	-	6,621	6,621
Committed for:				
Capital Outlay	-	231,012	-	231,012
Unassigned	1,783,753	-	-	1,783,753
<u>Total Fund Balances</u>	<u>2,029,591</u>	<u>231,012</u>	<u>12,089</u>	<u>2,272,692</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,455,135</u>	<u>231,012</u>	<u>18,339</u>	<u>2,704,486</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE 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>	2,272,692
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$10,496,734 and the accumulated depreciation is \$5,939,633.	4,557,101
Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available.	62,400
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(248,821)
Accrued interest payable is not reported as a liability in the funds.	(6,445)
Compensated absences are not reported as a liability in the funds.	(83,277)
The District’s portion of the net pension liability for PERA is reported on the statement of net position is not reported as a liability in the funds.	(14,252,929)
The District’s portion of the net OPEB liability is reported on the statement of net position is not reported as a liability in the funds.	(325,477)
Deferred flows for contributions made toward the net pension liability from December 31, 2017 until June 30, 2018 is not reported in the funds.	204,064
Deferred flows for contributions made toward the OPEB liability from December 31, 2017 until June 30, 2018 is not reported in the funds.	10,881
Net deferred pension flows – Plan Level	3,318,534
Net deferred pension flows – Employer Level	(695,647)
Net deferred OPEB flows – Plan Level	(3,906)
Net deferred OPEB flows – Employer Level	<u>(14,476)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>(5,205,306)</u>

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

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

	<u>General</u>	<u>Capital Reserve Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property Taxes	995,571	-	-	995,571
Specific Ownership Taxes	94,498	-	-	94,498
Earnings on Investments	3,805	611	28	4,444
Other Local Sources	56,829	-	4,238	61,067
State Aid	3,250,396	-	1,927	3,252,323
Federal Aid	<u>317,136</u>	<u>-</u>	<u>223,863</u>	<u>540,999</u>
<b>Total Revenues</b>	<u>4,718,235</u>	<u>611</u>	<u>230,056</u>	<u>4,948,902</u>
<b>EXPENDITURES</b>				
Current:				
Instructional Services	2,428,715	-	-	2,428,715
Supporting Services:				
Students	202,577	-	-	202,577
Instructional Staff	74,601	-	-	74,601
District Administration	230,809	-	-	230,809
School Administration	274,865	-	-	274,865
Business	61,370	-	-	61,370
Operation & Maintenance	554,776	-	-	554,776
Transportation	159,938	-	-	159,938
Central	176,502	-	-	176,502
Facilities	-	-	-	-
Food Service	-	-	244,234	244,234
Debt Service:				
Principal Retirement	116,209	-	-	116,209
Interest and Fiscal Charges	11,657	-	-	11,657
Capital Outlay	<u>-</u>	<u>310,852</u>	<u>-</u>	<u>310,852</u>
<b>Total Expenditures</b>	<u>4,292,019</u>	<u>310,852</u>	<u>244,234</u>	<u>4,847,105</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>426,216</u>	<u>(310,241)</u>	<u>(14,178)</u>	<u>101,797</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	(10,000)	-	10,000	-
Proceeds From Insurance	<u>-</u>	<u>145,231</u>	<u>-</u>	<u>145,231</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(10,000)</u>	<u>145,231</u>	<u>10,000</u>	<u>145,231</u>
<b>NET CHANGE IN FUND BALANCES</b>	416,216	(165,010)	(4,178)	247,028
<b>FUND BALANCES, Beginning</b>	<u>1,613,375</u>	<u>396,022</u>	<u>16,267</u>	<u>2,025,664</u>
<b>FUND BALANCES, Ending</b>	<u>2,029,591</u>	<u>231,012</u>	<u>12,089</u>	<u>2,272,692</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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 247,028

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	31,947	
Capital Outlays	(314,257)	(282,310)
Depreciation Expense		

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues increased this year. 9,800

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 decreased by this amount. 3,101

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

	-	
Debt Proceeds		
Debt Payments		116,209
Accrued Interest		3,565

The statement of activities reports net pension and OPEB liabilities which is not reported in the fund financial statements.

