

**GENOA-HUGO SCHOOL DISTRICT NO. C-113
HUGO, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2018**

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113
HUGO, COLORADO
ROSTER OF SCHOOL OFFICIALS
JUNE 30, 2018

BOARD OF EDUCATION

Terry Graham - President
Robert Kraxberger - Vice President
Julia Boger - Secretary
Vicky Miller - Treasurer
Mark Hollowell - Member

ADMINISTRATIVE STAFF

Randy Holmen
Superintendent of Schools

Kara Emmerling
Business Manager

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Roster of School Officials

Table of Contents

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Required Supplementary Information - Unaudited)

M1 - M6

INDEPENDENT AUDITORS' REPORT

1 - 3

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position

4

Statement of Activities

5

Fund Financial Statements:

Balance Sheet – Governmental Funds

6

Reconciliation of Governmental Fund Balances to Governmental Activities Net Position

7

Statement of Revenues, Expenditures and Changes in Fund Balances

– Governmental Funds

8

Reconciliation of Governmental Changes in Fund Balance to Governmental Activities

– Change in Net Position

9

Statement of Fiduciary Net Position - Fiduciary Funds

10

Notes to Financial Statements

11 - 47

REQUIRED SUPPLEMENTARY INFORMATION (Pension and OPEB Schedules - Unaudited)

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

48

Schedule of District Contributions - PERA

49

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

50

Schedule of District Contributions - OPEB

51

BUDGETARY COMPARISON SCHEDULES (Required Supplementary Information)

Schedule of Revenues, Expenditures and Changes in Fund Balance

– Budget and Actual – General Fund

52 - 54

TABLE OF CONTENTS
(Continued)

PAGE

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds:

Balance Sheet	55
Schedule of Revenues, Expenditures and Changes in Fund Balance	56

Special Revenue Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Food Service Fund	57
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Designated Grants Fund	58
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Athletic Fund	59

Debt Service Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Bond Redemption Fund	60
--	----

Capital Projects Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Reserve Capital Projects Fund	61
---	----

Fiduciary (Agency) Funds:

Schedule of Changes in Fiduciary Net Position – Budget and Actual – Scholarship Agency Fund	62
Schedule of Changes in Fiduciary Net Position – Budget and Actual – Pupil Activity Agency Fund	63

STATE COMPLIANCE

Auditors Integrity Report	64
Bolded Balance Sheet Report	65- 67

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2018

The discussion and analysis of Genoa-Hugo School District No. C-113's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

The District's fund balance in the general fund exceeds the three months of operating expenditures for the year ending June 30, 2018. This is a continual goal for the district.

Using the Basic Financial Statements

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

The District's total net position was \$1,759,772 as of June 30, 2018. The District has a negative unrestricted net position of \$4,528,807 this is a result of the inclusion of the PERA liability of \$7,992,191 as described in the Notes to the Financial Statements.

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities – The majority of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation and extracurricular activities.

A condensed summary of the Districts Net Position is as follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current Assets	\$ 3,368,897	\$ 3,354,976
Other Assets	<u>10,520,011</u>	<u>10,723,801</u>
Total Assets	<u>13,888,908</u>	<u>14,078,777</u>
Deferred Outflows of Financial Resources	<u>2,584,745</u>	<u>3,033,604</u>
Current Liabilities	242,568	263,479
Long-Term Liabilities	<u>13,526,758</u>	<u>13,653,434</u>
Total Liabilities	<u>13,769,326</u>	<u>13,916,913</u>
Deferred Inflows of Financial Resources	<u>944,555</u>	<u>131,985</u>
Net Investment in Capital Assets	5,186,127	4,989,866
Restricted Net Position	1,102,452	1,152,779
Unrestricted Net Position	<u>(4,528,807)</u>	<u>(3,079,162)</u>
Total Net Position (Deficit)	<u>\$ 1,759,772</u>	<u>\$ 3,063,483</u>

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are primarily amounts legally restricted to finance future purchases or capital projects as planned by the District for debt repayment and by statute.

