

cPa DIXON, WALLER & CO., INC.

DEBEQUE SCHOOL

DISTRICT 49JT

DEBEQUE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
JUNE 30, 2018

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DEBEQUE SCHOOL DISTRICT NUMBER 49JT
ROSTER OF SCHOOL OFFICIALS
June 30, 2018

BOARD OF EDUCATION

Dustin Sandidge	President
Adrian Walck	Vice President
Wendy Chapman	Secretary-Treasurer
Kevin Pittman	Member
Brennan Rigsby	Member

SCHOOL OFFICIALS

Robin Dove	Interim Superintendent
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
DeBeque School District Number 49JT
DeBeque, Colorado 81630

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeBeque School District Number 49JT, 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 DeBeque School District Number 49JT, 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 other post employment benefits trend data on pages i through viii and 44 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 DeBeque School District Number 49JT's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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


Trinidad, Colorado
November 16, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

DE BEQUE SCHOOL DISTRICT NO. 49 JT MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of De Beque School District 49 JT. ("the District") offers readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the financial statement information.

FINANCIAL HIGHLIGHTS

District-Wide Financial Statements As of June 30, 2018

1. Assets and Deferred Outflows of the District exceed its liabilities and deferred inflows by \$4,411,141. This is a decrease in net position of \$822,000.
2. The District has unrestricted net position (deficit) of (\$7,603,950)
3. By far the largest portion of the District's net position is its \$9,095,584 investment in capital assets net of accumulated depreciation and related debt.
4. The District's debt from General Obligation Bonds totals \$10,885,000.
5. The Restricted Net Position includes \$2,343,905 for debt obligations, \$467,102 for capital outlay, and \$108,500 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution.

Fund Financial Statements As of June 30, 2017

1. The District's governmental funds reported a combined ending fund balance of \$4,364,234.
2. The governmental funds combined ending fund balance includes \$2,468 in the Local Grant Fund and \$2,343,905 in Debt Service Fund.
3. The governmental funds reported total unassigned fund balance of \$1,439,578 of which \$1,439,578 is designated for subsequent year's expenditures. The combined unassigned fund balance is made up of \$1,449,204 from the General Fund and \$(9,626) from the Food Service Fund.

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$236,949. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$229,039 to \$5,233,141 from \$5,462,180 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

This discussion and analysis serves as an introduction to De Beque School District 49 JT's basic financial statements. The District's basic financial statements consist of three components:

- 1) District-wide financial statements
- 2) Fund financial statements and
- 3) Notes to the financial statements

This report also contains required and other additional information in addition to the basic financial statements.

District-wide Financial Statements:

The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They consist of two statements:

- 1) The **Statement of Net Position** presents information on all of the District's assets, liabilities and deferred flows, with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- 2) The **Statement of Activities** presents information reporting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in a statement for some items that will result in cash flows in future fiscal periods. Earned but unused leave and accrued interest expense are examples of these types of items.

Both district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the District include instruction, pupil activities, instructional support, general and school administration, business services, transportation and maintenance and operations.

The district-wide financial statements include only the District itself (known as the **primary government**).

Fund Financial Statements

A **fund** is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements. All District funds can be divided into three categories:

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the district-wide financial statements. Unlike the district-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called **modified accrual** accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed **short-term** view of the District's general government operations and may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for **governmental funds** with similar information presented for **governmental activities** in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the **governmental fund** Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The District maintains three individual governmental funds. Information is presented separately in the **governmental fund** Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund and the Debt Service Fund which are considered **major funds**. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the **non-major** governmental funds is provided in the form of **combining statements** elsewhere in the report.

Proprietary funds: The District maintains no proprietary funds.

Enterprise funds are used to report the functions presented as **business-type activities** in the district-wide financial statements. The District has no enterprise funds.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefits of parties outside the District. Fiduciary funds are not reported in the district-wide financial statements because the resources of those funds are not available for the support of the District's own programs. The accounting used for fiduciary funds is the same as proprietary funds.

Notes to the Basic Financial Statements:

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

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedules has been provided for the General fund to demonstrate compliance with the budget.

Other Information

Then combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

**DE BEQUE SCHOOL DISTRICT 49 JT
CONDENSED FINANCIAL INFORMATION**

	Condensed Statement of Net Position					
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
ASSETS	FY18	FY17	FY178	FY17	FY18	FY17
Current Assets Unrestricted	\$ 2,919,507	\$ 7,301,838	\$ -	\$ -	\$ 2,919,507	\$ 7,301,838
Current Assets Restricted	\$ 1,827,554	\$ 2,183,379	\$ -	\$ -	\$ 1,827,554	\$ 2,183,379
Capital Assets	\$ 19,980,584	\$ 17,254,289	\$ -	\$ -	\$ 19,980,584	\$ 17,254,289
Total Assets	<u>\$ 24,727,645</u>	<u>\$ 26,739,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,727,645</u>	<u>\$ 26,739,506</u>
DEFERRED OUTFLOWS						
Debt and Pension, OPEB	\$ 3,385,379	\$ 4,017,500	\$ -	\$ -	\$ 3,385,379	\$ 4,017,500
LIABILITIES						
Current Liabilities	\$ 410,400	\$ 2,843,613	\$ -	\$ -	\$ 410,400	\$ 2,843,613
Net Pension and OPEB Liability	\$ 10,613,134	\$ 9,559,503	\$ -	\$ -	\$ 10,613,134	\$ 9,559,503
Long-Term Liabilities	\$ 12,040,237	\$ 12,836,571	\$ -	\$ -	\$ 12,040,237	\$ 12,836,571
Total Liabilities	<u>\$ 23,063,771</u>	<u>\$ 25,239,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,063,771</u>	<u>\$ 25,239,687</u>
DEFERRED INFLOWS						
Pension and OPEB	\$ 638,112	\$ 55,139	\$ -	\$ -	\$ -	\$ -
NET ASSETS						
Invested in Capital Assets (Net of related debt)	\$ 9,095,584	\$ 5,749,289			\$ 9,095,584	\$ 5,749,289
Restricted	\$ 2,919,507	\$ 5,287,710			\$ 2,919,507	\$ 5,287,710
Unrestricted	\$ (7,603,950)	\$ (5,574,819)			\$ (7,603,950)	\$ (5,574,819)
Total Net Position	<u>\$ 4,411,141</u>	<u>\$ 5,462,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,411,141</u>	<u>\$ 5,462,180</u>

Financial Analysis

Restricted Net Position is made up of statutory reserves totaling \$108,500 for emergencies required by TABOR, \$- restricted for Food service, amounts held for payment of debt totaling \$2,343,905 and \$467,102 to be used in completing ongoing construction.