	(434,756)	
Change in Net Pension Liability		16,552
Change in Net OPEB Liability		(2,023,167)
Deferred Flows from Net Pension Liability		(572)
Deferred Flows from Net OPEB Liability		_____

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (2,344,550)

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

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

---

	<u>Pupil Activity Fund</u>
<u>ASSETS</u>	
Cash and Investments	<u>125,903</u>
<u>Total Assets</u>	<u>125,903</u>
 <u>LIABILITIES</u>	
Deposits Held for Others	<u>125,903</u>
<u>Total Liabilities</u>	<u>125,903</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District operates under an elected Board of Education with seven 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 Crowley County School District Number RE-1-J. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A.    Reporting Entity

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

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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 and proprietary funds. Major individual governmental funds (General Fund and Capital Projects Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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)

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

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

Property and automotive ownership taxes are reported as receivables and deferred 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.

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.

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

- Major Governmental Funds

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.

Capital Reserve-Capital Projects Fund – this fund is used to fund ongoing capital needs such as site acquisition, building additions and equipment purchases.

Additionally, the District reports the following fund type:

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

E. Cash and Investments

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

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

F. Receivables

Property taxes levied in 2017 but uncollected in 2018 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2018 are recorded as deferred inflows, 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.

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

---

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G.    Inventories

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

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

H.    Capital Assets

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

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

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

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. The District's 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.

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

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J.      Constitutional Amendment (continued)

On November 7, 1995 the registered voters approved a ballot resolution authorizing Crowley County School District Number RE-1-J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2018 the District reserved \$136,000 for this purpose.

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

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 Crowley County was as follows:

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

L.      Accumulated Staff 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 \$83,277 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Accumulated Sick Leave	<u>86,378</u>	<u>      -</u>	<u>  3,101</u>	<u>83,277</u>

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

---

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M.     Use of Estimates

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

N.     GASB Statement No. 54

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

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

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

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

**NOTE 1**    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N.    GASB Statement No. 54 (Continued)

Fund Balance Classification Policies and Procedures (Continued)

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>				
Inventories	-	-	5,468	5,468
<u>Restricted:</u>				
Emergencies	136,000	-	-	136,000
Multi-Year Obligations	109,838	-	-	109,838
Capital Outlay	-	-	-	-
Food Service	-	-	6,621	6,621
<u>Committed:</u>				
Capital Outlay	-	231,012	-	231,012
<u>Unassigned</u>	<u>1,783,753</u>	<u>-</u>	<u>-</u>	<u>1,783,753</u>
<u>Total Fund Balances</u>	<u>2,029,591</u>	<u>231,012</u>	<u>12,089</u>	<u>2,272,692</u>

O.    Deferred Outflows / Inflows of Resources (Continued)

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.

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

NOTE 2      RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

	Items Eliminated	
	Due From Other Funds	Due To Other Funds
	—	—
	—	—
	Transfers To Other Funds	Transfers From Other Funds
General Fund	10,000	-
Food Service Fund	-	10,000
	10,000	10,000

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, Capital Projects Funds, Special Revenue Funds and Fiduciary Funds.
6. Budgets for the General, Capital Projects, Special Revenue and Fiduciary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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 AND INVESTMENTS

Deposits

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

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,364,859	2,422,255
Cash with County Treasurer	62,737	-
Cash on Hand	200	-
<u>Total Cash and Deposits</u>	<u>2,677,796</u>	<u>2,672,255</u>

As presented above, deposits with a bank balance of \$2,422,255 and a carrying balance of \$2,364,859 as of June 30, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

None

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

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Governmental Activities</u>				
<u>Capital Assets Not Being Depreciated:</u>				
Land & Sites	222,797	-	-	222,797
<u>Capital Assets Being Depreciated:</u>				
Buildings & Site Improvements	9,003,487	31,947	-	9,035,434
Equipment & Vehicles	1,251,169	-	99,687	1,151,482
Food Service Equipment	87,021	-	-	87,021
<u>Total Capital Assets Being Depreciated</u>	<u>10,341,677</u>	<u>31,947</u>	<u>99,687</u>	<u>10,273,937</u>
<u>Less Accumulated Depreciation for:</u>				
Building & Site Improvements	4,582,123	268,606	-	4,850,729
Equipment & Vehicles	1,055,919	45,651	99,687	1,001,883
Food Service Equipment	87,021	-	-	87,021
<u>Total Accumulated Depreciation</u>	<u>5,725,063</u>	<u>314,257</u>	<u>99,687</u>	<u>5,939,633</u>
<u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>4,839,411</u>	<u>(282,310)</u>	<u>-</u>	<u>4,557,101</u>