A condensed Statement of Activities and Changes in Net position is as follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Program Revenues:		
Charges for Services	\$ 47,609	\$ 53,716
Operating Grants	234,398	240,455
Capital Grants	<u>(153,902)</u>	<u>(13,461)</u>
Total Program Revenues	<u>128,105</u>	<u>280,710</u>
General Revenues:		
Taxes	1,789,343	1,923,553
State Equalization	862,711	628,328
Investment Income	4,268	3,749
Miscellaneous	<u>28,727</u>	<u>22,458</u>
Total General Revenues	<u>2,685,049</u>	<u>2,578,088</u>
Total Revenues	<u>2,813,154</u>	<u>2,858,798</u>
Expenses		
Instruction	2,388,258	2,224,694
Supporting Services	1,297,303	1,335,345
Interest on Long Term Debt	<u>165,895</u>	<u>195,978</u>
Total Expenses	<u>3,851,456</u>	<u>3,756,017</u>
Change in Net Position	<u>(1,038,302)</u>	<u>(897,219)</u>
Net Position - Beginning	3,063,483	3,960,702
Prior Period Restatement	<u>(265,409)</u>	<u>-</u>
Net Position - Beginning (Restated)	<u>2,798,074</u>	<u>3,960,702</u>
Net Position (Deficit) - Ending	<u>\$ 1,759,772</u>	<u>\$ 3,063,483</u>

The District's primary revenue source is per pupil funding which is a combination of State Equalization and local property taxes. The District's per pupil funding and total governmental activity revenues remained relatively stable for the 2018 fiscal year. Overall, there was an increase in revenue generated at the state levels and a decrease at the local level.

Total expenditures from governmental activities increased \$95,439 from the previous year. While revenues decreased \$45,644.

Reporting the District's Most Significant Funds

The analysis of the District's major funds begins on page 4. Fund financial reports provide detailed information about the District's major funds. The District's major funds are the General, and Bond Redemption Funds.

Governmental Funds. Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The District's major governmental funds consist of the General, Bond Redemption and Capital Reserve Projects Funds. The General Fund accounts for the majority of the District's instruction and support operations. The Bond Redemption Fund accounts for the repayment of the District's general obligation debt and the Capital Reserve Projects Fund accounts for the District's routine capital projects.

Fiduciary Funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District's fiduciary funds are the Pupil Activity Fund and Scholarship Fund. The Pupil Activity Fund and Scholarship Fund generally accounts for student generated or scholarship revenues and expenditures related to non-classroom activities.

Fund Financial Statements

As of June 30, 2018, the District's governmental funds reported a combined fund balance of \$3,138,516 which is an increase of \$105,207 from the June 30, 2017 balance. The following is additional information by fund which contributed to the change.

General Fund revenues increased \$111,353, primarily due to an increase in state and federal revenues. General Fund expenditures increased \$53,162 with most of the increase in instruction expenditures. The ending fund balance for the general fund was \$2,086,927.

Bond Redemption Fund revenues increased \$2,747, while the total fund balance decreased \$20,837 primarily to due to collecting less in taxes that sufficient funds are already collected to pay the bond installments. The repayment of the older bonds is scheduled for the year 2019, while the new debt matures in 2033.

Capital Assets

As of June 30, 2018, the District had \$1,495,682 invested in a broad range of governmental capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$7,609 which is primarily represented by the districts overall depreciation and deletions. The District's most significant addition was the purchase of a new school bus.

A summary of the District's capital assets is as follows:

	<u>Balance</u> <u>6/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/18</u>
Governmental activities				
Capital assets being depreciated:				
Buildings	\$ 2,592,293	\$ 15,000	\$ -	\$ 2,607,293
Equipment	117,931	-	-	117,931
Transportation equipment	<u>536,542</u>	<u>91,958</u>	<u>163,520</u>	<u>464,980</u>
Total capital assets being depreciated	<u>3,246,766</u>	<u>106,958</u>	<u>163,520</u>	<u>3,190,204</u>
Accumulated Depreciation				
Buildings	(1,345,910)	(82,373)	-	(1,428,283)
Equipment	(50,628)	(8,153)	-	(58,781)
Transportation equipment	<u>(346,937)</u>	<u>(24,041)</u>	<u>(163,520)</u>	<u>(207,458)</u>
Total accumulated depreciation	<u>(1,743,475)</u>	<u>(114,567)</u>	<u>(163,520)</u>	<u>(1,694,522)</u>
Net Capital Assets	<u>\$ 1,503,291</u>	<u>\$ (7,609)</u>	<u>\$ -</u>	<u>\$ 1,495,682</u>

The District does not maintain separate infrastructure assets as all infrastructure has been included with the related capital asset.