At year end, 38% of assets reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

**DE BEQUE SCHOOL DISTRICT 49 JT
CONDENSED STATEMENT OF CHANGES IN NET POSITION**

Revenues	Governmental Activities		Business-Type Activities		Total	
	FY18	FY17	FY18	FY17	FY18	FY17
Program revenues:						
Charges For Services	\$ 34,547	\$ 28,071	\$ -	\$ -	\$ 34,547	\$ 28,071
Operating Grants & Contrb.	\$ 202,664	\$ 129,855	\$ -	\$ -	\$ 202,664	\$ 129,855
Cap Grants & Contrb.	\$ 1,132,256	\$ 3,928,497	\$ -	\$ -	\$ 1,132,256	\$ 3,928,497
					\$ -	\$ -
					\$ -	\$ -
General Revenues						
Property and Other Taxes	\$ 2,470,507	\$ 2,507,086	\$ -	\$ -	\$ 2,470,507	\$ 2,507,086
Equalization	\$ 1,186,691	\$ 1,188,811	\$ -	\$ -	\$ 1,186,691	\$ 1,188,811
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 119,234	\$ 122,460	\$ -	\$ -	\$ 119,234	\$ 122,460
Total Revenues/Transfers	<u>\$ 5,145,899</u>	<u>\$ 7,904,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,145,899</u>	<u>\$ 7,904,780</u>
Expenses:						
Instructional services	\$ 2,022,363	\$ 1,467,734	\$ -	\$ -	\$ 2,022,363	\$ 1,467,734
Supporting Services:					\$ -	\$ -
Students	\$ 67,174	\$ 63,858	\$ -	\$ -	\$ 67,174	\$ 63,858
Instructional staff	\$ 42,904	\$ 97,053	\$ -	\$ -	\$ 42,904	\$ 97,053
District administration	\$ 245,586	\$ 259,480	\$ -	\$ -	\$ 245,586	\$ 259,480
School administration	\$ 113,595	\$ 70,099	\$ -	\$ -	\$ 113,595	\$ 70,099
Business	\$ 116,155	\$ 102,190	\$ -	\$ -	\$ 116,155	\$ 102,190
Operation/Maint.	\$ 278,014	\$ 267,752	\$ -	\$ -	\$ 278,014	\$ 267,752
Transportation	\$ 95,402	\$ 89,061	\$ -	\$ -	\$ 95,402	\$ 89,061
Central	\$ 96,466	\$ 67,958	\$ -	\$ -	\$ 96,466	\$ 67,958
Capital Outlay	\$ 499,588	\$ 13,874	\$ -	\$ -	\$ 499,588	\$ 13,874
Int. Liabilities Chg./Other	\$ 278,592	\$ 294,961	\$ -	\$ -	\$ 278,592	\$ 294,961
Pension and OPEB	\$ 2,037,479	\$ 1,666,995	\$ -	\$ -	\$ 2,037,479	\$ 1,666,995
Food Service	\$ 74,581	\$ 75,745	\$ -	\$ -	\$ 74,581	\$ 75,745
Total District Expenses	<u>\$ 5,967,899</u>	<u>\$ 4,536,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,967,899</u>	<u>\$ 4,536,760</u>
Changes in Net Position	\$ (822,000)	\$ 3,368,020	\$ -	\$ -	\$ (822,000)	\$ 3,368,020

Financial Analysis

1. Federal and State Government subsidized governmental operating activities through grants of \$202,664 and capital activities through grants of \$1,132,256.
2. Charges for Services subsidized instructional services and food operations in the amount of \$34,547.

**DE BEQUE SCHOOL DISTRICT 49 JT
FUND FINANCIAL STATEMENT ANALYSIS**

Governmental Funds

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and Support programs.

SCHEDULE OF REVENUES

	Fiscal Year 2017-2018	Fiscal Year 2016-2017	Increase (Decrease)
Property & Other Taxes	\$ 856,327	\$ 910,501	\$ (54,174)
Specific Ownership Tax	\$ 208,495	\$ 190,637	\$ 17,858
State Aid	\$ 1,286,078	\$ 1,228,582	\$ 57,496
Total School Finance	<u>\$ 2,350,900</u>	<u>\$ 2,329,720</u>	<u>\$ 21,180</u>
OTHER LOCAL	\$ 96,886	\$ 25,360	\$ 71,526
OTHER STATE	\$ -	\$ -	\$ -
FEDERAL SOURCES	\$ 76,419	\$ 60,206	\$ 16,213
Total Revenues	<u>\$ 2,524,205</u>	<u>\$ 2,415,286</u>	<u>\$ 108,919</u>

Property Taxes: *The General Fund mill levy is 3.458 for fiscal year 2017-2018 compared to 3.451 for FY 2016-2017. The increase in mills is based on a calculation provided by the Colorado Department of Education. and an decrease of mills required for abatements.*

The property tax revenues for 2018 are based upon a levy of 3.458 Mills, which includes 3.430 Program Mills , + overrides/hold harmless levy of .021 mills, and .007 for Abatement.

The 201 Total mill levy was 9.111 mills which includes the General Fund mill levy of 3.458 and the Bond Redemption Fund mill levy of 5.658mills applied against an assessed valuation of \$248,538,440

Specific Ownership Tax: *A specific ownership tax is applied to the fair market value of vehicles registered in Colorado. The tax collected when vehicle owners renew their registrations each year. The increase in specific ownership tax collections reflects a net increase in the value of vehicles registered in fiscal year 2017-2018 and an increase in the distributive share of the specific ownership tax that flows to the General Fund.*

State Equalization: *Due to a decrease in assessed valuation and an increase in student enrollment, the district received State Equalization funding.*

Specific Ownership Tax, local, state, and federal sources made up the remainder of revenue.

Other State Sources: *Other State sources consist of Gifted & Talented Funds, Special Education Funds, English Language Proficiency Act Funds, and Transportation reimbursement from the state.*

Other Federal Sources: *Sources consist of Title Grants and the Federal REAP grant for small school districts.*

Other Local Sources: *Other local sources include investment income, gate receipts, Local Grants from businesses in and around the area, and other miscellaneous revenues and donations from the oil and gas industry.*

**DE BEQUE SCHOOL DISTRICT 49 JT
Governmental Expenditures**

The following table shows the total cost of the District's major functions. It also shows the net costs for the current year

