

**DOLORES COUNTY (DOVE CREEK)
SCHOOL DISTRICT RE-2J**

Independent Accountants' Reports
and
Basic Financial Statements
June 30, 2018



RECEIVED

Office of the State Auditor

October 9, 2018

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

TABLE OF CONTENTS

June 30, 2018

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-14
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet Governmental Funds and the Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds to the Statement of Activities	19
Major Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual	
General Fund	20-23
Food Service Fund	24
Capital Reserve Capital Projects Fund	25
Statement of Net Position Proprietary Fund	26
Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund	27
Statement of Cash Flows Proprietary Fund	28
Statement of Net Position Fiduciary Fund	29
Notes to the Financial Statements	30-64
Required Supplemental Information	65
Schedule of the District's Pension Contributions	66
Schedule of the District's Proportionate Share of the Net Pension Liability	67
Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions	68
Schedule of the District's Proportionate Share of the Net Other Post Employment (OPEB) Plan Liability	69
Other Supplementary Information	70
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual	
Debt Service Fund	
Bond Redemption Fund	71
Schedule of Revenues, Expenses and Changes in Net Position-Budget and Actual-Proprietary Fund Type Enterprise Fund	
Teacherage Fund	72
Schedule of Revenues, Expenditures and Changes in Due to Agency Recipients-Budget and Actual	73
Colorado Department of Education Auditors' Integrity Report	74

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Dolores County (Dove Creek) School District RE-2J
Dove Creek, Colorado 81324

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dolores County (Dove Creek) School District RE-2J, Colorado 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 of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Dolores County (Dove Creek) School District RE-2J, Colorado as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Food Service Fund and the Capital Reserve Capital Projects Fund for the year then ended in conformity 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, Schedule of the District's Pension Contributions, Schedule, of the District's Proportionate Share of the Net Pension Liability, Schedule of Other Post-Employment Benefits (OPEB) Plan Contributions, and Schedule of the District's Proportionate Share of the Net Other Post Benefits (OPEB) Plan Liability, as listed in the table of contents, 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 Dolores County (Dove Creek) School District RE-2J, Colorado's basic financial statements. The other supplemental information and information required by oversight authorities, including the budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Majors and Haley P.C.

Majors and Haley PC
August 27, 2018

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2018

MANGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Dolores County (Dove Creek) School District RE-2J, Colorado's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The District's net position decreased \$1,425,759 as result of this year's operations.
 - Net position of governmental activities decreased \$1,434,444. This decrease was solely the result of the District's share of PERA pension and OPEB plan expense which, in net, totaled \$2,357,674.
 - Net position of business-type activities, the Teacherage Fund, increased \$8,685 or 16%.
- The Districts total revenue was \$4,968,444 which is an increase of \$820,007 from \$4,148,437 in the prior year.
 - The increase is due, for the most part, to the receipt of delinquent tax from Kinder Morgan and Federal Forest Service collections of from the previous year.
 - General revenues (primarily state equalization and property tax) accounted for \$4,516,017 in revenue or 91% of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$452,427 or the remaining 9%.
- The District incurred \$6,394,203 in expenses which is an increase of \$599,345 from \$5,794,858 in the prior year. \$2,357,674 of the expense was due to how pension and OPEB plan expenses are presented.
 - The general revenues were not adequate by \$1,425,759 to cover \$5,941,776 in expenditures that were not offset by program specific revenues.
- The General Fund reported a \$609,195 increase in fund balance from \$1,823,858 in the prior year to \$2,433,053. This is a 33.4% increase.
 - The General Fund revenues increased \$731,705 from \$3,682,365 in the prior year to \$4,414,070 for a 19.9% decrease.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2018

- The General Fund expenditures increased \$199,514 from \$3,548,361 in the prior year to \$3,747,875. This is 5.6% increase.
- The General Fund transfer to the Food Service Fund of \$57,000 was an increase of \$2,000 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Management's Discussion and Analysis is intended to serve as an introduction to the Districts basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components.

- Government-wide financial statements.
- Fund financial statements.
- Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The Government-wide financial statements are designed to provide the reader of the District Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

- The Statement of Net Position presents information about all of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position.
- The Statement of Activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the Statement of Activities when the underlying event occurs, regardless of the timing of related cash flow. Thus, all of the revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-wide financial statements are one way to measure the District's financial health, or financial position.

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2018

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property base, student counts, and the condition of school facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities** – Most of the District's basic services are included here, such as instruction, students, food services, operations and maintenance, and administration. These activities are financed mainly through general revenues (state equalization and property tax).
- **Business-type activities**- The District charges fees to help cover the costs of certain services it provides. The District's Teacherage Fund is included here.

Fund Financial Statements

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

- **Governmental funds**- Most of the District's basic services are included in governmental funds, which 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 the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Proprietary funds**- Services for which the District charges a fee are generally reported in proprietary funds. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2018

similar to the private sector. Proprietary funds are reported in the same way as the government-wide financial statements.

- ***Fiduciary funds-*** The District is the agent, or fiduciary, for assets that belong to others, such as the Student Trust Agency Fund. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$(4,219,768) at the close of the most recent fiscal year.

Net investment in capital assets (e.g. land and improvements, buildings, and equipment net any related debt to acquire those assets that is still outstanding) represents \$2,532,492 of the net position. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

An additional \$1,177,853 of the net position represents resources that are subject to external restrictions on how they may be used. \$155,000 of the restricted net position is an emergency reserve required by the Tabor amendment; \$18,285 for insurance; \$14,104 for food services; \$2,311 for capital improvements and \$988,153 is for the repayment of the general obligation bonds.

The remaining \$(7,930,113) is unrestricted net position. The negative balance is due to the PERA pension and OPEB plan items, \$(10,288,388), representing the District's net share of the state plans.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2018**

The following table indicates a summary of the Statement of Net Position for Governmental Activities as of June 30, 2018 and 2017.

Table 1

Comparative Summary of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 3,778,581	\$ 3,047,883	\$ 32,330	\$ 21,746	\$ 3,810,911	\$ 3,069,629
Capital assets, net of depreciation	3,405,154	3,557,583	30,677	32,576	3,435,831	3,590,159
Total Assets	7,183,735	6,605,466	63,007	54,322	7,246,742	6,659,788
Deferred Outflows of Resources	3,793,421	4,714,307			3,793,421	4,714,307
Liabilities						
Current liabilities	289,332	283,258			289,332	283,258
Noncurrent liabilities	14,381,288	13,493,218			14,381,288	13,493,218
Total Liabilities	14,670,620	13,776,476			14,670,620	13,776,476
Deferred Inflows of Resources	589,311	102,882			589,311	102,882
Net Position						
Net investment in capital assets	2,501,815	2,301,151	30,677	32,576	2,532,492	2,333,727
Restricted	1,177,853	1,063,938			1,177,853	1,063,938
Unrestricted	(7,962,443)	(5,924,674)	32,330	21,746	(7,930,113)	(5,902,928)
Net Position	\$ (4,282,775)	\$ (2,559,585)	\$ 63,007	\$ 54,322	\$ (4,219,768)	\$ (2,505,263)

At the close of the most recent fiscal year current assets comprised 52.6% of total assets, increasing from 46.1% in the prior year. Investments in capital assets, less depreciation make up the remaining 47.4% of assets. Accrued wages and benefits represent 94.2% of the total current liabilities. Accrued wages and benefits occur when teachers and certain other District employee's work nine or ten months of the year but are paid over a full twelve months. Current liabilities increased \$6,074 from \$283,258 to \$289,332. There was a net increase in noncurrent liabilities from the prior year of \$888,070. The net increase was the result of the net pension liability increase of \$940,255; \$300,908 net OPEB plan liability; (\$2,100) decrease in accrued sick leave; (\$325,000) in general obligation current year debt payments; and lease payment of (\$25,993). Deferred outflows of resources net of deferred inflows of resources decreased \$1,407,315.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2018**

The following table indicates the Summary of Net Position for Governmental and Business-type activities in for the year ending June 30, 2018 and 2017.