Long-Term Liabilities

The following is a summary of the District's outstanding long term liabilities:

	<u>Restated</u> <u>Balance</u> <u>06/30/17</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>06/30/18</u>	<u>Current</u> <u>Portion</u>
General obligation bonds, Series 2012	\$ 5,578,748	\$ -	\$ 276,638	\$ 5,302,110	\$ 284,953
General obligation bonds, Series 2009	140,000	-	120,000	20,000	20,000
Capital Leases Payable	15,187	-	3,413	11,774	3,604
PERA Net Pension Liability	7,900,426	91,765	-	7,992,191	-
PERA Net OPEB Liability	195,552	-	13,044	182,508	-
Accrued compensated absences	<u>19,073</u>	<u>-</u>	<u>898</u>	<u>18,175</u>	<u>-</u>
Total	<u>\$ 13,848,986</u>	<u>\$ 91,765</u>	<u>\$ 413,993</u>	<u>\$ 13,526,758</u>	<u>\$ 308,557</u>

The change in liability balances from June 30, 2017 to 2018 reflects principal payments made during the fiscal year as well as actuarially determined adjustments required for the District's pension plan. Additional information regarding the District's liabilities can be found in Note 6 to the financial statements on page 22.

General Fund Budget

The Board of Education adopts the District's budget in June of each year. Changes are then made in October when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received.

The Future of the District

For fiscal year 2019, the District will continue to maintain a minimum of three months operating expenditures. We will continue expenditures for the transportation fleet.

Requests for Information

This financial report is designed to provide a general overview of the Genoa-Hugo School District No. C-113's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent and/or Business Manager, P O Box 247, Hugo, Colorado 80821.

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FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Genoa-Hugo School District No. C-113
Hugo, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Genoa-Hugo School District No. C-113, Colorado, as of and for the year ended June 30, 2018, which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Genoa-Hugo School District No. C-113, Colorado, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Genoa-Hugo School District No. C-113's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. In addition, certain pension related deferrals have been adjusted from the prior presentation. Finally, General and Capital Reserve Fund equity has been restated due to overstated receivables and unrecognized grant deferrals, respectively. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M6 and pension schedules on pages 48 - 51 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 52 - 54 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. In addition, the combining and individual fund schedules on pages 55 - 63 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures and Bolded Balance Sheet reports pages 64 -67 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, CO
November 13, 2018

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2018.

GENOA-HUGO SCHOOL DISTRICT NO. C-113

Statement of Net Position

June 30, 2018

	Governmental Activities
	<hr/>
ASSETS AND DEFERRED OUTFLOWS	
Assets	
Cash and Investments	\$ 3,296,934
Cash with Fiscal Agent	2,116
Taxes Receivable	21,046
Grants Receivable	14,557
Other Accounts Receivable	3,520
Inventory	292
Prepaid Expenses	30,432
Capital Assets, being depreciated	1,495,682
Long-Term BEST Grant Receivable	9,024,329
Total Assets	<hr/> 13,888,908 <hr/>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	2,578,170
Net OPEB Deferred Outflows	6,575
Total Deferred Outflows of Financial Resources	<hr/> 2,584,745 <hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<hr/> 16,473,653 <hr/>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
Liabilities	
Accounts Payable	11,312
Accrued Interest	13,336
Accrued Salaries & Benefits	216,412
Other Current Liabilities	1,508
Non-Current Liabilities	
Due Within One Year	308,557
Due In More Than One Year	13,218,201
Total Liabilities	<hr/> 13,769,326 <hr/>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	929,090
Net OPEB Deferred Inflows	14,316
Deferred Inflows Grants	1,149
Total Deferred Inflows of Financial Resources	<hr/> 944,555 <hr/>
Net Position	
Net Investment in Capital Assets	5,186,127
Restricted Net Position	1,102,452
Unrestricted Net Position	(4,528,807)
Total Net Position	<hr/> 1,759,772 <hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSTION	<hr/> \$ 16,473,653 <hr/>