	Cost 2017-2018	Cost 2016-2017	Net Cost 2017-2018	Difference in Total Cost
INSTRUCTION	\$ 2,022,363	\$ 1,467,734	\$ 1,848,599	\$ 554,629
SUPPORT				
Pupil & Instructional	\$ 110,078	\$ 160,911	\$ 110,078	\$ (50,833)
District Administration	\$ 245,586	\$ 259,480	\$ 245,586	\$ (13,894)
School Administration	\$ 113,595	\$ 70,099	\$ 113,595	\$ 43,496
Business	\$ 116,155	\$ 102,190	\$ 116,155	\$ 13,965
Operation and Maintenance of Facilities	\$ 278,014	\$ 267,752	\$ 270,214	\$ 10,262
Transportation	\$ 95,402	\$ 89,061	\$ 80,323	\$ 6,341
Other Central Services	\$ 96,466	\$ 67,958	\$ 96,466	\$ 28,508
Debt Service	\$ 278,592	\$ 294,961	\$ 278,592	\$ (16,369)
Capital Outlay	\$ 499,588	\$ 13,874	\$ (632,668)	\$ 485,714
Pension and OPEB Cost	\$ 2,037,479	\$ 1,666,995	\$ 2,037,479	\$ 370,484
Food Service	\$ 74,581	\$ 75,745	\$ 34,013	\$ (1,164)
Total Expenditures	\$ 5,967,899	\$ 4,536,760	\$ 4,598,432	\$ (1,431,139)

The cost of all governmental activities this year was \$5,967,899. This is offset by Grants & contributions as well as charges for services. Net cost was \$4,598,432.

Instruction: Instruction expenditures increase is due to step increases on the salary schedule

Capital Assets (Net of Depreciation)

	Governmental <u>2016-2017</u>	Governmental <u>2016-2017</u>
Land & Sites	\$ 58,645.00	\$ 58,645.00
Buildings & Improvements	\$ 19,803,782.00	\$ 2,902,658.00
Equipment & Vehicles	\$ 118,157.00	\$ 149,803.00
Construction in Progress	\$ -	\$ 14,143,183.00
Total Capital Assets	<u>\$ 19,980,584.00</u>	<u>\$ 17,254,289.00</u>

Changes in Long Term Debt

	Balance <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2018</u>
General Obligation Bonds	\$ 11,505,000.00	\$ -	\$ 620,000.00	\$ 10,885,000.00
Totals	<u>\$ 11,505,000.00</u>	<u>\$ -</u>	<u>\$ 620,000.00</u>	<u>\$ 10,885,000.00</u>

**De Beque School District 49 Jt.
Fund Descriptions**

Debt Service Fund:

The Debt Service Fund is funded by property tax and specific ownership taxes collected by the two county governments, Mesa and Garfield.

The District had at the end of the 17-18 fiscal year outstanding bonded indebtedness of \$10,885,000.

Food Service Fund:

This fund is used to account for the activity in the school lunch and breakfast program. Revenues are provided through local charges and federal and state grants.

Insurance Fund:

In accordance with a directive by the Colorado Department of Education the separate fund for the purpose of paying the Liability, Property, and Student Insurance will no longer exist after 2003-04 and will be paid as a normal expenditure from the General Fund.

Fiduciary Funds:

Fiduciary funds are not reported on District-wide statements. The Agency fund was created to act as a custodian for student activity accounts. They totaled \$44,508 as of June 30, 2018.

BASIC FINANCIAL STATEMENTS

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Total
<u>ASSETS</u>		
Cash	435,532	435,532
Investments	4,262,625	4,262,625
Accounts Receivable	20,223	20,223
Accrued Revenue	-	-
Property Taxes Receivable	26,000	26,000
Inventories	2,681	2,681
Capital Assets	22,428,533	22,428,533
Accumulated Depreciation	<u>(2,447,949)</u>	<u>(2,447,949)</u>
<u>Total Assets</u>	<u>24,727,645</u>	<u>24,727,645</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Refunding	745	745
Pension	3,375,386	3,375,386
Other Post Employment Benefits	<u>9,248</u>	<u>9,248</u>
<u>Total Deferred Outflow of Resources</u>	<u>3,385,379</u>	<u>3,385,379</u>
<u>LIABILITIES</u>		
Accounts Payable	224,393	224,393
Accrued Salaries and Benefits	149,185	149,185
Accrued Interest Payable	36,822	36,822
NonCurrent Liabilities:		
Bond Payments Due Within One Year	635,000	635,000
Bond Due in More Than One Year	10,250,000	10,250,000
Unamortized Bond Premium	1,155,237	1,155,237
Net Pension Liability	10,376,185	10,376,185
Net OPEB Liability	<u>236,949</u>	<u>236,949</u>
<u>Total Liabilities</u>	<u>23,063,771</u>	<u>23,063,771</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	633,958	633,958
Other Post Employment Benefits	<u>4,154</u>	<u>4,154</u>
<u>Total Deferred Inflow of Resources</u>	<u>638,112</u>	<u>638,112</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	9,095,584	9,095,584
Restricted for:		
Debt	2,343,905	2,343,905
TABOR Reserve	108,500	108,500
Food Service	-	-
Capital Outlay	467,102	467,102
Unrestricted	<u>(7,603,950)</u>	<u>(7,603,950)</u>
<u>TOTAL NET POSITION</u>	<u>4,411,141</u>	<u>4,411,141</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	79,207	352,697	1,160	2,468	435,532
Investments	1,600,288	329,985	2,332,352	-	4,262,625
Accounts Receivable	20,223	-	-	-	20,223
Accrued Revenue	-	-	-	-	-
Inventories	-	-	-	2,681	2,681
Due From Other Funds	5,251	-	-	-	5,251
Property Taxes Receivable	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>26,000</u>
<u>Total Assets</u>	<u>1,717,969</u>	<u>682,682</u>	<u>2,346,512</u>	<u>5,149</u>	<u>4,752,312</u>
<u>LIABILITIES:</u>					
Accounts Payable	8,813	215,580	-	-	224,393
Accrued Salaries and Benefits	144,810	-	-	4,375	149,185
Due To Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,251</u>	<u>5,251</u>
<u>Total Liabilities</u>	<u>153,623</u>	<u>215,580</u>	<u>-</u>	<u>9,626</u>	<u>378,829</u>
<u>DEFERRED INFLOW OF RESOURCES</u>					
Property Tax	<u>6,642</u>	<u>-</u>	<u>2,607</u>	<u>-</u>	<u>9,249</u>
<u>FUND BALANCES:</u>					
Nonspendable					
Inventories	-	-	-	2,681	2,681
Restricted					
Emergency Reserve	108,500	-	-	-	108,500
Debt Service	-	-	2,343,905	-	2,343,905
Food Service	-	-	-	-	-
Capital Outlay	-	467,102	-	-	467,102
Assigned					
Capital Outlay	-	-	-	2,468	2,468
Unassigned	<u>1,449,204</u>	<u>-</u>	<u>-</u>	<u>(9,626)</u>	<u>1,439,578</u>
<u>Total Fund Balances</u>	<u>1,557,704</u>	<u>467,102</u>	<u>2,343,905</u>	<u>(4,477)</u>	<u>4,364,234</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>					
	<u>1,717,969</u>	<u>682,682</u>	<u>2,346,512</u>	<u>5,149</u>	<u>4,752,312</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
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>	4,364,234
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$22,428,533 and the accumulated depreciation is \$2,447,949.	19,980,584
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.	9,249
Interest is recognized when paid in the funds. This is accrued interest payable to year end.	(36,822)
Premiums received when debt is issued are recognized as revenues in the funds. They are amortized as an interest adjustment in the government wide statements. The remaining unamortized premium is:	(1,155,237)
Long-term liabilities, including certificates of participation and general obligation bonds are not due and payable in the current period and therefore are not reported in funds.	(10,884,255)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(10,376,185)
Net Other Post Employment Benefits Liability	(236,949)
Deferred Outflows	3,384,634
Deferred Inflows	<u>(638,112)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>4,411,141</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	<u>General</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	856,327	-	1,400,853	-	2,257,180
Specific Ownership taxes	208,495	-	-	-	208,495
Earnings on Investments	19,640	17,105	25,693	-	62,438
Other Local Sources	77,246	20,000	387	22,210	119,843
State Aid	1,286,078	1,103,756	-	1,062	2,390,896
Federal Aid	76,419	-	-	25,796	102,215
Total Revenues	<u>2,524,205</u>	<u>1,140,861</u>	<u>1,426,933</u>	<u>49,068</u>	<u>5,141,067</u>
EXPENDITURES					
Current:					
Instructional Services	1,492,809	-	-	-	1,492,809
Supporting Services:					
Students	67,174	-	-	-	67,174
Instructional Staff	42,904	-	-	-	42,904
District Administration	236,297	-	-	-	236,297
School Administration	113,595	-	-	-	113,595
Business	116,155	-	-	-	116,155
Operation & Maintenance of Facilities	276,029	-	-	-	276,029
Transportation	77,991	-	-	-	77,991
Central	96,466	-	-	-	96,466
Food Service	-	-	-	74,581	74,581
Debt Service:					
Principal	-	-	620,000	-	620,000
Interest	-	-	454,888	-	454,888
Capital Outlay	-	3,778,090	-	6,032	3,784,122
Total Expenditures	<u>2,519,420</u>	<u>3,778,090</u>	<u>1,074,888</u>	<u>80,613</u>	<u>7,453,011</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,785</u>	<u>(2,637,229)</u>	<u>352,045</u>	<u>(31,545)</u>	<u>(2,311,944)</u>
OTHER FINANCING SOURCES (USES):					
Transfers	(25,000)	-	-	25,000	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(20,215)	(2,637,229)	352,045	(6,545)	(2,311,944)
FUND BALANCE – Beginning	<u>1,577,919</u>	<u>3,104,331</u>	<u>1,991,860</u>	<u>2,068</u>	<u>6,676,178</u>
FUND BALANCES – Ending	<u>1,557,704</u>	<u>467,102</u>	<u>2,343,905</u>	<u>(4,477)</u>	<u>4,364,234</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 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 (2,311,944)