Table 2

Comparative Summary of Changes in Net Position
For the Year Ending June 30, 2018 and 2017

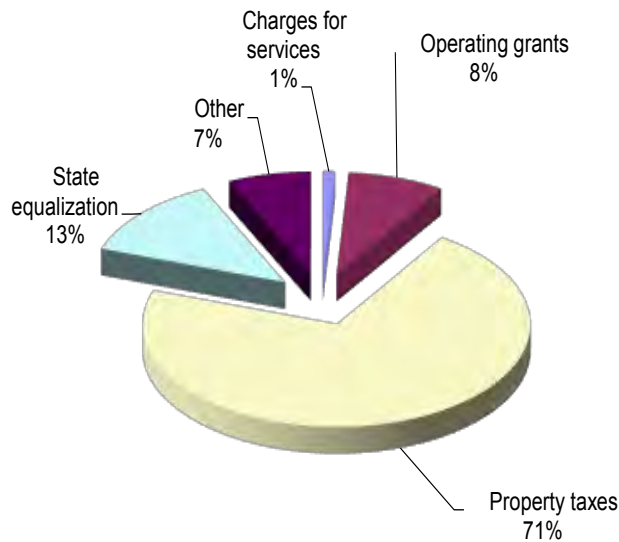
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 25,156	\$ 24,256	\$ 25,004	\$ 22,558	\$ 50,160	\$ 46,814
Operating grants	402,267	306,280			402,267	306,280
General revenues						
Property tax	3,537,445	3,141,129			3,537,445	3,141,129
State equalization	635,743	382,995			635,743	382,995
Other	342,712	271,153	117	66	342,829	271,219
Total Revenues	4,943,323	4,125,813	25,121	22,624	4,968,444	4,148,437
Expenses						
Instructional	3,515,722	3,174,745			3,515,722	3,174,745
Students	221,900	202,970			221,900	202,970
Instructional staff	154,512	147,236			154,512	147,236
General administration	243,943	176,810			243,943	176,810
School administration	518,518	463,318			518,518	463,318
Business services	144,101	134,113			144,101	134,113
Operations and maint	670,805	583,386			670,805	583,386
Student transportation	390,373	407,466			390,373	407,466
Central support	176,037	149,681			176,037	149,681
Food service operations	166,352	155,469			166,352	155,469
Facilities	11,884				11,884	-
Other	300	300			300	300
Teachergage operations			16,436	18,830	16,436	18,830
Interest on long-term debt	22,533	28,562			22,533	28,562
Unallocated depreciation	140,787	151,972			140,787	151,972
Total Expenses	6,377,767	5,776,028	16,436	18,830	6,394,203	5,794,858
Change in Net Position	(1,434,444)	(1,650,215)	8,685	3,794	(1,425,759)	(1,646,421)
Net Position - Beginning As Restated		(909,370)	54,322	50,528	54,322	(858,842)
	(2,848,331)				(2,848,331)	
Net Position - Ending	\$ (4,282,775)	\$ (2,559,585)	\$ 63,007	\$ 54,322	\$ (4,219,768)	\$ (2,505,263)

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2018**

State equalization and property taxes accounted for most of the District's total revenue for the most recent fiscal year, with each contributing 13 percent and 71 percent respectively (See Table 3). Another 8 percent came from state and federal grants and the remainder 8 percent from charges for services and miscellaneous sources.

**Table 3
Sources of Revenue for Fiscal Year 2018**

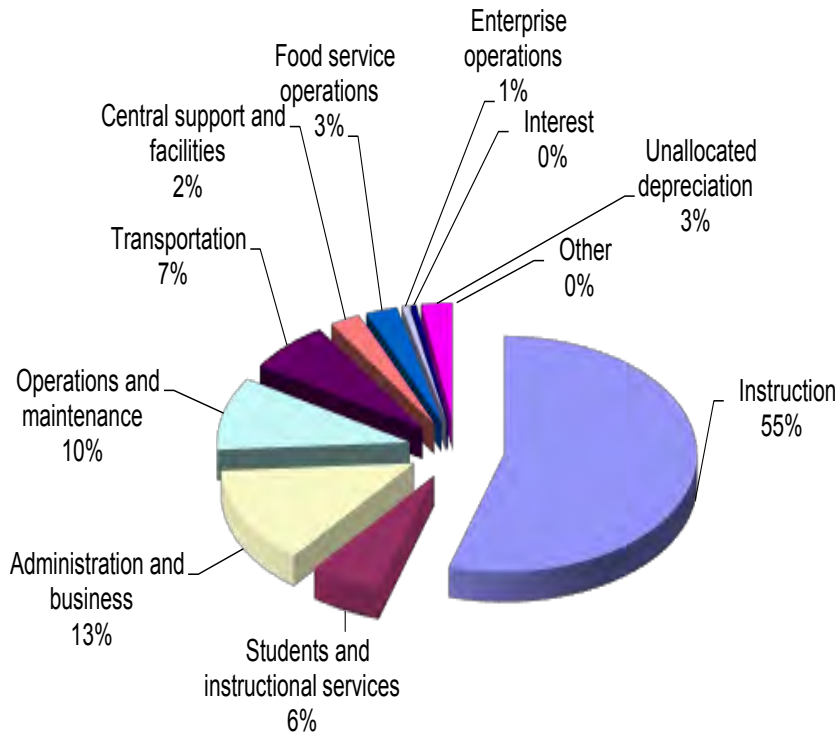


DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2018**

The District's expenses for the most recent fiscal year are predominately related to students and instructional services and instruction, which total 61 percent of all expenses (See Table 4). The District's administrative and business activities accounted for an additional 13 percent of total costs.

**Table 4
Expenses for Fiscal Year 2018**



DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2018

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA) which is based on a funded pupil count formula and a standardized maximum statewide property tax mill levy. Under the SFA the District received \$10,151.51 per funded student. This is \$881.98 less than the previous year of \$11,033.49. In fiscal year 2018 the funded pupil count was 284 (this included 37.5 from a one-time multi district with the SJBOCS) (254.1 and 260.8 in previous two years). Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District received 22.09 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

Table 5
Statement of Activities for Fiscal Year 2018 and 2017

	Governmental Activities			
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2018	2017	2018	2017
Instruction	\$ 3,515,722	\$ 3,174,745	\$ 3,209,969	\$ 2,965,473
Students and instructional services	376,412	350,206	372,912	346,706
Administration and business	906,562	774,241	903,357	771,521
Operations and maintenance	670,805	583,386	669,805	583,386
Transportation	390,373	407,466	341,092	357,058
Central support and facilities	187,921	149,681	187,921	145,941
Food service operations	166,352	155,469	101,668	94,573
Interest on long-term debt	22,533	28,562	22,533	28,562
Unallocated depreciation	140,787	151,972	140,787	151,972
Other	300	300	300	300
Total	\$ 6,377,767	\$ 5,776,028	\$ 5,950,344	\$ 5,445,492

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2018

- The cost of all governmental activities during the year was \$6,377,767.
- \$25,156 of the cost was financed by the users of the District's programs.
- Federal and state government subsidized certain programs with \$402,267 of operating grants.
- However, \$4,515,900 of the District's costs was financed by State and District taxpayers. This portion of governmental activities was financed with general revenues that consisted primarily of \$635,743 state equalization from the School Finance Act of 1994 (SFA) and \$3,769,353 in property and specific ownership taxes.

Business-type Activities

Business-type activities are made up of the Teacherage Fund. This fund had revenues of \$25,121 and expenses of \$16,436. Business-type activities receive no support from tax revenue.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's major governmental funds include the General Fund, Food Service Fund, Bond Redemption Fund and Capital Reserve Capital Projects Fund. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$4,943,323 and expenditures of \$4,216,557.

General Fund Budgetary Highlights

The District's budget process is consistent with current Colorado statutes that require a proposed budget be presented to the Board of Directors by June 1, with budget adoption by June 30. The law provides for school boards to adjust revenues and expenditures through January 31st of each year. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget by making an increase in appropriations.

- Increases in appropriations were due the receipt of additional grant funds that were not anticipated at the time of the original budget.
- Actual expenditures were \$2,055,754 below budget of which \$1,499,118 is appropriated reserves.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2018**

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2018, the District has invested \$7,432,204 in buildings and equipment (including vehicles), of this total \$7,315,995 was from governmental activities.

**Table 6
Capital Assets
June 30, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Buildings	\$ 6,206,778	\$ 6,206,778	\$ 116,209	\$ 116,209	\$ 6,322,987	\$ 6,322,987
Equipment	1,109,217	1,120,732			1,109,217	1,120,732
Total	<u>\$ 7,315,995</u>	<u>\$ 7,327,510</u>	<u>\$ 116,209</u>	<u>\$ 116,209</u>	<u>\$ 7,432,204</u>	<u>\$ 7,443,719</u>

Additional information on the District's capital assets can be found in the notes to the financial statements at note 3 on page 39 of this report.