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

<u>Governmental Activities:</u>	
Regular Programs - Instruction	283,242
General Administration Support	34
Operations and Maintenance	2,582
Transportation	28,399
Food Service	-
<u>Total Depreciation Expense - Governmental Activities</u>	<u>314,257</u>

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

---

NOTE 6      PENSION PLAN

**Defined Benefit Pension Plan**

Summary of Significant Accounting Policies

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

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

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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 Crowley County School District Number RE-1-J 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 Crowley County School District Number RE-1-J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Crowley County School District Number RE-1-J were \$393,063 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 Crowley County School District Number RE-1-J reported a liability of \$14,252,929 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 Crowley County School District Number RE-1-J proportion of the net pension liability was based on Crowley County School District Number RE-1-J 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 Crowley County School District Number RE-1-J proportion was 0.0441 percent, which was a decrease of 0.0023 percent to its proportion measured as of December 31, 2016.

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

NOTE 6      PENSION PLAN (Continued)

For the year ended June 30, 2018, the Crowley County School District Number RE-1-J recognized pension expense of \$2,457,923. At June 30, 2018, the Crowley County School District Number RE-1-J 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	262,051	-
Changes of assumptions or other inputs	3,639,302	(23,094)
Net difference between projected and actual earnings on pension plan investments	282,558	(842,283)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(695,647)
Contributions subsequent to the measurement date	204,064	N/A
Total	4,387,975	(1,561,024)

\$204,064 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	1,885,162
2020	1,020,132
2021	(71,837)
2022	(210,570)
2023	-
Thereafter	-

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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%.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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.

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

**NOTE 6**      **PENSION PLAN (Continued)**

*Sensitivity of the Crowley County School District Number RE-1-J 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	18,003,874	14,252,929	11,196,338

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

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

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

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

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

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

**NOTE 6**      **PENSION PLAN (Continued)**

At June 30 2018, the Crowley County School District Number RE-1-J reported a liability of \$14,252,929 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 Crowley County School District Number RE-1-J's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	6,439,350

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$6,653,356 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 Crowley County School District Number RE-1-J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$13,051.

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

General Information about the OPEB Plan

*Plan description.* Eligible employees of the Crowley County School District Number RE-1-J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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 Crowley County School District Number RE-1-J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Crowley County School District Number RE-1-J were \$21,228 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 Crowley County School District Number RE-1-J reported a liability of \$325,477 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 Crowley County School District Number RE-1-J proportion of the net OPEB liability was based on Crowley County School District Number RE-1-J 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 Crowley County School District Number RE-1-J proportion was 0.0250 percent, which was a decrease of 0.0013 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Crowley County School District Number RE-1-J recognized OPEB income of \$15,980. At June 30, 2018, the Crowley County School District Number RE-1-J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	1,539	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(5,445)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(14,476)
Contributions subsequent to the measurement date	10,881	N/A
Total	12,420	(19,921)

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

NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)

\$10,881 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	(3,903)
2020	(3,903)
2021	(3,903)
2022	(3,903)
2023	(2,541)
Thereafter	(229)

*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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
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:

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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 Crowley County School District Number RE-1-J 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	316,521	325,476	336,262

*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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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 Crowley County School District Number RE-1-J 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	365,938	325,476	290,942

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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 Education is composed of eight persons; seven of whom are appointed by the Board of Education of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Education. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds, and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

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

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

An audited summary of the Colorado School District's Pool financial information 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)	3,302,677
Net Investment Income	276,653
Other Income	-
Net Income (Loss) Before Dividend	<u>3,579,330</u>
Dividend	-
Net Income	<u>3,579,330</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>235,606</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>30,618,689</u>