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

Capital Outlays more than \$5,000	3,778,089	
Loss on Disposition of Assets	(493,555)	
Depreciation Expense	<u>(558,239)</u>	2,726,295

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities.

4,832

The governmental funds report debt proceeds as another financing source, while repayment of debt principal is reported as an expenditure. The effect of discounts and 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:

Repayment of Debt Principal	620,000	
Interest Expense	<u>176,296</u>	796,296

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

Pension Cost	(2,034,663)	
Other Post Employment Benefits Cost	<u>(2,816)</u>	<u>(2,037,479)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (822,000)

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2018

	<u>Student Activities Fund</u>
<u>ASSETS</u>	
Cash	44,508
Investments	-
Deposits Held For Others	-
<u>Total Assets</u>	<u>44,508</u>
<u>LIABILITIES</u>	
Due to Student Groups	44,508
Accounts Payable	-
<u>Total Liabilities</u>	<u>44,508</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the DeBeque School District Number 49JT (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

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

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in DeBeque School District Number 49JT. 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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
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 inflows when levied and as revenues when due for collection in the following year and determined to be available.

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

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

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
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, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds
 1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
 2. Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
 3. Capital Project Fund – used to account for building and facility construction and improvement funded by debt and grants.

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 revenue. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
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 (6-50 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.

J. Deferred Outflows / Inflows of Resources

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows / Inflows of Resources (continued)

In addition to liabilities, the statements of financial position and governmental balance sheets 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.

K. Constitutional Amendment

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

In November of 1996 the registered voters approved a ballot resolution authorizing DeBeque School District Number 49JT to collect, retain and expend all revenues collected during 1994 & 1995 and any subsequent year from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2018 the District reserved \$108,500 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.

L. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2017 property tax calendar for Mesa and Garfield Counties 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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
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. Interest Expense

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

O. GASB Statement No. 54

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

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

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. GASB Statement No. 54 (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>Local Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Food Service Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>Non-spendable:</u>						
Inventories	-	-	-	2,681	-	2,681
<u>Restricted:</u>						
Emergencies	108,500	-	-	-	-	108,500
Preschool	-	-	-	-	-	-
Debt Service	-	-	2,343,905	-	-	2,343,905
Multi-Year						
Agreements	-	-	-	-	-	-
Food Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	467,102	467,102
<u>Assigned:</u>						
Capital Outlay	-	2,468	-	-	-	2,468
<u>Unassigned</u>	<u>1,449,204</u>	<u>-</u>	<u>-</u>	<u>(9,626)</u>	<u>-</u>	<u>1,439,578</u>
<u>Total Fund</u>						
<u>Balances</u>	<u>1,557,704</u>	<u>2,468</u>	<u>2,343,905</u>	<u>(6,945)</u>	<u>467,102</u>	<u>4,364,234</u>

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Items Eliminated

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	25,000
Food Service	<u>25,000</u>	-
	<u>25,000</u>	<u>25,000</u>

NOTE 3 BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 BUDGETARY INFORMATION (Continued)

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, Debt Service and Special Revenue Funds.
6. Budgets for the General, Debt Service, Capital Project and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds although measurement of operations is not required in the financial statements.

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

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

NOTE 4 CASH AND INVESTMENTS

Deposits

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 CASH AND INVESTMENTS (Continued)

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	216,395	231,971
Cash with County Treasurer	<u>13,645</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>480,040</u>	<u>481,971</u>

As presented above, deposits with a bank balance of \$231,971 and a carrying balance of \$216,395 as of June 30, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

At June 30, 2018, the District had the following investments:

	<u>Investment</u> External	<u>Maturity</u>	<u>Value</u>
COLOTRUST	Investment Pool	Under 60 Day Average	4,262,625

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The investment in COLOTRUST were rated AAAM by Standard & Poor's.