LONG-TERM DEBT

General obligation bonds were issued in December of 2000 for the construction of a new high school. In 2005 the District refinanced a portion of the bonds through advance refunding. On September 4, 2014, the District issued \$2,035 000 in general obligation refunding bonds, Series 2014. During fiscal year 2017, the District paid principal of \$325,000 taking the balance to \$795,000. In fiscal year 2017 the District entered into a lease agreement for a 2011 14 passenger bus for \$39,500. In fiscal year 2017 the District entered into a lease agreement for two 2017 Ford Expeditions for \$79,829. Both lease agreements are serviced by the General Fund and all payments and obligations are subject to annual appropriation by the Board of Education. Additional information can be found in Note 5 on page 40 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2018**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Dolores County (Dove Creek) School District RE-2J, P.O. Box 459, Dove Creek, Colorado 81324.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 3,579,207	\$ 32,330	\$ 3,611,537
Cash with fiscal agent	102,206		102,206
Property tax receivable	74,285		74,285
Grants accounts receivable	14,176		14,176
Other receivables	2,530		2,530
Inventories	6,177		6,177
Capital assets net of accumulated depreciation	3,405,154	30,677	3,435,831
Total Assets	<u>7,183,735</u>	<u>63,007</u>	<u>7,246,742</u>
Deferred Outflows of Resources			
Pensions, net of accumulated amortization	3,782,626		3,782,626
OPEB plan, net of accumulated amortization	10,795		10,795
Total Deferred Outflows of Resources	<u>3,793,421</u>		<u>3,793,421</u>
Liabilities			
Accounts payable	16,651		16,651
Wages and related benefits payable	272,681		272,681
Non-current liabilities			
Due within one year	405,010		405,010
Due in more than one year	498,329		498,329
Net pension liability	13,177,041		13,177,041
Net OPEB plan liability	300,908		300,908
Total Liabilities	<u>14,670,620</u>		<u>14,670,620</u>
Deferred Inflows of Resources			
Unearned revenue - property taxes	45,451		45,451
Pensions, net of accumulated amortization	538,826		538,826
OPEB plan, net of accumulated amortization	5,034		5,034
Total Deferred Inflows of Resources	<u>589,311</u>		<u>589,311</u>
Net Position			
Net investment in capital assets	2,501,815	30,677	2,532,492
Restricted			
TABOR	155,000		155,000
Insurance	18,285		18,285
Food Service	14,104		14,104
Debt Service	988,153		988,153
Capital Improvements	2,311		2,311
Unrestricted	(7,962,443)	32,330	(7,930,113)
Total Net Position	<u>\$ (4,282,775)</u>	<u>\$ 63,007</u>	<u>\$ (4,219,768)</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instructional Program Services	\$ 3,515,722	\$ 2,424	\$ 303,329		\$ (3,209,969)		\$ (3,209,969)
Support Program Services							
Students	221,900				(221,900)		(221,900)
Educational library	154,512		3,500		(151,012)		(151,012)
General administration	243,943				(243,943)		(243,943)
School administration	518,518	3,205			(515,313)		(515,313)
Business	144,101				(144,101)		(144,101)
Operation and maintenance	670,805	1,000			(669,805)		(669,805)
Student transportation	390,373		49,281		(341,092)		(341,092)
Central support	176,037				(176,037)		(176,037)
Food service operations	166,352	18,527	46,157		(101,668)		(101,668)
Facility	11,884				(11,884)		(11,884)
Other	300				(300)		(300)
Interest on long-term debt	22,533				(22,533)		(22,533)
Depreciation excluding amounts directly allocated to programs	140,787				(140,787)		(140,787)
Total Governmental Activities	<u>6,377,767</u>	<u>25,156</u>	<u>402,267</u>		<u>(5,950,344)</u>		<u>(5,950,344)</u>
Business-Type Activities							
Teacherage operations	16,436	25,004				\$ 8,568	8,568
Total Business-Type Activities	<u>16,436</u>	<u>25,004</u>	<u>-</u>			<u>8,568</u>	<u>8,568</u>
Total School District	<u>\$ 6,394,203</u>	<u>\$ 50,160</u>	<u>\$ 402,267</u>	<u>\$ -</u>	<u>(5,950,344)</u>	<u>8,568</u>	<u>(5,941,776)</u>
General Revenues							
Current property tax for general purposes					2,642,645		2,642,645
Specific ownership tax for general purposes					121,364		121,364
Current property tax for debt repayment					341,685		341,685
Delinquent taxes and interest on taxes for general purposes					553,115		553,115
Delinquent taxes and interest on taxes for debt payment					110,544		110,544
Intergovernmental							
State Equalization					635,743		635,743
Federal Forest/Division of Wildlife					37,359		37,359
Mineral Lease					56,294		56,294
Earnings on investments					17,151	117	17,268
Total General Revenues					<u>4,515,900</u>	<u>117</u>	<u>4,516,017</u>
Changes in Net Position					(1,434,444)	8,685	(1,425,759)
Net Position Beginning of the Year (as restated)					(2,848,331)	54,322	(2,794,009)
Net Position End of the Year					<u>\$ (4,282,775)</u>	<u>\$ 63,007</u>	<u>\$ (4,219,768)</u>

The accompanying notes to the financial statements are an integral part of this statements.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets					
Cash on hand and in banks	\$ 2,582,201	\$ 20,391	\$ 974,304	\$ 2,311	\$ 3,579,207
Cash with fiscal agent	91,659		10,547		102,206
Property tax receivable	66,647		7,638		74,285
Grants accounts receivable	14,176				14,176
Other receivable		2,530			2,530
Inventory		6,177			6,177
Total Assets	<u>\$ 2,754,683</u>	<u>\$ 29,098</u>	<u>\$ 992,489</u>	<u>\$ 2,311</u>	<u>\$ 3,778,581</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 16,651				\$ 16,651
Wages and related benefits payable	263,864	\$ 8,817			272,681
Total Liabilities	<u>280,515</u>	<u>8,817</u>			<u>289,332</u>
Deferred inflows of resources					
Unearned revenue - property tax	<u>41,115</u>		<u>\$ 4,336</u>		<u>45,451</u>
Fund balances					
Nonspendable - inventory		6,177			6,177
Restricted					
TABOR	155,000				155,000
Insurance	18,285				18,285
Food Service		14,104			14,104
Debt Service			988,153		988,153
Capital Improvements				\$ 2,311	2,311
Assigned for FY19 expenditures	2,259,768				2,259,768
Total Fund Balances	<u>2,433,053</u>	<u>20,281</u>	<u>988,153</u>	<u>2,311</u>	<u>3,443,798</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,754,683</u>	<u>\$ 29,098</u>	<u>\$ 992,489</u>	<u>\$ 2,311</u>	<u>\$ 3,778,581</u>

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total Fund Balance Governmental Funds \$ 3,443,798

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$ 7,315,995	
Accumulated depreciation	(3,910,841)	
		<u>3,405,154</u>

Long-term liabilities and related items, including net pension liability, deferred outflows of resources and deferred inflows of resources, are not due and payable in the current year, and, therefore, are not reported in the governmental funds.