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

NOTE 10    FOOD SERVICE INVENTORIES

Food Service Fund inventories at June 30, 2018, consisted of USDA, purchased, and non-food amounting to \$5,468. 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    LONG-TERM DEBT

The District had changes in its long-term obligations as follows:

	<u>Balance</u> <u>7-1-2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-2018</u>	<u>Current</u> <u>Portion</u>
Refinanced HVAC Lease	168,742	-	82,879	85,863	85,863
Note with FNB – Capital Projects	126,709	-	16,871	109,838	17,260
Bus Lease – 2015/2016	<u>69,579</u>	<u>-</u>	<u>16,459</u>	<u>53,120</u>	<u>17,076</u>
<u>Total</u>	<u>365,030</u>	<u>-</u>	<u>116,209</u>	<u>248,821</u>	<u>120,199</u>

CAPITAL LEASES

Refinanced HVAC Lease

The District entered into a lease in 2013 with the First National Bank of Ordway for an HVAC Lease in the amount of \$475,000. The lease requires (6) annual payments of \$88,954 beginning on July 30, 2013, with an interest rate of 3.6%.

Lease Purchase - Bus

During the fiscal year ended June 30, 2016 the District executed a lease purchase agreement of \$85,485 to purchase a bus. The lease purchase agreement is for a period of 5 years with interest at a rate of 3.75% per annum and yearly payments of \$19,070.

Annual debt service requirements to maturity for the lease purchase agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Payment</u>
2019	102,888	5,085	107,973
2020	17,716	1,354	19,070
2021	18,379	691	<u>19,070</u>
			146,113
			<u>(7,130)</u>
Less amount representing interest			<u>138,983</u>
Net Present Value of Minimum Lease Payments			<u>138,983</u>

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

NOTE 11    LONG-TERM DEBT (Continued)

NOTES PAYABLE

First National Bank Note -- Capital Projects

The District entered into a loan agreement with the First National Bank of Las Animas in the amount of \$175,000. The note will be paid over a ten year period beginning August 21, 2014 at an annual interest rate of 2.35%. This note was obtained for necessary building repairs. The note is considered a multi-year obligation and accordingly the District has restricted fund balance to comply with the TABOR law requirements.

Listed below is a schedule of the debt to maturity.

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	2.35%	17,261	2,581	19,842
2020	2.35%	17,666	2,176	19,842
2021	2.35%	18,077	1,765	19,842
2022	2.35%	18,506	1,336	19,842
2023	2.35%	18,941	901	19,842
2024	2.35%	<u>19,387</u>	<u>455</u>	<u>19,842</u>
Total		<u>109,838</u>	<u>9,214</u>	<u>119,052</u>

NOTE 12    LITIGATION

None.

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

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

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

NOTE 14    JOINT VENTURES (Continued)

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 and Deferred Outflows	8,560,496
Liabilities and Deferred Inflows	<u>15,288,841</u>
Net Position	<u>(6,728,345)</u>
Revenues	4,056,258
Expenditures	<u>5,961,309</u>
Excess (Deficiency)	<u>(1,905,051)</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.

NOTE 15    INTERFUND BALANCES

	<u>Transfer To Other Funds</u>	<u>Transfer From Other Funds</u>
General Fund	10,000	-
Food Service Fund	<u>-</u>	<u>10,000</u>
	<u>10,000</u>	<u>10,000</u>

Transfers were made in the normal course of operations to support funding needs.

NOTE 16    RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$(2,511,798) has been changed by the net OPEB liability at June 30, 2017 of \$342,029 and related deferred flows of \$(6,929), resulting in a restated beginning net position of \$(2,860,756).