Concentration of Credit Risk – the District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of June 30, 2018:

- COLOTRUST – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Non-Depreciable Assets:</u>					
Land	58,645	-	-	-	58,645
<u>Total Non-Depreciable Assets</u>	<u>58,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,645</u>
<u>Depreciable Assets:</u>					
Buildings & Site					
Improvements	5,197,108	-	1,322,977	17,815,956	21,690,087
Food Service Equipment	26,545	7,144	-	-	33,689
Vehicles	268,396	-	-	-	268,396
Equipment	598,313	98,172	318,769	-	377,716
Construction in Progress	14,143,183	3,672,773	-	(17,815,956)	-
<u>Total Depreciable Assets</u>	<u>20,233,545</u>	<u>3,778,089</u>	<u>1,641,746</u>	<u>-</u>	<u>22,369,888</u>
<u>Less Accumulated</u>					
<u> Depreciation for:</u>					
Building & Site					
Improvements	2,294,450	527,146	935,291	-	1,886,305
Food Service Equipment	26,545	476	-	-	27,021
Equipment & Vehicles	716,906	30,617	212,900	-	534,623
<u>Total Accumulated</u>					
<u>Depreciation</u>	<u>3,037,901</u>	<u>558,239</u>	<u>1,148,191</u>	<u>-</u>	<u>2,447,949</u>
<u>Total Capital Assets, Net</u>	<u>17,254,289</u>	<u>3,219,850</u>	<u>493,555</u>	<u>-</u>	<u>19,980,584</u>

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

Governmental Activities:

Instruction	529,078
General Administration Support	9,289
Food Service	476
Operations and Maintenance	1,985
Transportation	17,411
<u>Total Depreciation Expense –Governmental Activities</u>	<u>558,239</u>

NOTE 6 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, and June 30, 2018, are estimated to be \$149,185. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7

PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. DeBeque School District Number 49JT 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 DeBeque School District Number 49JT are provided with pensions through the School Division Trust Fund (SCHDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investment/pera-financial-reports.

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

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 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 DeBeque School District Number 49JT 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 DeBeque School District Number 49JT is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from DeBeque School District Number 49JT were \$285,635 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 DeBeque School District Number 49JT reported a liability of \$10,376,185 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 DeBeque School District Number 49JT proportion of the net pension liability was based on DeBeque School District Number 49JT 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 DeBeque School District Number 49JT proportion was 0.0321 percent, which was equal to its proportion measured as of December 31, 2016.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 PENSION PLAN (Continued)

For the year ended June 30, 2018, the DeBeque School District Number 49JT recognized pension expense of \$2,034,663. At June 30, 2018, the DeBeque School District Number 49JT 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	190,774	-
Changes of assumptions or other inputs	2,649,425	(16,813)
Net difference between projected and actual earnings on pension plan investments	205,704	(613,185)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	177,049	(3,960)
Contributions subsequent to the measurement date	152,434	N/A
Total	3,375,386	(633,958)

\$152,434 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	1,764,343
2020	970,106
2021	7,841
2022	(153,296)
2023	-
Thereafter	-

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 **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%.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE 7

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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

Sensitivity of the DeBeque School District Number 49JT 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	13,106,886	10,376,185	8,150,975

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

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

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

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

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

At June 30 2018, the DeBeque School District Number 49JT reported a liability of \$10,376,185 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 DeBeque School District Number 49JT'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%	4,687,870

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 \$4,843,668 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 DeBeque School District Number 49JT that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$29,636.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE 8

OTHER POST EMPLOYMENT BENEFITS

Defined Benefit And Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. DeBeque School District Number 49JT participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Plan description. Eligible employees of the DeBeque School District Number 49JT are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 **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 DeBeque School District Number 49JT is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from DeBeque School District Number 49JT were \$15,420 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 DeBeque School District Number 49JT reported a liability of \$236,949 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 DeBeque School District Number 49JT proportion of the net OPEB liability was based on DeBeque School District Number 49JT 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 DeBeque School District Number 49JT proportion was 0.018 percent, which was equal to its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the DeBeque School District Number 49JT recognized OPEB expense of \$2,816. At June 30, 2018, the DeBeque School District Number 49JT 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	1,121	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(3,964)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(190)
Contributions subsequent to the measurement date	8,127	N/A
Total	9,248	(4,154)

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (Continued)

\$8,127 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	(808)
2020	(808)
2021	(808)
2022	(808)
2023	183
Thereafter	16

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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 **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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 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:

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 **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 DeBeque School District Number 49JT 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	230,429	236,949	244,801

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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE 8 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 DeBeque School District Number 49JT 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	266,405	236,949	211,807

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.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 COMPENSATED ABSENCES

There is no material liability for compensated absences at June 30, 2018.

NOTE 10 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

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

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

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

Total Assets	42,273,940
Total Liabilities	<u>11,655,251</u>
Total Surplus	<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>
Return of Capital Contributions to Members	-
Unassigned Surplus	<u><u>30,618,689</u></u>

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 11 LONG-TERM DEBT

On April 23, 2008, the District issued \$2,165,000 in General Obligation Refunding Bonds with an average interest rate of 3.56% to advance refund \$2,165,000 of outstanding 1998 General Obligation Bonds bearing interest rates ranging from 3.3% to 4.7%. Refunding proceeds of \$2,241,975 were deposited with an escrow agent to provide debt service payments of \$2,165,000 in principal and \$686,227 in interest on the 1998 Series bonds. As a result, that portion of 1998 Bonds is considered to be defeased and the liability for the issue has been removed from the financial statements.

The District completed the advance refunding to reduce the total debt service payments over the next 11 years by \$93,840 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$79,694.

As a result of the difference between the requisition price and the carrying amount of the old debt (including unamortized issue costs), a deferred refunding was recorded in the amount of \$76,975. It is being amortized against interest costs of the refunding issue.

The amount of debt outstanding on the refunded 1998 General Obligation Bonds at June 30, 2018 was \$265,000.

Below is a schedule of debt service requirements to maturity:

<u>2008 Refunding Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
	2019	<u>255,000</u>	<u>5,737</u>

On December 10, 2015 the District issued \$8,525,000 in General Obligation Bonds (Series 2015) with an interest rate of 4% to acquire, repair, construct and improve District capital assets. The District realized a premium in addition to the bond proceeds of \$1,471,816. Interest will be paid every six months and principal will be paid annually beginning in 2022. The first interest payment was made on June 1, 2016.

Below is a schedule of debt service requirements to maturity:

Series 2015 G.O. Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	-	353,200
2020	-	353,200
2021	-	353,200
2022	385,000	345,500
2023	765,000	322,500
2024	800,000	291,200
2025	830,000	258,600
2026	865,000	224,700
2027	895,000	188,381
2028	935,000	149,494
2029	975,000	108,906
2030	1,015,000	66,619
2031	<u>1,060,000</u>	<u>22,525</u>
	<u>8,525,000</u>	<u>3,038,025</u>

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 11 LONG-TERM DEBT (Continued)

On January 6, 2016 the District issued \$2,855,000 in General Obligation Bonds (Series 2016) with an interest rate of 4% (3% on the 2020 maturity) to acquire, repair, construct and improve District capital assets. The District realized a premium in addition to the bond proceeds of \$245,894. Interest will be paid every six months and principal will be paid annually beginning in 2017. The first interest payment was made on June 1, 2016.