Due within one year	(405,010)	
Due in more than one year	(498,329)	
Net pension obligation	(13,177,041)	
Deferred outflows of resources related to pensions - net	3,782,626	
Deferred inflows of resources related to pensions - net	(538,826)	
Net OPEB plan obligation	(300,908)	
Deferred outflows of resources related to OBEB plan obligation - net	10,795	
Deferred inflows of resources related to OBEB plan obligation- net	(5,034)	
		<u>(11,131,727)</u>

Total Net Position Governmental Activities \$ (4,282,775)

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Food Service Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Revenues					
Current property taxes	\$ 2,642,645		\$ 341,685		\$ 2,984,330
Specific ownership taxes	121,364				121,364
Delinquent taxes and interest on taxes	553,115		110,544		663,659
State Equalization	635,743				635,743
State sources	196,306	\$ 1,279			197,585
Federal sources	222,792	44,878			267,670
Other	42,105	18,527	12,287	\$ 53	72,972
Total Revenues	<u>4,414,070</u>	<u>64,684</u>	<u>464,516</u>	<u>53</u>	<u>4,943,323</u>
Expenditures					
Instructional program services	2,142,027				2,142,027
Support program services					
Students	125,665				125,665
Educational Library	87,641				87,641
General administration	153,018				153,018
School administration	280,898				280,898
Business	76,764				76,764
Operations and maintenance	478,950				478,950
Student transportation	227,294				227,294
Central support	146,241				146,241
Food service operations		112,348			112,348
Facility				11,884	11,884
Other			300		300
Debt service					
Principal	25,994		325,000		350,994
Interest	3,383		19,150		22,533
Total Expenditures	<u>3,747,875</u>	<u>112,348</u>	<u>344,450</u>	<u>11,884</u>	<u>4,216,557</u>
Other Financing Sources (Uses)					
Transfers in (out)	(57,000)	57,000			-
Total Other Financing Sources (Uses)	<u>(57,000)</u>	<u>57,000</u>			<u>-</u>
Excess revenue and other sources over (under) expenditures and other uses	609,195	9,336	120,066	(11,831)	726,766
Fund Balance, Beginning	1,823,858	10,945	868,087	14,142	2,717,032
Fund Balance, Ending	<u>\$ 2,433,053</u>	<u>\$ 20,281</u>	<u>\$ 988,153</u>	<u>\$ 2,311</u>	<u>\$ 3,443,798</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

Net Change in Fund Balances Governmental Funds \$ 726,766

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 8,000	
Depreciation expense	(160,429)	
		(152,429)

Governmental funds report debt issuance proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt is as follows:

Principal payment of long-term debt	350,993	
		350,993

Governmental funds expenditures related to pension obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas in the Statement of Activities, they are measured on the full accrual basis. This amount represents the change in net pension liability, pension-related deferred outflows and inflows of resources.

Pension contributions	344,390	
Pension expense	(2,699,863)	
OPEB contributions	18,604	
OPEB expense	(20,805)	
		(2,357,674)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in government funds.

(Increase) Decrease in accrued sick leave		(2,100)
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Change in Net Position of Governmental Activities \$ (1,434,444)

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Current property taxes	\$ 2,498,000	\$ 2,498,000	\$ 2,642,645	\$ 144,645
Specific ownership taxes	88,000	88,000	121,364	33,364
Delinquent taxes and interest on taxes	4,000	555,610	553,115	(2,495)
Earnings on investments	600	600	5,256	4,656
Other	25,100	25,100	36,849	11,749
Total Revenues from Local Sources	2,615,700	3,167,310	3,359,229	191,919
Revenues from State Sources				
State grants from CDE				
State equalization	400,000	613,166	635,743	22,577
Transportation	35,000	35,000	49,281	14,281
Small attendance center aid	5,000	5,000	10,664	5,664
Colorado read act	12,000	12,000	16,280	4,280
Colorado library	3,000	3,000	3,500	500
Small rural schools	85,000	85,000	91,745	6,745
Additional at risk			1,617	1,617
State grants flow through SJBOCES				
Special education			8,786	8,786
Gifted and talented	7,700	7,700	4,240	(3,460)
Other state grants				
Vocational education	10,000	10,000	10,193	193
Total Revenues from State Sources	557,700	770,866	832,049	61,183
Revenues from Federal Sources				
Federal grants from CDE				
Title I, Part A Grant	45,000	47,696	47,692	(4)
Title II, Part A Teacher Improvement Grant	14,000	9,868	9,806	(62)
Title IV, Part A Student Support Grant		10,000	10,000	-
Other federal grants				
Title VI, Part B REAP - Summer School Grant	15,000	23,031	23,031	-
Perkins Grant	8,000	8,000	9,877	1,877
Stud Grant			29,178	29,178
Mineral lease			56,294	56,294
Federal forest			20,084	20,084
Division of Wildlife			16,830	16,830
Total Revenues from Federal Sources	82,000	98,595	222,792	124,197
Total Revenues	3,255,400	4,036,771	4,414,070	377,299

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
Instructional Programs				
Salaries	\$ 1,213,000	\$ 1,268,187	\$ 1,135,233	\$ 132,954
Employee benefits	484,800	499,560	407,230	92,330
Purchased services				
Professional and technical	16,600	16,600	6,330	10,270
Property	11,500	11,500	9,694	1,806
Other	167,500	171,050	345,810	(174,760)
Supplies	178,950	185,212	174,659	10,553
Property	69,450	79,531	59,119	20,412
Other	5,000	5,000	3,952	1,048
Total Instructional Programs	<u>2,146,800</u>	<u>2,236,640</u>	<u>2,142,027</u>	<u>94,613</u>
Support Services				
Students				
Salaries	80,000	80,000	79,651	349
Employee benefits	34,500	34,500	31,296	3,204
Purchased services				
Professional and technical	15,000	15,000	13,504	1,496
Supplies	6,000	6,000	1,214	4,786
Total Students	<u>135,500</u>	<u>135,500</u>	<u>125,665</u>	<u>9,835</u>
Education Library Services				
Salaries	53,000	53,000	55,348	(2,348)
Employee benefits	29,000	29,000	25,757	3,243
Purchased services				
Professional and technical	10,000	10,000		10,000
Supplies	6,600	6,600	6,536	64
Total Education Library Services	<u>98,600</u>	<u>98,600</u>	<u>87,641</u>	<u>10,959</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Administration				
Salaries	\$ 47,900	\$ 47,900	\$ 75,255	\$ (27,355)
Employee benefits	17,700	17,700	14,620	3,080
Purchased services				
Professional and technical	39,500	39,500	40,878	(1,378)
Property	2,800	2,800	2,884	(84)
Other	9,600	9,600	6,484	3,116
Supplies	3,500	3,500	5,891	(2,391)
Property	2,300	2,300		2,300
Other	8,000	8,000	7,006	994
Total General Administration	131,300	131,300	153,018	(21,718)
School Administration				
Salaries	195,000	195,000	196,672	(1,672)
Employee benefits	84,500	84,500	80,685	3,815
Purchased services				
Other	1,500	1,500	336	1,164
Supplies	1,500	1,500		1,500
Other	4,300	4,705	3,205	1,500
Total School Administration	286,800	287,205	280,898	6,307
Business Services				
Salaries	58,600	58,600	55,733	2,867
Employee benefits	23,800	23,800	18,848	4,952
Purchased services				
Other	7,800	7,800	1,435	6,365
Supplies	3,000	3,000	748	2,252
Property	1,000	1,000		1,000
Total Business Services	94,200	94,200	76,764	17,436
Operations and Maintenance				
Salaries	167,500	167,500	161,845	5,655
Employee benefits	70,200	70,200	61,419	8,781
Purchased services				
Property	50,500	50,500	30,901	19,599
Other	37,600	37,600	26,774	10,826
Supplies	160,300	160,300	135,034	25,266
Property	114,000	114,000	62,977	51,023
Total Operations and Maintenance	600,100	600,100	478,950	121,150

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Student Transportation				
Salaries	\$ 155,500	\$ 155,500	\$ 122,289	\$ 33,211
Employee benefits	39,000	39,000	37,794	1,206
Purchased services				
Professional and technical	1,000	1,000	312	688
Other	3,300	3,300	864	2,436
Supplies	64,000	64,000	66,035	(2,035)
Property	29,500	29,500		29,500
Total Student Transportation	292,300	292,300	227,294	65,006
Central Support				
Salaries	24,000	24,000	24,661	(661)
Employee benefits	14,000	14,000	12,188	1,812
Purchased services				
Professional and technical		2,000		2,000
Other	120,500	381,666	102,585	279,081
Supplies	7,000	7,000	2,691	4,309
Property			4,116	(4,116)
Total Central Support	165,500	428,666	146,241	282,425
Other Uses				
Capital Lease Payments			29,377	(29,377)
Appropriated reserves	689,944	1,499,118		1,499,118
Total Expenditures	4,641,044	5,803,629	3,747,875	2,055,754
Excess revenue over (under) expenditures	(1,385,644)	(1,766,858)	666,195	2,433,053
Other Financing Sources (Uses)				
Transfers out - Food Service Fund	(57,000)	(57,000)	(57,000)	-
Other Financing Sources (Uses)	(57,000)	(57,000)	(57,000)	-
Net Change in Fund Balance	(1,442,644)	(1,823,858)	609,195	2,433,053
Fund Balance, Beginning	1,442,644	1,823,858	1,823,858	-
Fund Balance, Ending	\$ -	\$ -	\$ 2,433,053	\$ 2,433,053