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Statement of Activities
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating Grants</u>	<u>Change in Net Position</u>
		<u>Services</u>	<u>and Contributions</u>	<u>Governmental Activities</u>
			<u>Capital Grants and</u>	
			<u>Contributions</u>	
Primary Government				
Governmental Activities				
Instruction	\$ 2,388,258	\$ 20,900	\$ 91,906	\$ -
Supporting Services	1,297,303	26,709	142,492	(153,902)
Interest on Long Term Debt	165,895	-	-	-
Total Primary Government	\$ 3,851,456	\$ 47,609	\$ 234,398	\$ (153,902)
General Revenues				
Property Taxes				1,640,645
Specific Ownership Taxes				148,698
State Equalization				862,711
Investment Earnings				4,268
Insurance Proceeds				2,071
Other Revenues				26,656
Total General Revenues and Transfers				2,685,049
Change in Net Position				(1,038,302)
Beginning Net Position				3,063,483
Prior Period Restatement				(265,409)
Beginning Net Position (As Restated)				2,798,074
Ending Net Position				\$ 1,759,772

The accompanying footnotes are an integral part of these financial statements

GENOA-HUGO SCHOOL DISTRICT NO. C-113
 Balance Sheet
 Governmental Funds
 June 30, 2018
 (With Comparative Totals for June 30, 2017)

	Debt Service			Totals	
	General Fund	Bond	Other	2018	2017
		Redemption	Governmental		
	Fund	Funds			
ASSETS					
Cash and Investments	\$ 2,246,270	\$ 957,979	\$ 92,685	\$ 3,296,934	\$ 3,285,904
Cash with Fiscal Agent	1,472	644	-	2,116	3,374
Taxes Receivable	14,651	6,395	-	21,046	22,465
Interfund Accounts Receivable	-	-	-	-	15,388
Grants Receivable	8,160	-	6,397	14,557	26,465
Other Accounts Receivable	3,520	-	-	3,520	1,086
Inventory	-	-	292	292	374
Prepaid Expenses	30,432	-	-	30,432	15,308
TOTAL ASSETS	\$ 2,304,505	\$ 965,018	\$ 99,374	\$ 3,368,897	\$ 3,370,364
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Interfund Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 15,388
Accounts Payable	10,988	-	324	11,312	35,625
Accrued Salaries & Benefits	206,590	-	9,822	216,412	213,495
Total Liabilities	217,578	-	10,146	227,724	264,508
Deferred Inflows of Financial Resources					
Deferred Inflows	-	-	1,508	1,508	-
Deferred Inflows Grants	-	-	1,149	1,149	72,547
Total Deferred Inflows of Financial Resources	-	-	2,657	2,657	72,547
Fund Balance					
Nonspendable Fund Balance	30,432	-	292	30,724	15,682
Restricted Fund Balance					
Restricted for Debt Service	-	965,018	-	965,018	985,855
Restricted for TABOR Emergencies	73,000	-	-	73,000	72,000
Restricted for Colorado Preschool Program	30,341	-	-	30,341	63,274
Restricted for BEST Capital Renewal Reserve	-	-	34,093	34,093	31,650
Committed Fund Balance					
Committed for Fund Purpose	-	-	28,762	28,762	16,137
Assigned Fund Balance					
Assigned for Fund Purpose	-	-	23,424	23,424	13,999
Unassigned Fund Balance	1,953,154	-	-	1,953,154	1,834,712
Total Fund Balance	2,086,927	965,018	86,571	3,138,516	3,033,309
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 2,304,505	\$ 965,018	\$ 99,374	\$ 3,368,897	\$ 3,370,364

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2018

Fund Balance - Governmental Funds		\$ 3,138,516
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, being depreciated	3,190,204	
Accumulated depreciation	<u>(1,694,522)</u>	1,495,682
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Pension liability		
Net deferred outflows pensions	2,578,170	
Net pension liability	(7,992,191)	
Net deferred inflows pensions	<u>(929,090)</u>	(6,343,111)
Certain long-term OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
OPEB Liability		
Net deferred outflows OPEB	6,575	
Net OPEB liability	(182,508)	
Net deferred inflows OPEB	<u>(14,316)</u>	(190,249)
Certain long-term assets are not available to pay for current year expenditures and are therefore not reported in the funds		
Long-Term BEST Grant Receivable		9,024,329
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(5,322,110)	
Capital leases payable	(11,774)	
Accrued interest payable	(13,336)	
Accrued compensated absences	<u>(18,175)</u>	<u>(5,365,395)</u>
Total Net Position - Governmental Activities		<u>\$ 1,759,772</u>