Below is a schedule of debt service requirements to maturity:

Series 2016 G. O. Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	380,000	69,600
2020	675,000	48,500
2021	700,000	24,500
2022	<u>350,000</u>	<u>7,000</u>
	<u>2,105,000</u>	<u>149,600</u>

Changes in Long-Term Debt

	<u>Beginning Balance 7-1-2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6-30-2018</u>	<u>Due Within One Year</u>
General Obligation:					
Bonds - 2008	500,000	-	245,000	255,000	255,000
Bonds - 2015	8,525,000	-	-	8,525,000	-
Bonds - 2016	<u>2,480,000</u>	<u>-</u>	<u>375,000</u>	<u>2,105,000</u>	380,100
	<u>11,505,000</u>	<u>-</u>	<u>620,000</u>	<u>10,885,000</u>	

NOTE 12 RISK MANAGEMENT

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

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

NOTE 13 INTERFUND ACTIVITY

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

Food Service Fund	\$25,000
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NOTE 14 BUDGET OVERAGE

The expenditures of the Food Service Special Revenue Fund exceeded amounts budgeted by \$413.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 DEFICIT FUND BALANCE

The Food Service Fund had a deficit fund balance of \$6,945 at June 30, 2018.

NOTE 16 RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$5,462,180 has been changed by the net OPEB liability at June 30, 2017 of \$(236,617) and related deferred flows of \$7,578, resulting in a restated beginning net position of \$5,233,141.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and changes in Fund Balance – Budget and Actual – General Fund

Pension Trend Data

OPEB Trend Data

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	880,000	852,487	856,327	3,840
Specific Ownership Taxes	142,000	75,042	208,495	133,453
Earnings on Investments	4,100	4,100	19,640	15,540
Delinquent Taxes & Interest	3,000	3,000	201	(2,799)
Other	29,800	29,800	77,045	47,245
<u>State Sources</u>				
Equalization	1,100,000	1,185,676	1,186,691	1,015
Transportation	15,000	17,500	15,079	(2,421)
Other	90,565	95,765	84,308	(11,457)
<u>Federal Sources</u>				
Designated Purpose Grants	75,000	71,340	76,419	5,079
TOTAL REVENUES	<u>2,339,465</u>	<u>2,334,710</u>	<u>2,524,205</u>	<u>189,495</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
<u>Regular Programs</u>				
Salaries	984,753	984,753	1,017,033	(32,280)
Employee Benefits	211,766	211,766	218,620	(6,854)
Purchased Services - Professional	14,100	14,100	18,089	(3,989)
Purchased Services - Property	10,400	10,400	22,736	(12,336)
Purchased Services - Other	17,000	17,000	55,196	(38,196)
Supplies and Materials	54,905	54,905	109,065	(54,160)
Property	11,500	11,500	40,515	(29,015)
Other Objects	8,000	8,000	11,555	(3,555)
<u>Total Instruction</u>	<u>1,312,424</u>	<u>1,312,424</u>	<u>1,492,809</u>	<u>(180,385)</u>
 <u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	56,967	56,967	53,687	3,280
Employee Benefits	11,251	11,251	11,536	(285)
Purchased Services - Professional	-	-	-	-
Purchased Services - Property	-	-	-	-
Purchased Services - Other	-	-	129	(129)
Supplies and Materials	2,000	2,000	1,822	178
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>70,218</u>	<u>70,218</u>	<u>67,174</u>	<u>3,044</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Instructional Staff</u>				
Salaries	19,315	19,315	24,685	(5,370)
Employee Benefits	4,181	4,181	5,301	(1,120)
Purchased Services – Professional	-	-	1,060	(1,060)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	6,257	(6,257)
Supplies and Materials	7,250	7,250	5,601	1,649
Property	-	-	-	-
<u>Total Instructional Staff</u>	<u>30,746</u>	<u>30,746</u>	<u>42,904</u>	<u>(12,158)</u>
<u>General Administration</u>				
Salaries	114,180	114,180	114,180	-
Employee Benefits	25,822	25,822	27,133	(1,311)
Purchased Services – Professional	35,000	35,000	48,074	(13,074)
Purchased Services – Property	-	-	645	(645)
Purchased Services – Other	22,250	22,250	39,039	(16,789)
Supplies and Materials	7,000	7,000	7,012	(12)
Property	500	500	-	500
Other Objects	6,000	6,000	214	5,786
<u>Total General Administration</u>	<u>210,752</u>	<u>210,752</u>	<u>236,297</u>	<u>(25,545)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	59,509	59,509	61,240	(1,731)
Employee Benefits	12,484	12,484	19,110	(6,626)
Purchased Services – Professional	28,000	28,000	26,626	1,374
Purchased Services – Other	2,000	2,000	4,525	(2,525)
Supplies and Materials	1,000	1,000	1,319	(319)
Property	-	-	775	(775)
Other Objects	500	500	-	500
<u>Total School Administration</u>	<u>103,493</u>	<u>103,493</u>	<u>113,595</u>	<u>(10,102)</u>
<u>Business Services</u>				
Salaries	62,416	62,416	70,600	(8,184)
Employee Benefits	13,201	13,201	15,246	(2,045)
Purchased Services – Professional	10,500	10,500	24,583	(14,083)
Purchased Services – Other	-	-	-	-
Supplies and Materials	750	750	3,907	(3,157)
Property	500	500	856	(356)
Other Objects	-	-	963	(963)
<u>Total Business Services</u>	<u>87,367</u>	<u>87,367</u>	<u>116,155</u>	<u>(28,788)</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Operations and Maintenance</u>				
Salaries	112,428	112,428	113,250	(822)
Employee Benefits	22,015	22,015	24,496	(2,481)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	33,750	33,750	26,828	6,922
Purchased Services – Other	-	-	-	-
Supplies and Materials	91,000	91,000	107,448	(16,448)
Property	-	-	4,007	(4,007)
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>259,193</u>	<u>259,193</u>	<u>276,029</u>	<u>(16,836)</u>
<u>Student Transportation</u>				
Salaries	22,275	22,275	23,960	(1,685)
Employee Benefits	4,825	4,825	9,589	(4,764)
Purchased Services – Professional	300	300	100	200
Purchased Services – Property	8,000	8,000	10,430	(2,430)
Purchased Services – Other	500	500	266	234
Supplies and Materials	19,500	19,500	16,521	2,979
Property	20,400	20,400	17,125	3,275
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>75,800</u>	<u>75,800</u>	<u>77,991</u>	<u>(2,191)</u>
<u>Central Support</u>				
Purchased Services – Other	76,140	76,140	83,707	(7,567)
Supplies and Materials	15,000	15,000	12,759	2,241
Property	-	-	-	-
<u>Total Central Support</u>	<u>91,140</u>	<u>91,140</u>	<u>96,466</u>	<u>(5,326)</u>
<u>Facilities Acquisition and Construction</u>				
Property	-	-	-	-
<u>TOTAL SUPPORTING SERVICES</u>	<u>928,709</u>	<u>928,709</u>	<u>1,026,611</u>	<u>(97,902)</u>
<u>Appropriated Reserves</u>	<u>1,653,191</u>	<u>1,646,496</u>	-	<u>1,646,496</u>
<u>TOTAL EXPENDITURES</u>	<u>3,894,324</u>	<u>3,887,629</u>	<u>2,519,420</u>	<u>1,368,209</u>
<u>Revenues Over (Under) Expenditures</u>	(1,554,859)	(1,552,919)	4,785	
<u>Other Financing Sources (Uses)</u>				
Transfers	(25,000)	(25,000)	(25,000)	-
<u>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</u>	(1,579,859)	(1,577,919)	(20,215)	
<u>FUND BALANCE, July 1</u>	<u>1,579,859</u>	<u>1,577,919</u>	<u>1,577,919</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>-</u>	<u>1,557,704</u>	