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOOD SERVICE FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Charges for services	\$ 16,175	\$ 16,175	\$ 18,527	\$ 2,352
Total Revenues from Local Sources	<u>16,175</u>	<u>16,175</u>	<u>18,527</u>	<u>2,352</u>
Revenues from State Sources				
State Lunch Grants	1,000	1,000	1,279	279
Total Revenues from State Sources	<u>1,000</u>	<u>1,000</u>	<u>1,279</u>	<u>279</u>
Revenues from Federal Sources				
National School Lunch Program Grant	38,000	38,000	32,357	(5,643)
National School Breakfast Program	6,000	6,000	6,487	487
Commodities	5,000	5,000	6,034	1,034
Total Revenues from Federal Sources	<u>49,000</u>	<u>49,000</u>	<u>44,878</u>	<u>(4,122)</u>
Total Revenues	<u>66,175</u>	<u>66,175</u>	<u>64,684</u>	<u>(1,491)</u>
Expenditures				
Food services				
Salaries	48,300	48,300	44,698	3,602
Employee benefits	26,000	26,000	20,628	5,372
Purchased services				
Other	500	500	456	44
Supplies	49,500	49,500	45,299	4,201
Property	1,000	1,000	1,267	(267)
Appropriated reserves	1,075	8,820		8,820
Total Expenditures	<u>126,375</u>	<u>134,120</u>	<u>112,348</u>	<u>21,772</u>
Excess revenue over (under) expenditures	(60,200)	(67,945)	(47,664)	20,281
Other Financing Sources (Uses)				
Transfers in (out)	57,000	57,000	57,000	-
Net Change in Fund Balance	<u>(3,200)</u>	<u>(10,945)</u>	<u>9,336</u>	<u>20,281</u>
Fund Balance, Beginning	3,200	10,945	10,945	-
Fund, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,281</u>	<u>\$ 20,281</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Earnings on investments			\$ 53	\$ 53
Total Revenues from Local Sources			<u>53</u>	<u>53</u>
Expenditures				
Facility				
Property		\$ 14,142	11,884	2,258
Appropriated reserves	\$ 12,000			-
Total Expenditures	<u>12,000</u>	<u>14,142</u>	<u>11,884</u>	<u>2,258</u>
Excess revenue and other sources over (under) expenditures and other uses	(12,000)	(14,142)	(11,831)	2,311
Fund Balance, Beginning	12,000	14,142	14,142	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,311</u>	<u>\$ 2,311</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
June 30, 2018

	Business-type Activities
	Teacherage Fund
	<hr/>
Assets	
Current Assets	
Cash in banks	\$ 32,330
Total Current Assets	<hr/> 32,330 <hr/>
Noncurrent Assets	
Buildings	116,209
Accumulated depreciation	(85,532)
Total Noncurrent Assets	<hr/> 30,677 <hr/>
Total Assets	<hr/> 63,007 <hr/>
Liabilities	
Net Position	
Net investment in capital assets	30,677
Unrestricted	32,330
Total Net Position	<hr/> \$ 63,007 <hr/>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
For the Year Ended June 30, 2018

	<u>Business-type Activities</u> <u>Teachorage Fund</u>
Operating Revenues	
Rents	\$ 25,004
Total Operating Revenues	<u>25,004</u>
Operating Expenses	
Purchased services	
Property	5,383
Supplies	8,904
Property	1,899
Other	250
Total Operating Expenses	<u>16,436</u>
Operating income (loss)	<u>8,568</u>
Nonoperating Revenues (Expenses)	
Local sources	
Earnings on investments	117
Total Nonoperating Revenues (Expenses)	<u>117</u>
Income (loss) before operating transfers	<u>8,685</u>
Net Income (Loss)	8,685
Net Position, Beginning	54,322
Net Position, Ending	<u>\$ 63,007</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
For the Year Ended June 30, 2018

	<u>Business-type</u>
	<u>Activities</u>
	<u>Teacherage</u>
	<u>Fund</u>
Cash Flows from Operating Activities	
Cash received for and rents	\$ 25,004
Cash payments to suppliers for goods and services	(14,537)
Net Cash Provided (Used) by Operating Activities	<u>10,467</u>
Cash Flows From Investing Activities	
Earnings on investments	117
Net Cash Provided (Used) by Investing Activities	<u>117</u>
Net increase (decrease) in cash and cash equivalents equivalents	10,584
Cash and Cash Equivalents, Beginning	21,746
Cash and Cash Equivalents, Ending	<u><u>\$ 32,330</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities	
Operating income (loss)	\$ 8,568
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	1,899
Total adjustments	<u>1,899</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 10,467</u></u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
STUDENT TRUST AGENCY FUND
June 30, 2018

Assets	
Cash	\$ 91,296
Total Assets	<u>\$ 91,296</u>
Liabilities	
Due to Agency Recipients	\$ 91,296
Total Liabilities	<u>\$ 91,296</u>

The accompanying notes to the financial statements are an integral part of this statement

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 1 - Summary of Significant Accounting Policies

The financial statements of Dolores County (Dove Creek) School District RE-2J (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

The Financial Reporting Entity

The District is governed by the Board of Education ("Board") and is organized and operates in accordance with Colorado statutes. Board members are elected by the citizens of the District, not appointed by any other governing body. The Board selects the superintendent of schools. The Board is solely responsible for the District's budget adoption process. The District has the authority to levy taxes and issue debt. The District meets the criteria of a primary government; its' board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other government reporting entity. In addition, there are no component units as defined the GASB Statements 14, 39 and 61, which are included in the District's reporting entity.

Government-wide and Fund Financial Statement Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) display information on all the non-fiduciary activities of the primary government. The effect of Interfund activities has been removed from these statements. These statements distinguish between the governmental and business-type activities of the District. Governmental activities are supported by taxes and intergovernmental revenues. Business-type activities are financed, to a significant extent, by fees and charges.

The statement of activities demonstrates the degree to which 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 or segment. Program revenues include 1) fees and charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

The accounts of the District are organized based on funds, each of which is considered a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual funds represent the District's most important funds

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

and are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as non-major funds. The District considers all their funds important, due to the size of the District, and therefore has no non-major funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On an accrual basis, property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The effect of interfund activity has generally been eliminated from the governmental-wide financial statements. Exceptions to this 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 Funds are used to account for the District's general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

Those revenues subject to accrual are property taxes, charges for services and expended grants associated with the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

The accounts of the District are organized and operated based on funds. A fund is an independent fiscal accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

The District reports the following major governmental funds:

Major Governmental Funds

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

The Food Service Fund is a special revenue used to account for the financial transactions related to the food service operations of the District.

The Bond Redemption Fund is a debt service fund, which accounts for the resources accumulated and the payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Reserve Capital Projects Fund is used to account for the accumulation of resources and expenditures of resources for capital improvements within the District.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods relating to a proprietary fund's principal ongoing operations. The principal revenues of the District's enterprise funds are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Major Proprietary Funds

Enterprise Funds are used to account for those operations financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, cost incurred, and net income is necessary for management accountability. The District reported the following major business-type funds.

Teacherage Fund accounts for residential rentals owned by the District that are rented to District teachers.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The Agency Fund is custodial in nature and does not present results of operations or a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The Student Trust Agency Fund accounts for assets held by the District for student and teacher clubs and organizations.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Cash and Cash Equivalents

For the purpose of the statement of cash flows of the enterprise funds the cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments which are subject to withdrawal.

Inventories

Inventories purchased by the Food Service Fund are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA's assigned value, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of \$25,000 for major outlays for buildings and improvements. The District does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are not capitalized.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings and Improvements	20-50 Years	40 Years
Furniture and Equipment	5-15 Years	5-15 Years
Vehicles	8 Years	N/A

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

Deferred Outflows/Inflows of Resources

In additions to assets, the statement of financial position and balance sheets 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 and fund balance that applies to future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until that time.

In addition to the liabilities, the statement of financial position and 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 and fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Accrued Salaries and Benefits Payable

Accrued salaries and benefits payable represent the liability to teachers and certain other employees who earn their salaries over the nine- or ten-month school year but are paid over a twelve-month period. Changes in the accrual are reflected in expenditures or expense on the applicable fund's statement of revenue, expenditures and changed in fund balance.