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OPEB TREND DATA

## MAJOR GOVERNMENTAL FUNDS

### General Fund

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

### Pension Trend Data

### Other Post Employment Benefits (OPEB) Trend Data

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Taxes	699,099	837,911	995,571	157,660
Specific Ownership Taxes	85,756	85,756	94,498	8,742
Earnings on Investments	7,000	5,000	3,805	(1,195)
Delinquent Taxes & Interest	4,000	4,000	8,301	4,301
Other	36,350	36,100	48,528	12,428
<u>State Sources</u>				
Equalization	3,078,971	3,068,631	2,970,359	(98,272)
Transportation	45,000	35,000	33,181	(1,819)
Vocational Education	28,000	30,575	28,147	(2,428)
Special Education	-	-	-	-
Grants	176,500	207,430	208,471	1,041
Other	5,090	10,090	10,238	148
<u>Federal Sources</u>				
Other	300,859	294,466	317,136	22,670
<u>Allocation</u>				
	-	-	-	-
<u>TOTAL REVENUES</u>	<u>4,466,625</u>	<u>4,614,959</u>	<u>4,718,235</u>	<u>103,276</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
<u>Regular Programs</u>				
Salaries	1,421,136	1,467,836	1,426,700	41,136
Employee Benefits	467,465	459,320	447,156	12,164
Purchased Services - Professional	57,934	60,745	59,786	959
Purchased Services - Property	400	400	614	(214)
Purchased Services - Other	180,485	412,400	359,234	53,166
Supplies and Materials	143,100	142,950	122,897	20,053
Property	30,080	30,080	8,963	21,117
Other Objects	3,350	3,350	3,365	(15)
<u>Total Instruction</u>	<u>2,303,950</u>	<u>2,577,081</u>	<u>2,428,715</u>	<u>148,366</u>

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

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

<u>SUPPORTING SERVICES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Student Supporting Services</u>				
Salaries	134,440	134,440	136,265	(1,825)
Employee Benefits	40,315	40,315	41,083	(768)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	2,750	2,750	2,956	(206)
Supplies and Materials	15,065	6,775	6,531	244
Property	3,625	10,650	15,742	(5,092)
Other Objects	-	-	-	-
<u>Total Student Supporting Services</u>	<u>196,195</u>	<u>194,930</u>	<u>202,577</u>	<u>(7,647)</u>
<u>Instructional Staff</u>				
Salaries	36,565	28,005	45,785	(17,780)
Employee Benefits	12,070	10,570	14,045	(3,475)
Purchased Services – Professional	5,000	5,400	6,068	(668)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	800	400	204	196
Supplies and Materials	8,000	8,500	8,435	65
Property	800	300	64	236
Other Objects	-	-	-	-
<u>Total Instruction Staff</u>	<u>63,235</u>	<u>53,175</u>	<u>74,601</u>	<u>(21,426)</u>
<u>General Administration</u>				
Salaries	106,900	106,900	106,900	-
Employee Benefits	44,025	45,345	46,668	(1,323)
Purchased Services – Professional	8,100	8,100	8,535	(435)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	37,550	37,550	37,538	12
Supplies and Materials	9,250	9,250	10,408	(1,158)
Property	-	-	595	(595)
Other Objects	12,350	12,350	20,165	(7,815)
<u>Total General Administration</u>	<u>218,175</u>	<u>219,495</u>	<u>230,809</u>	<u>(11,314)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	180,640	180,640	182,812	(2,172)
Employee Benefits	82,370	82,370	84,962	(2,592)
Purchased Services – Professional	300	300	-	300
Purchased Services – Property	-	-	-	-
Purchased Services – Other	3,100	3,100	1,143	1,957
Supplies and Materials	10,000	10,000	5,885	4,115
Property	800	800	63	737
Other Objects	1,680	1,680	-	1,680
<u>Total School Administration</u>	<u>278,890</u>	<u>278,890</u>	<u>274,865</u>	<u>4,025</u>