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 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)	0.0321%	0.0321%	0.0299%	0.0284%	0.0289%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$10,376,185	\$9,559,503	\$4,582,400	\$3,844,452	\$3,681,132	-	-	-	-	-
District's covered-employee payroll	\$1,511,810	\$1,454,918	\$1,400,541	\$1,268,830	\$1,135,354	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	686%	657%	327%	303%	324%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.80%	64.06%	-	-	-	-	-

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 285,635	\$ 267,526	\$ 248,724	\$ 214,377	\$ 181,505	\$ 166,635	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(285,635)</u>	<u>\$(267,526)</u>	<u>\$(248,724)</u>	<u>\$(214,377)</u>	<u>\$(181,505)</u>	<u>\$(166,635)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$1,511,810	\$1,454,918	\$1,400,541	\$1,268,830	\$1,135,354	\$1,099,913	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.89%	18.39%	17.76%	16.90%	15.99%	15.15%	-	-	-	-

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 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)	0.0182%	0.0182%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$236,949	\$236,617	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,511,810	\$1,454,918	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.67%	16.26%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.71%	-	-	-	-	-	-	-	-

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 15,420	\$ 14,840	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (15,420)</u>	<u>\$ (14,840)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,511,810	\$1,454,818	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Bond Redemption Debt Service Fund

Bond Redemption Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest and related costs.

Capital Project

Capital Project Fund – used to account for the construction of facilities and buildings funded by debt and grants.

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Local Grant Fund

This fund is used to account for the use of a local grant designated for facility improvements.

Food Service Fund

This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Fiduciary Fund Types

Student Activity Fund – This fund accounts for activities of student clubs and organizations.

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

	<u>Special Revenue Funds</u>		Total Non-Major Governmental Funds
	Local Grant Fund	Food Service	
<u>ASSETS</u>			
Cash	2,468	-	2,468
Inventories	-	2,681	2,681
Accounts Receivable	-	-	-
<u>Total Assets</u>	<u>2,468</u>	<u>2,681</u>	<u>5,149</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Accrued Salaries	-	4,375	4,375
Due To Other Funds	-	5,251	5,251
Other Payables	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>9,626</u>	<u>9,626</u>
 <u>Fund Balances:</u>			
Nonspendable			
Inventories	-	2,681	2,681
Restricted:			
Food Service	-	-	-
Assigned			
Capital Outlay	2,468	-	2,468
Unassigned	-	(9,626)	(9,626)
<u>Total Fund Balances</u>	<u>2,468</u>	<u>(6,945)</u>	<u>(4,477)</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	<u>2,468</u>	<u>2,681</u>	<u>5,149</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Local Grant</u>	<u>Food</u>	<u>Non-Major</u>
	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>
			<u>Funds</u>
<u>REVENUES</u>			
Earnings on Investments	-	-	-
Other Local Sources	8,500	13,710	22,210
State Aid	-	1,062	1,062
Federal Aid	-	<u>25,796</u>	<u>25,796</u>
<u>Total Revenues</u>	<u>8,500</u>	<u>40,568</u>	<u>49,068</u>
<u>EXPENDITURES</u>			
Instruction	-	-	-
Food Service	-	74,581	74,581
Capital Outlay	<u>6,032</u>	-	<u>6,032</u>
<u>Total Expenditures</u>	<u>6,032</u>	<u>74,581</u>	<u>80,613</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
	2,468	(34,013)	(31,545)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	<u>25,000</u>	<u>25,000</u>
<u>NET CHANGE IN FUND BALANCES</u>			
	2,468	(9,013)	(6,545)
<u>FUND BALANCES, Beginning</u>			
	-	<u>2,068</u>	<u>2,068</u>
<u>FUND BALANCES, Ending</u>			
	<u>2,468</u>	<u>(6,945)</u>	<u>(4,477)</u>

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 BOND REDEMPTION DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Property Taxes	1,399,700	1,400,853	1,153
Specific Ownership Taxes	-	-	-
Other Local Sources	4,500	387	(4,113)
Earnings on Investments	800	25,693	24,893
<u>Total Revenues</u>	<u>1,405,000</u>	<u>1,426,933</u>	<u>21,933</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal	620,000	620,000	-
Interest	455,000	454,888	112
Other Fees	500	-	500
Appropriated Reserves	<u>2,321,360</u>	<u>-</u>	<u>2,321,360</u>
<u>Total Expenditures</u>	<u>3,396,860</u>	<u>1,074,888</u>	<u>2,321,972</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(1,991,860)</u>	 <u>352,045</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 <u>(1,991,860)</u>	 <u>352,045</u>	
 <u>FUND BALANCES, July 1</u>	 <u>1,991,860</u>	 <u>1,991,860</u>	
 <u>FUND BALANCES, June 30</u>	 <u>-</u>	 <u>2,343,905</u>	

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Earnings on Investments	40,000	17,105	(22,895)
Other Local Revenue	-	20,000	20,000
State Grant Revenue	<u>1,760,000</u>	<u>1,103,756</u>	<u>(656,244)</u>
<u>Total Revenues</u>	<u>1,800,000</u>	<u>1,140,861</u>	<u>(659,139)</u>
 <u>EXPENDITURES</u>			
Buildings and Site Improvements	4,904,331	3,778,090	1,126,241
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>4,904,331</u>	<u>3,778,090</u>	<u>1,126,241</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 (3,104,331)	 (2,637,229)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 (3,104,331)	 (2,637,229)	
 <u>FUND BALANCES, July 1</u>	 <u>3,104,331</u>	 <u>3,104,331</u>	
 <u>FUND BALANCES, June 30</u>	 <u>-</u>	 <u>467,102</u>	