Compensated Absences

Under the District's policies, employees earn vacation leave and sick leave based on longevity of services or position.

The amount of vacations for twelve-month non-professional employees is two weeks per year after the completion of one year on the job and three weeks per year after the completion of five years on the job. Vacations normally must be taken during the summer months unless special arrangements are made with the immediate supervisor. Vacation time does not vest or accumulate.

Certified employees will receive ten sick days on the first day of employment to accrue annually to a maximum of sixty days. Support staff employees will begin accruing sick leave on the first day of employment at the rate of one day per month of service, to a maximum of sixty days. A sick leave bank is available to all participating employees.

Sick leave may be accumulated to a maximum of 60 days. Employees have the right to be paid at the rate of one-half daily sub rate, currently \$40 per day, for any accumulated sick leave days upon termination or retirement after three years of employment. Accumulated sick leave is shown as a long-term liability of the District.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Long-term Obligations

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities and proprietary fund statement of net position.

Net Position

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

- Net investment in capital assets represents capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing that are attributable to the acquisition, construction or improvement of those assets.
- Restricted consists of restricted assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted consists of the net amounts of assets, deferred outflows and inflows or resources and liabilities that are not included in the determination of net investment in capital assets or the restricted components of the net position.

When determining categories of net position, it is assumed that the type of expenditure determines the primary use of net position. When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted fund to have been spent first.

Fund Balance

The fund balances of the governmental funds are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent as follows;

- Nonspendable fund balance represents assets that cannot be spent because of their form or legally or contractually must be maintained intact.
- Restricted fund balance reflects resources that are subject to externally enforceable legal limitations.
- Committed fund balance is the portion that is limited to specific purposes determined by a formal action of the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned fund balance displays the District's intended use of these resources. The assigned fund balance amounts are assigned by the Board of Education, per the District policy.
- Unassigned fund balance represents resources with residual net resources.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

When determining categories of fund balance, it is assumed that the type of expenditure determines the primary use of fund balance. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Once the commitment or assignment is satisfied unassigned resources are used.

Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan 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 and 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*.

Defined Benefit Other Post Employment Benefit (OPEB) Plan

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows or resources and deferred inflow of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/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.

Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources, revenues and expenditures (expenses). Actual results could differ from those estimates and assumptions used.

Property Taxes

Property taxes for a calendar year are certified by the Board of Education by December 15 and levied on assessed valuation by the county commissioners by December 22, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The county bills and collects property taxes for all taxing districts in the county. The property tax receipts collected by the county are generally remitted to the District in the subsequent month.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales related to the rental of houses in the Teacherage Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (GAAP basis) as that used for accounting purposes.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Superintendent's staff 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.

Public hearings are conducted to obtain comments.

Prior to June 30, the budget is legally adopted through passage of a resolution by the Board of Education. However, the Board can review and change the adopted budget through January 31.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is employed by the District. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year

Note 2 - Cash and Investments

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. However, there is no custodial risk for public deposits because they are collateralized under the Colorado Public Deposit Protection Act (PDPA). The PDPA specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools. The District has no investments exposed to custodial credit risk.

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Colorado revised statutes limits investment maturities to five years or less. The District has no investments exposed to interest rate risk.

Credit Risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit risk in the portfolio is minimized by investing the majority of asset in US Treasury and Instrumentalities which have the support of US government and failure to receive maturing funds is remote.

At June 30, 2018, the District had investments in one local governmental investment pool, the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, and Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

COLOTRUST is rated AAAM from Standard and Poor's. Financial statements for COLOTRUST may be obtained at www.colotruster.com.

At June 30, 2018 the carrying amount of the District's cash and investments was \$3,702,833, including \$91,296 of agency fund deposits. The District's bank balances were \$1,188,745 and COLOTRUST balances were \$2,567,520. The District's bank balances at June 30, 2018 and during the year ended June 30, 2018 were entirely covered by FDIC insurance or pledged collateral held by the District's agent banks in the name of governmental accounts of which the District is a part.

Note 3 - Capital Assets

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

	Capital Assets <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	Capital Assets <u>June 30, 2018</u>
Governmental Activities				
Buildings and Improvements	\$ 6,206,778			\$ 6,206,778
Equipment	1,120,732	\$ 8,000	\$ (19,515)	1,109,217
Less Accumulated Depreciation	(3,769,927)	(160,429)	19,515	(3,910,841)
Total Governmental Activities	<u>3,557,583</u>	<u>(152,429)</u>	-	<u>3,405,154</u>
Business-type Activities				
Buildings and Improvements	116,209			116,209
Less Accumulated Depreciation	(83,633)	(1,899)		(85,532)
Total Business-type Activities	<u>32,576</u>	<u>(1,899)</u>		<u>30,677</u>
Total District	<u>\$ 3,590,159</u>	<u>\$(154,328)</u>	\$ -	<u>\$ 3,435,831</u>

Depreciation expense was charged as a direct expense to the following governmental programs:

Transportation	\$ 15,329
Operations and Maintenance	4,313
Unallocated	140,787
Total depreciation governmental activities	<u>\$ 160,429</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 4 - Accrued Salaries

Certified instructors of the District are contracted for nine- or ten-months annually between Labor Day and June 1. These instructors, while only working nine or ten months, are paid for their services in twelve equal monthly installments. On June 30 of each year they have completed their entire contract but have only received 10/12 of the related compensation with the difference to be paid over the summer break. The difference, totaling \$272,681, is reflected as an accrued expense at June 30.

Note 5 - Long Term Debt

General Obligation Bonds Payable - In December of 2000, the voters of the District approved the issuance of \$4,400,000 of general obligation building bonds. The proceeds of the bonds were used in the construction of a new high school. The bonds are to be repaid through a voter approved increase in property taxes. The bonds are due in semi-annual installments and bear interest ranging from 4.35% to 5.10%. In 2005 the District refinanced a portion of the bonds through an advanced refunding. The refinancing called for the issuance of \$3,610,000 in general obligation refunding bonds. The proceeds were used to advance refund a portion of the original bond issue. The refunding bonds are payable in semi-annual installments and bear interest ranging from 3.00% to 4.00%. The advance refunding provided a present value economic gain to the District of \$204,608.

On September 4, 2014, the District issued \$2,035,000 in General Obligation Refunding Bonds, Series 2014, at a true interest cost of 1.38%. The interest rate is fixed at the time the bonds were sold and had an average coupon rate of 3.92%. The net proceeds of \$2,635,360 (including a \$49,846 premium; after payment of \$49,486 in underwriting fees and other issuance costs and legally available moneys of \$600,000 from the District) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the General Obligation Refunding Bonds, Series 2005, are considered defeased (debt legally satisfied). After all expenses, the refunding will save the District's taxpayers \$311,849. The refunding savings equals \$237,489 on the present value basis or approximately 9.187% of the amounts of refunded bonds. The repayment of the bonds is recorded in the Debt Service Fund.

The annual requirements to amortize the bonds outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30	Series 2014 General Obligation Bonds	
	Principal	Interest
2019	\$ 330,000	\$ 12,600
2020	335,000	5,950
2021	130,000	1,300
Total	<u>\$ 795,000</u>	<u>\$ 19,850</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Capital Lease Payable – In fiscal year 2016 the District entered into a lease agreement for a 2011 Chevy Collin 14 passenger bus. The lease was for \$39,500 with a down payment of \$3,950. The lease is payable in 5 annual payments of \$7,703.41, including interest at an average rate of 3.78% beginning on May 12, 2016. The lease is serviced by the General Fund and the bus serves as collateral. All payments obligations of the District are subject to annual appropriation by the Board of Education.

The annual requirements to amortize the lease payable at June 30, 2018 are as follows:

Fiscal Year Ending June 30	Capital Lease - Van	
	Principal	Interest
2019	\$ 7,110	\$ 593
2020	7,110	593
Total	<u>\$ 14,220</u>	<u>\$ 1,186</u>

Capital Lease Payable – In fiscal year 2017 the District entered into a lease agreement for two 2017 Ford Expeditions. The lease was for \$78,829. The lease is payable in 48 monthly payments of \$1,806.13, including interest at a flat rate of 4.95% beginning on October 20, 2016. The lease is serviced by the General Fund and the two expeditions serve as collateral. All payments obligations of the District are subject to annual appropriation by the Board of Education.