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

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

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Business Services</u>				
Salaries	39,700	39,700	39,700	-
Employee Benefits	13,085	13,085	12,360	725
Purchased Services – Professional	7,300	7,300	7,739	(439)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	1,250	1,250	1,571	(321)
Property	250	250	-	250
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>61,585</u>	<u>61,585</u>	<u>61,370</u>	<u>215</u>
<u>Operations and Maintenance</u>				
Salaries	135,600	135,600	139,449	(3,849)
Employee Benefits	39,355	35,385	36,038	(653)
Purchased Services – Professional	55,500	55,500	49,010	6,490
Purchased Services – Property	66,920	66,920	52,266	14,654
Purchased Services – Other	28,000	28,000	20,128	7,872
Supplies and Materials	235,000	235,000	203,005	31,995
Property	12,000	12,000	54,747	(42,747)
Other Objects	500	500	133	367
<u>Total Operations and Maintenance</u>	<u>572,875</u>	<u>568,905</u>	<u>554,776</u>	<u>14,129</u>
<u>Student Transportation</u>				
Salaries	87,100	68,100	70,067	(1,967)
Employee Benefits	25,675	18,360	20,121	(1,761)
Purchased Services – Professional	6,200	6,200	5,685	515
Purchased Services – Property	55,000	55,000	30,773	24,227
Purchased Services – Other	10,100	10,100	7,140	2,960
Supplies and Materials	34,500	34,500	25,912	8,588
Property	-	-	-	-
Other Objects	500	500	240	260
<u>Total Student Transportation</u>	<u>219,075</u>	<u>192,760</u>	<u>159,938</u>	<u>32,822</u>
<u>Central Support</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	45,600	45,600	49,100	(3,500)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	62,745	62,745	65,186	(2,441)
Supplies and Materials	19,000	19,000	12,265	6,735
Property	25,000	40,000	49,951	(9,951)
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>152,345</u>	<u>167,345</u>	<u>176,502</u>	<u>(9,157)</u>

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

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

SUPPORTING SERVICES (Continued)	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,762,375</u>	<u>1,737,085</u>	<u>1,735,438</u>	<u>1,647</u>
<u>Debt Service</u>	<u>127,866</u>	<u>127,866</u>	<u>127,866</u>	<u>-</u>
<u>Appropriated Reserves</u>	<u>1,495,699</u>	<u>1,776,301</u>	<u>-</u>	<u>1,776,301</u>
<u>TOTAL EXPENDITURES</u>	<u>5,689,890</u>	<u>6,218,333</u>	<u>4,292,019</u>	<u>1,926,314</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(1,223,265)</u>	<u>(1,603,374)</u>	<u>426,216</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(1,233,265)</u>	<u>(1,613,374)</u>	<u>416,216</u>	
<u>FUND BALANCE, July 1</u>	<u>1,233,265</u>	<u>1,613,374</u>	<u>1,613,375</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>2,029,591</u>	

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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)	0.0441%	0.0464%	0.0488%	0.0508%	0.0512%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$14,252,929	\$13,818,173	\$7,466,484	\$6,892,973	\$6,534,641	-	-	-	-	-
District's covered-employee payroll	\$2,081,209	\$2,056,027	\$2,105,710	\$2,110,101	\$2,139,765	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	685%	672%	355%	327%	305%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.1%	59.2%	62.80%	64.06%	-	-	-	-	-

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 393,063	\$ 377,851	\$ 373,285	\$ 356,297	\$ 342,098	\$ 304,592	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (393,063)</u>	<u>\$ (377,851)</u>	<u>\$ (373,285)</u>	<u>\$ (356,297)</u>	<u>\$ (342,098)</u>	<u>\$ (304,592)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$2,081,209	\$2,056,027	\$2,105,710	\$2,110,101	\$2,139,765	\$2,005,921	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.89%	18.38%	17.73%	16.89%	15.99%	15.18%	-	-	-	-

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 SCHEDULE OF PROPORTIONATE SHARE OF NET 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)	0.0250%	0.0263%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$325,476	\$342,029	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$2,081,209	\$2,056,027	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.64%	16.64%	-	-	-	-	-	-	-	-
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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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	\$ 21,228	\$ 20,971	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(21,228)</u>	<u>\$(20,971)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$2,081,209	\$2,056,027	-	-	-	-	-	-	-	-
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

### Governmental Funds

Major Capital Reserve Capital Projects Fund – This fund is used to fund ongoing capital needs such as site acquisition, building additions and equipment purchases.