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 FOOD SERVICE – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	17,150	13,710	(3,440)
Earnings on Investments	-	-	-
Other	-	-	-
<u>State Sources</u>			
School Lunches	950	1,062	112
<u>Federal Sources</u>			
School Lunches	24,000	20,800	(3,200)
Commodities	<u>5,000</u>	<u>4,996</u>	<u>(4)</u>
<u>Total Revenues</u>	<u>47,100</u>	<u>40,568</u>	<u>(6,532)</u>
<u>EXPENDITURES</u>			
Salaries	37,697	39,959	(2,262)
Employee Benefits	8,153	8,675	(522)
Purchased Services – Professional	600	-	600
Purchased Services – Property	2,000	720	1,280
Purchased Services - Other	-	-	-
Food Purchases	21,000	16,716	4,284
Capital Outlay	-	-	-
Commodities	1,000	4,996	(3,996)
Non-Food Supplies	1,650	3,515	(1,865)
Appropriated Reserves	<u>2,068</u>	<u>-</u>	<u>2,068</u>
<u>Total Expenditures</u>	<u>74,168</u>	<u>74,581</u>	<u>(413)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(27,068)	(34,013)	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(2,068)	(9,013)	
<u>FUND BALANCE, July 1 (as Restated)</u>	<u>2,068</u>	<u>2,068</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>(6,945)</u>	

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 LOCAL GRANT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Earnings on Investments	-	-	-
Local Grant	<u>8,500</u>	<u>8,500</u>	<u>-</u>
<u>Total Revenues</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
 <u>EXPENDITURES</u>			
Instruction	-	-	-
Pupil Support	-	-	-
Capital Outlay	<u>8,500</u>	<u>6,032</u>	<u>2,468</u>
<u>Total Expenditures</u>	<u>8,500</u>	<u>6,032</u>	<u>2,468</u>
 <u>REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	-	2,468	
 <u>FUND BALANCE, July 1</u>	<u>-</u>	<u>-</u>	
 <u>FUND BALANCE, June 30</u>	<u>-</u>	<u>2,468</u>	

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

DEBEQUE SCHOOL DISTRICT NUMBER 49JT
 STUDENT ACTIVITY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>RECEIPTS</u>			
Other Local	<u>30,000</u>	<u>62,956</u>	<u>32,956</u>
<u>Total Receipts</u>	<u>30,000</u>	<u>62,956</u>	<u>32,956</u>
 <u>EXPENDITURES</u>			
Pupil Activities	<u>87,137</u>	<u>75,585</u>	<u>11,552</u>
 <u>Net Increase (Decrease) in Deposits Held</u>	 (57,137)	 (12,629)	
 <u>Deposits Held – Beginning of Year</u>	 <u>57,137</u>	 <u>57,137</u>	
 <u>Deposits Held – End of Year</u>	 <u>—</u>	 <u>44,508</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: 1980 - DE BEQUE 49JT
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	1,577,919	2,407,933	2,438,148	1,557,704
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	91,272	91,272	0
Sub-Total	1,577,919	2,499,205	2,519,420	1,557,704
11 Charter School Fund	0	0	0	0
20-26-29 Special Revenue Fund	0	8,500	6,032	2,468
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	2,068	65,568	74,581	-6,945
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,991,862	1,426,933	1,074,882	2,343,906
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	3,104,331	1,140,851	3,778,089	467,102
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
45 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	6,676,173	5,141,067	7,453,610	4,364,235
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60-65-60 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
76 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	57,137	62,957	75,585	44,508
79 GASB 34-Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	57,137	62,957	75,585	44,508



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1980 - DE BEQUE 49JT
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	1,654,628	0	12,382	2,468	0	0	2,332,352	682,682	0	0	0	44,508	0	4,729,021
Cash with Fiscal Agent (8105)	12,485	0	0	0	0	0	1,160	0	0	0	0	0	0	13,645
Taxes Receivable (8121,8122)	13,000	0	0	0	0	0	13,000	0	0	0	0	0	0	26,000
Interfund Loans Receivable (8131,8132)	5,251	0	0	0	0	0	0	0	0	0	0	0	0	5,251
Grants Accounts Receivable (8142)	20,223	0	0	0	0	0	0	0	0	0	0	0	0	20,223
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories (8171,8172,8173)	0	0	0	0	0	2,681	0	0	0	0	0	0	0	2,681
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	1,705,587	0	12,382	2,468	0	2,681	2,346,513	682,682	0	0	0	44,508	0	4,796,822

Governmental

Proprietary

Fiduciary

	Governmental										Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
LIABILITIES & FUND EQUITY																	
LIABILITIES																	
Interfund Payables (7401,7402)	0	0	0	0	0	5,251	0	0	0	0	0	0	0	0	5,251		
Intergovernmental Payables (7411)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other Payables (7421-7423)	8,813	0	0	0	0	0	0	215,580	0	0	0	0	0	0	224,393		
Accrued Expenses (7461)	132,428	0	12,382	0	0	4,374	0	0	0	0	0	0	0	0	149,184		
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Deferred Inflow (7800)	6,542	0	0	0	0	0	2,607	0	0	0	0	0	0	0	9,249		
Total Liabilities	147,883	0	12,382	0	0	9,625	2,607	215,580	0	0	0	0	0	0	386,077		

Governmental Proprietary Fiduciary

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 63	Trust & Agency Funds 70-79	Foundations Fund 85	
Non-spendable Fund Balance 6710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	0	0	0	2,343,906	457,102	0	0	0	0	0	0	2,811,008
TABOR 3% Emergency Reserve 6721	108,500	0	0	0	0	0	0	0	0	0	0	0	0	0	108,500
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	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
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	2,468	0	0	0	0	0	0	0	0	44,508	0	46,976
Unassigned Fund Balance 6770	1,449,204	0	0	0	0	-6,945	0	0	0	0	0	0	0	0	1,442,259
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	1,557,704	0	0	2,468	0	-6,945	2,343,906	467,102	0	0	0	0	44,508	0	4,408,744

Total Liabilities & 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	
1,705,587	0	0	12,382	2,468	0	2,681	2,346,513	682,682	0	0	0	0	44,508	0	4,796,821

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	For Each Fund Type:	
														Do Assets=Liability+Fund Equity	Yes
1,705,587	0	12,382	2,468	0	2,681	2,346,513	682,682	0	0	0	0	44,508	0	4,796,821	Yes

For Each Fund Type:
Do Assets=Liability+Fund Equity