The annual requirements to amortize the lease payable at June 30, 2018 are as follows:

Fiscal Year Ending June 30	Expeditions	
	Principal	Interest
2019	\$ 19,840	\$ 1,834
2020	20,844	829
2021	5,374	44
Total	<u>\$ 46,058</u>	<u>\$ 2,707</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Changes in Long-Term Debt

A summary of changes in general long-term debt follows:

Description	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
General Obligation Bonds				
Series 2005	\$ 1,120,000		\$ (325,000)	\$ 795,000
Capital Lease	21,330		(7,110)	14,220
Capital Lease	64,942		(18,883)	46,059
Accrued Sick Leave	50,160		(2,100)	48,060
 Total	 \$ 1,256,432	 \$ -	 \$ (353,093)	 \$ 903,339

Note 6 - Inter-fund Operating Allocations/Transfers

A summary of Inter-fund balances are as follows:

Allocations	In	Out
Governmental Activities		
General Fund		\$ 80,000
Insurance Reserve	\$ 80,000	
 Total Allocations	 \$ 80,000	 \$ 80,000
 Transfers	 In	 Out
Governmental Activities		
General Fund		\$ 57,000
Food Service Fund	\$ 57,000	
 Total Transfers	 \$ 57,000	 \$ 57,000

The Transfers were made with the purpose of subsidizing the Food Service Fund.

Note 7 - Fund Balance Restrictions and Assignments

Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose of the Board of Education but are not spendable until appropriated. The District uses the following restrictions and assignments.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Restricted

TABOR is required by an amendment to the State Constitution, Article X; Section 20, known as the Tabor Amendment, which requires local government units to establish emergency reserves. The designation is a minimum of three percent of the current fiscal year eligible expenditures. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Fund balance reserved for emergencies consists of \$155,000 in the General Fund.

Insurance is the amounts to be used for future insurance of the District. \$18,285 is restricted in the General Fund.

Food Service is the amounts to be used for future food service of the District. \$14,104 is restricted in the Food Service Fund.

Debt Service is the amounts to be used for future repayment of the District's outstanding bond. Fund balance restricted for debt service consists of \$988,153 in the Bond Redemption Fund.

Capital Improvements is the amounts to be used for future capital improvements of the District. \$2,311 is restricted in the Capital Reserve Capital Projects Fund.

Assigned

Assigned for Future Expenditures – indicates anticipated fund balances available for appropriation in the next budget year. Fund balances assigned for future expenditures consist of the following:

General Fund	\$ 2,259,768
Total	<u><u>\$ 2,259,768</u></u>

Note 8 - Budgets and Budgetary Accounting

The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (GAAP basis) as that used for accounting purposes, except for the Enterprise Funds, which are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with GAAP.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Business Manager submits to the Board 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.

Public hearings are conducted to obtain comments.

Prior to June 30, the budget is legally adopted through passage of a resolution by the Board of Directors. However, the Board can review and change the adopted budget through January 30.

Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is employed by the District. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors throughout the year. Following is a summary of the revised budget, actual amount spent and variance.

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Activities			
General Fund	\$ 5,803,629	\$ 3,747,875	\$ 2,055,754
Food Service Fund	\$ 134,120	\$ 112,348	\$ 21,772
Bond Redemption Fund	\$ 1,333,388	\$ 344,450	\$ 988,938
Capital Reserve			
Capital Projects Fund	\$ 14,142	\$ 11,884	\$ 2,258
Business-type Activities			
Teacherage Fund	\$ 21,500	\$ 14,537	\$ 6,963
Fiduciary Fund			
Student Trust Agency Fund	\$ 333,077	\$ 132,069	\$ 201,008

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 9 – Jointly Governed Organization

The District is a participant among nine school districts in a jointly governed organization to operate the San Juan Board of Cooperative Educational Services (SJBOCES). The SJBOCES is a regional education service unit created under the “Board of Cooperative Services Act of 1965” of the Colorado Revised Statutes. The BOCES provides unique education services that the member districts could not provide individually on a cost-effective basis. The BOCES governing board is made up of representatives from each member district’s board. The governing board control budgeting and fiscal matters. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained at www.sjboces.org The District had no debt with BOCES at year end.

Note 10 – Defined Benefit Pension Plan

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 and benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

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

Employer contributions are recognized by the SCHDTF in the period which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SDHDTF from the District were \$344,390 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018 the District reported a liability of \$13,177,041 for its proportionate share of the net position liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District proportion of the net pension liability was based on the District's contribution to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Districts proportion was .0407498125 percent, which was decrease of .0003492705 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,699,863. As June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 242,270	
Changes in assumptions or other inputs	3,364,588	\$ 21,351
Net difference between projected and actual earnings on pension plan investments		517,475
Contributions subsequent to the measurement date	175,768	
	<u>\$ 3,782,626</u>	<u>\$ 538,826</u>

\$175,768 reported as deferred outflows or 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	\$ 2,074,284
2020	1,177,610
2021	10,814
2022	(194,676)
Total	<u>\$ 3,068,032</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 investments expense, 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 changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
 Total	 <u><u>100.00%</u></u>	

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:

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1 % Decrease (3.78%)	Current Discount Rate (4.78%)	1 % Increase (5.78%)
Proportionate share of the net pension liability	\$ 13,308,811	\$ 13,177,041	\$ 13,045,271

Pension plan fiduciary net position. Detail information of 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).

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

At June 30, 2018, the District reported a liability of \$13,177,041 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 5,953,273

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 \$7,223,768 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

Note 11 – Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$6,199 to the Voluntary Investment Program.

Note 12 – Other Post-Employment Benefits

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

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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

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

PERA Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$18,604 for the year ended June 30, 2018.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018 the District reported a liability of \$300,908 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was .0231538820 percent, which was a decrease of .0002073603 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized OPEB expense of \$20,805. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,423	
Changes in assumptions or other inputs		\$ -
Net difference between projected and actual earnings on pension plan investments		5,034
Contributions subsequent to the measurement date	9,372	
	<u>\$ 10,795</u>	<u>\$ 5,034</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

\$9,372 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	\$	(979)
2020		(979)
2021		(979)
2022		(979)
2023		280
2024		25
 Total	 \$	 <u>(3,611)</u>

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	2.4 percent
Real wage growth	1.10 percent
Wage inflation	3.5 percent
Salary increases, including wage inflation	3.5 percent in aggregate
Long-term investment rate of return, net of pension plan investments expense, 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

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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

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

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

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

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

Healthy, post-retirement mortality assumptions for the 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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

- 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:

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.3%
U.S. Equity - Small Cap	7.42%	4.8%
None U.S. Equity - Developed	18.55%	5.2%
None U.S. Equity - Emerging	5.83%	5.4%
Core Fixed Income	19.32%	1.2%
High Yield	1.38%	4.3%
Non U.S. Fixed Income - Developed	1.84%	0.6%
Emerging Market Debt	0.46%	3.9%
Core Real Estate	8.50%	4.9%
Opportunity Fund	6.00%	3.8%
Private Equity	8.50%	6.6%
Cash	1.00%	20.0%
 Total	 100.00%	

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

Sensitivity of the District 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	\$ 292,629	\$ 300,908	\$ 310,880

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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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

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

Sensitivity of the District 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%)
	<u> </u>	<u> </u>	<u> </u>
Proportionate share of the net OPEB liability	\$ 338,315	\$ 300,908	\$ 273,162

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.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Colorado School Districts Self-Insurance Pool (CSDSIP). The CSDSIP was formed in 1981, when Colorado state regulators authorized the organization's creation, in response to shortcomings in the commercial insurance market. The CSDSIP provides member school districts and related educational facilities with defined property and liability coverage through joint self-insurance and excess insurance.

The District continues to carry commercial insurance for all other risks of loss including worker's compensation and employee health and accident insurance. There have been no settled claims that have exceeded insurance coverage in any of the past three fiscal years. There have been no significant decreases in insurance coverage from the prior year.

Note 14 - Tax, Spending, and Debt Limitations

Colorado Voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On November 5, 1996, the people of the District voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenue, including state grants and taxes, generated during fiscal year 1997 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with all other requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

On November 3, 2015, the voters approved a mill levy override. The taxes may be increased by \$350,000 in the first full fiscal year (2016) and whatever amounts are raised annually thereafter by the imposition of an additional mill levy not to exceed 3 mills upon taxable real property within the District.