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

### Agency Fund

Pupil Activity – This fund is used to account for assets held by the District in a trustee capacity or as an agent for others.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
MAJOR CAPITAL RESERVE CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budget</u>		Actual	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Earnings on Investments	400	400	611	211
Other Local Sources	-	-	-	-
State Sources	-	-	-	-
<u>Total Revenue</u>	<u>400</u>	<u>400</u>	<u>611</u>	<u>211</u>
<u>Expenditures</u>				
Land and Land Sites	-	-	-	-
Equipment	-	-	-	-
Vehicle - Other	-	-	-	-
Buildings & Improvements	396,422	396,422	310,852	85,570
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Contingency Reserves	-	-	-	-
<u>Total Expenditures</u>	<u>396,422</u>	<u>396,422</u>	<u>310,852</u>	<u>85,570</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(396,022)</u>	<u>(396,022)</u>	<u>(310,241)</u>	
<u>Other Financing Sources (Uses)</u>				
Transfers	-	-	-	-
Proceeds from Insurance	-	-	145,231	145,231
Legal Settlement	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>145,231</u>	<u>145,231</u>
<u>Net Change in Fund Balances</u>	<u>(396,022)</u>	<u>(396,022)</u>	<u>(165,010)</u>	
<u>FUND BALANCE, July 1</u>	<u>396,022</u>	<u>396,022</u>	<u>396,022</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>231,012</u>	

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 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	3,000	2,792	(208)
Earnings on Investments	25	28	3
Other	-	1,446	1,446
<u>State Sources</u>			
School Lunches	2,000	1,927	(73)
<u>Federal Sources</u>			
School Lunches	215,000	209,841	(5,159)
Commodities	<u>15,000</u>	<u>14,022</u>	<u>(978)</u>
<u>Total Revenues</u>	<u>235,025</u>	<u>230,056</u>	<u>(4,969)</u>
 <u>EXPENDITURES</u>			
Salaries	50,500	51,973	(1,473)
Employee Benefits	15,840	13,071	2,769
Purchased Services – Professional	-	-	-
Purchased Services – Property	3,100	4,026	(926)
Purchased Services - Other	4,500	4,587	(87)
Supplies and Materials	169,485	155,859	13,626
Capital Outlay	1,500	638	862
Other	100	58	42
Commodities	<u>-</u>	<u>14,022</u>	<u>(14,022)</u>
<u>Total Expenditures</u>	<u>245,025</u>	<u>244,234</u>	<u>791</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(10,000)	(14,178)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>10,000</u>	<u>10,000</u>	<u>-</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>			
	-	(4,178)	
<u>FUND BALANCE, Beginning</u>	<u>-</u>	<u>16,267</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>12,089</u>	

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
PUPIL ACTIVITY AGENCY FUND  
SCHEDULE OF ACTIVITIES BUDGET AND ACTUAL  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>ADDITIONS:</u>			
Earnings on Investments	-	-	-
Other Local Sources	<u>165,000</u>	<u>266,482</u>	<u>101,482</u>
<u>Total Additions</u>	<u>165,000</u>	<u>266,482</u>	<u>101,482</u>
<u>DEDUCTIONS:</u>			
Activity Expenditures	273,372	248,951	24,421
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Deductions</u>	<u>273,372</u>	<u>248,951</u>	<u>24,421</u>
Net Increase (Decrease) in Deposits Held for Others	(108,372)	17,531	
Deposits Held for Others – Beginning of Year	<u>108,372</u>	<u>108,372</u>	
Deposits Held for Others – End of Year	<u>-</u>	<u>125,903</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 0770 - CROWLEY COUNTY RE-1-J  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