Note 15 – Compliance with the Financial Policies and Procedures Handbook

The school district is complying with the provisions of section 22-44-204(3), C.R.S., concerning the use of the Financial Policies and Procedures Handbook adopted by the State Board of Education." C.R.S. 29-1-603

Note 16 - Commitments and Contingent Liabilities

The District had received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. District management believes that disallowance, if any, would be immaterial to the basic financial statements.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 17 – The District adopted GASB Statement 75 in the current year fiscal year. This statement requires the District to report its proportionate share of the Health Care Trust fund (HCTF), a cost sharing multiple-employer defined benefit OPEB plan administered by the Public Employees' Retirement Association of Colorado (PERA) liabilities, along with deferred outflows and inflows of resources related to its involvement with the Health Care Trust of PERA. See note 12. Accordingly, the beginning net position of the governmental funds was decreased by \$288,746 to reflect the net effect of the District's proportionate share of the above items on its net position at July 1, 2017.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

Required supplementary information includes financial information disclosure that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of the District's Pension Contributions

- Schedule of the District's Proportionate Share of the Net Pension Liability

- Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions

- Schedule of the District's Proportionate Share of the Net Other Post Employment Benefit (OPEB) Plan Liability

DOLORRES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
Schedule of the District's Pension Contributions

	June 30, 2018				
	Last 10 Years*				
	2014	2015	2016	2017	2018
Statutorily required contributions	\$ 269,556	\$ 293,595	\$ 315,493	\$ 353,622	\$ 344,390
Contributions in relation to the statutory required contribution	269,556	293,595	315,493	353,622	344,390
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 1,686,593	\$ 1,738,432	\$ 1,778,896	\$ 1,923,600	\$ 1,823,894
Contributions as a percentage of covered employee payroll	15.98%	16.89%	17.74%	18.38%	18.88%

The amounts presented for each fiscal year were determined as of June 30.

86 * Fiscal year 2015 was the 1st year of implementation. Information in not available for years prior to 2014.

Notes to Required Supplemental Information

See Note 10 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
Schedule of the Districts' Proportionate Share of the Net Pension Liability

	June 30, 2018 Last 10 Years*				
	2014	2015	2016	2017	2018
Proportionate Share of the Net Pension Liability	0.04099029%	0.04059932%	0.04057857%	0.04109908%	0.04074981%
District's proportionate share of the Net Pension Liability	\$ 5,228,300	\$ 5,502,571	\$ 6,206,206	\$ 12,236,786	\$ 13,177,041
District's covered employee payroll	\$ 1,686,563	\$ 1,738,432	\$ 1,778,896	\$ 1,923,600	\$ 1,823,894
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	310.00%	316.52%	348.88%	636.14%	722.47%
Plan fiduciary net position as a percentage of the total pension liability	62.84%	64.07%	59.20%	43.13%	43.96%

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

* Fiscal year 2015 was the 1st year of implementation. Information in not available for years prior to 2014.

Notes to Required Supplemental Information

See Note 10 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORS COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
 Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions

June 30, 2018
 Last 10 Years*

	2017	2018
Statorily required contributions	\$ 19,620	\$ 18,604
Contributions in relation to the statutory required contribution	19,620	18,604
Contribution deficiency (excess)	\$ -	\$ -
School's covered employee payroll	\$ 1,923,600	\$ 1,823,894
	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

* Fiscal year 2018 was the 1st year of implementation. Information in not available for years prior to 2017.

Notes to Required Supplemental Information

See Note 12 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORS COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

Schedule of the District's Proportionate Share of the Net Other Post Employment Benefit (OPEB) Plan Liability

June 30, 2018
Last 10 Years*

	<u>2017</u>	<u>2018</u>
Proportionate Share of the Net Pension Liability	0.23361242%	0.23153882%
District's proportionate share of the Net Pension Liability	\$ 302,886	\$ 300,908
District's covered employee payroll	\$ 1,923,600	\$ 1,823,894
District's proportionate share of the net OPEB plan liability as a percentage of its covered employee payroll	15.75%	16.50%
Plan fiduciary net position as a percentage of the total OPEB plan liability	20.07%	21.25%

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

* Fiscal year 2018 was the 1st year of implementation. Information in not available for years prior to 2017.

Notes to Required Supplemental Information

See Note 12 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

OTHER SUPPLEMENTARY INFORMATION

June 30, 2018

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

- Budgetary Comparison Schedules
 - Debt Service Fund
 - Bond Redemption Fund
- Proprietary Fund
 - Enterprise Fund
 - Teacherage Fund
- Fiduciary Fund
 - Student Trust Agency Fund

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BOND REDEMPTION FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Current property tax	\$ 340,000	\$ 340,000	\$ 341,685	\$ 1,685
Delinquent taxes and interest on taxes	13,500	124,301	110,544	(13,757)
Earnings on investments	1,000	1,000	11,842	10,842
Division of Wildlife			445	445
Total Revenues	<u>354,500</u>	<u>465,301</u>	<u>464,516</u>	<u>(785)</u>
Expenditures				
Other				
Purchased services				
Professional and technical	300	300	300	-
Debt Service				
Principal	340,000	340,000	325,000	15,000
Interest	31,000	31,000	19,150	11,850
Appropriated reserves	733,200	962,088		962,088
Total Expenditures	<u>1,104,500</u>	<u>1,333,388</u>	<u>344,450</u>	<u>988,938</u>
Excess revenue and other sources over (under) expenditures and other uses	(750,000)	(868,087)	120,066	988,153
Fund Balance, Beginning	750,000	868,087	868,087	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 988,153</u>	<u>\$ 988,153</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET (NON GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE - ENTERPRISE FUND
TEACHERAGE FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Operating Revenues				
Rents	\$ 12,000	\$ 12,000	\$ 25,004	\$ 13,004
Total Operating Revenues	12,000	12,000	25,004	13,004
Operating Expenses				
Purchased services				
Property	6,000	6,000	5,383	617
Supplies	14,000	15,500	8,904	6,596
Other			250	(250)
Total Operating Expenses	20,000	21,500	14,537	6,963
Operating income (loss)	(8,000)	(9,500)	10,467	19,967
Nonoperating Revenues (Expenses)				
Local sources				
Earnings on investments	50	50	117	67
Grant		1,500		(1,500)
Appropriated reserves	(9,050)	(13,796)		13,796
Changes in Net Position Non GAAP Basis	(17,000)	(21,746)	10,584	32,330
Less depreciation expense			(1,899)	(1,899)
Net Position, Beginning	17,000	21,746	54,322	32,576
Net Position, Ending	\$ -	\$ -	\$ 63,007	\$ 63,007

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
DUE TO AGENCY RECIPIENTS - BUDGET AND ACTUAL
FIDUCIARY FUND
STUDENT TRUST AGENCY FUND
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Budget		Favorable (Unfavorable)
Revenues				
Other	\$ 245,500	\$ 245,500	\$ 135,345	\$ (110,155)
Total Revenues	<u>245,500</u>	<u>245,500</u>	<u>135,345</u>	<u>(110,155)</u>
Expenditures				
Instruction				
School Accounts	314,347	314,347	132,069	182,278
Appropriated reserves		18,730		18,730
Total Expenditures	<u>314,347</u>	<u>333,077</u>	<u>132,069</u>	<u>201,008</u>
Excess of revenues and other sources over (under) expenditures and other uses	(68,847)	(87,577)	3,276	90,853
Due to Agency Recipients, Beginning	68,847	87,577	88,020	443
Due to Agency Recipients, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,296</u>	<u>\$ 91,296</u>



Colorado Department of Education
Auditors Integrity Report
 District: 0890 - DOLORES COUNTY RE NO.2
 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	1,802,515	4,277,070	3,664,817	2,414,768
18 Risk Mgmt Sub-Fund of General Fund	21,343	80,000	83,058	18,285
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,823,858	4,357,070	3,747,875	2,433,053
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	10,945	121,684	112,348	20,281
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	868,087	464,516	344,450	988,153
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	14,142	53	11,884	2,311
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	2,717,032	4,943,323	4,216,557	3,443,797
Proprietary				
50 Other Enterprise Funds	54,322	25,120	16,436	63,006
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	54,322	25,120	16,436	63,006
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	88,020	135,345	132,069	91,296
79 GASB 34:Permanent F und	0	0	0	0
85 Foundations	0	0	0	0
Totals	88,020	135,345	132,069	91,296

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.