Fund Type & Number	Revenues, Expenditures, & Fund Balance by Fund	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	68800 Ending Fund Balance	6700-6799 Prior Per Adj (68800) Ending Fund Balance
<b>Governmental</b>					
10 General Fund	1,623,374	4,517,953	4,111,736	2,029,591	0
18 Risk Mgmt-Sub-Fund of General Fund	0	0	0	0	0
19 Colorado Preschool Program Fund	0	190,282	190,282	0	0
<b>Sub-Total</b>	<b>1,623,374</b>	<b>4,708,235</b>	<b>4,302,019</b>	<b>2,029,591</b>	<b>2,029,591</b>
11 Charter School Fund	0	0	0	0	0
20 36-29 Special Revenue Fund	0	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0	0
21 Food Service Spec Revenue Fund	16,267	240,056	244,234	12,089	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0	0
25 Transportation Fund	0	0	0	0	0
31 Bond Redemption Fund	0	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0	0
41 Building Fund	0	0	0	0	0
42 Special Building Fund	0	0	0	0	0
43 Capital Reserve Capital Projects Fund	396,021	145,843	310,852	231,612	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0	0
<b>Totals</b>	<b>3,025,622</b>	<b>5,044,135</b>	<b>4,612,105</b>	<b>3,277,693</b>	<b>3,277,693</b>
<b>Proprietary</b>					
50 Other Enterprise Funds	0	0	0	0	0
54 (63) Risk-Related Activity Fund	0	0	0	0	0
60 65-69 Other Internal Service Funds	0	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>					
70 Other Trust and Agency Funds	0	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0	0
73 Agency Fund	0	0	0	0	0
74 Pupil Activity Agency Fund	106,372	266,482	246,951	125,903	0
79 GASB 34/Permanent Fund	0	0	0	0	0
85 Foundations	0	0	0	0	0
<b>Totals</b>	<b>106,372</b>	<b>266,482</b>	<b>246,951</b>	<b>125,903</b>	<b>125,903</b>

FINAL



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
 District-0770 - CROWLEY COUNTY RE-1-1  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	298,922	0	0	0	0	12,871	0	231,012	0	0	0	0	0	0	668,709
Cash with Fiscal Agent (8105)	62,737	0	0	0	0	0	0	0	0	0	0	0	0	0	62,737
Other Investment Accounts (8112-8115)	1,946,351	0	0	0	0	0	0	0	0	0	0	0	0	0	1,946,351
Taxes Receivable (8121, 8122)	71,400	0	0	0	0	0	0	0	0	0	0	0	0	0	71,400
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	68,611	0	0	0	0	0	0	0	0	0	0	0	0	0	68,611
Other Receivables (8151-8154,8161)	7,114	0	0	0	0	0	0	0	0	0	0	0	0	0	7,114
Inventories (8171,8172,8173)	0	0	0	0	0	5,468	0	0	0	0	0	0	0	0	5,468
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>2,455,735</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,340</b>	<b>0</b>	<b>231,012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125,903</b>	<b>0</b>	<b>2,830,351</b>

Fiduciary

Proprietary

Governmental

	General Funds 10-12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-29	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 50-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
<b>LIABILITIES &amp; FUND EQUITY</b>															
<b>LIABILITIES</b>															
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	25,329	0	0	0	0	15	0	0	0	0	0	0	0	0	25,344
Accrued Expenses (7461)	337,815	0	0	0	0	6,235	0	0	0	0	0	0	0	0	344,050
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	62,400	0	0	0	0	0	0	0	0	0	0	0	0	0	62,400
<b>Total Liabilities</b>	<b>405,544</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>431,794</b>

Fiduciary

Proprietary

Governmental

FUND EQUITY	Governmental										Proprietary					Fiduciary		Totals
	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				
Non-spendable Fund Balance 6710	0	0	0	0	0	5,468	0	0	0	0	0	0	0	0	0	5,468		
Restricted Fund Balance 6720	0	0	0	0	0	6,621	0	0	0	0	0	0	0	0	0	6,621		
TABOR 3% Emergency Reserve 6721	136,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	136,000		
TABOR Multi-Year 6722	109,838	0	0	0	0	0	0	0	0	0	0	0	0	0	0	109,838		
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	0		
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Risk-Related / Restricted Capital Reserve 6726	0	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	0		
Committed Fund Balance 6750	0	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	0		
Unassigned Fund Balance 6770	1,783,733	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,783,733		
Invested in Capital Assets, Net of Related Debt 6790	0	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	0		
Unrestricted Net Assets 6792	0	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	0		
<b>Total Fund Equity</b>	<b>2,029,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,089</b>	<b>0</b>	<b>231,012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125,903</b>	<b>0</b>	<b>0</b>	<b>2,398,596</b>		

FUND EQUITY	Governmental										Proprietary					Fiduciary		Totals
	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				
Total Liabilities & Fund Equity	2,455,135	0	0	0	0	18,340	0	231,012	0	0	0	0	125,903	0	0	2,830,390		

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