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Debt Service		Other Governmental Funds	Totals	
	General Fund	Bond Redemption Fund		2018	2017
REVENUES					
Local Sources	\$ 1,278,941	\$ 542,685	\$ 48,938	\$ 1,870,564	\$ 2,004,966
Intermediate Sources	328	-	-	328	287
State Sources	933,568	-	102,318	1,035,886	894,799
Federal Sources	57,328	-	45,846	103,174	155,728
TOTAL REVENUES	<u>2,270,165</u>	<u>542,685</u>	<u>197,102</u>	<u>3,009,952</u>	<u>3,055,780</u>
EXPENDITURES					
Instruction	1,334,294	-	33,981	1,368,275	1,356,382
Pupil Support	60,303	-	-	60,303	61,928
Staff Support	8,841	-	-	8,841	16,486
General Administration	123,380	710	-	124,090	125,749
School Administration	129,401	-	-	129,401	144,456
Business Services	89,837	-	-	89,837	99,673
Operations and Maintenance	226,121	-	-	226,121	209,995
Transportation	85,572	-	91,958	177,530	116,164
Risk Management	53,066	-	-	53,066	48,066
Food Service	-	-	100,521	100,521	94,976
Facilities	-	-	15,000	15,000	213,071
Debt Service	4,157	562,812	-	566,969	565,345
TOTAL EXPENDITURES	<u>2,114,972</u>	<u>563,522</u>	<u>241,460</u>	<u>2,919,954</u>	<u>3,052,291</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	155,193	(20,837)	(44,358)	89,998	3,489
OTHER FINANCING SOURCES (USES)					
Transfer In (Out) - net	(41,500)	-	41,500	-	-
CHANGE IN FUND BALANCE	<u>113,693</u>	<u>(20,837)</u>	<u>(2,858)</u>	<u>89,998</u>	<u>3,489</u>
BEGINNING FUND BALANCE	1,988,622	985,855	58,832	3,033,309	3,029,820
Prior Period Adjustment	(15,388)	-	30,597	15,209	-
BEGINNING FUND BALANCE (As Restated)	<u>1,973,234</u>	<u>985,855</u>	<u>89,429</u>	<u>3,048,518</u>	<u>3,029,820</u>
ENDING FUND BALANCE	<u>\$ 2,086,927</u>	<u>\$ 965,018</u>	<u>\$ 86,571</u>	<u>\$ 3,138,516</u>	<u>\$ 3,033,309</u>

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2018

Change in Fund Balance - Governmental Funds	\$	89,998
<p>Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level</p>		
Capitalized Asset Purchases	106,958	
Depreciation Expense	<u>(114,567)</u>	(7,609)
<p>Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
Change in deferred outflows - pensions - net	(464,027)	
Change in net pension liability	(91,765)	
Change in deferred inflows - pensions - net	<u>(770,127)</u>	(1,325,919)
<p>OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
Change in deferred outflows - OPEB - net	709	
Change in net OPEB liability	13,044	
Change in deferred inflows - OPEB - net	<u>(14,316)</u>	(563)
<p>The long term BEST grant receivable is being amortized due to depreciation on the underlying building that is the basis of grant.</p>		
Amortization of BEST grant receivable		(196,181)
<p>Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level</p>		
Principal payments on bonds payable	396,638	
Principal payments on capital leases	3,413	
Change in accrued interest payable	1,023	
Change in accrued compensated absences	<u>898</u>	<u>401,972</u>
Change in Net Position - Governmental Activities	\$	<u><u>(1,038,302)</u></u>

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

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018
(With Comparative Totals for June 30, 2017)

	Scholarship Agency Fund	Pupil Activity Agency Fund	Totals	
			2018	2017
ASSETS				
Cash and Investments	\$ 1,955	\$ 48,353	\$ 50,308	\$ 45,998
NET POSITION				
Restricted Net Position	\$ 1,955	\$ 48,353	\$ 50,308	\$ 45,998

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

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Genoa-Hugo School District No. C-113 (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity."

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

Jointly Governed Organizations

The District is a participant among fourteen districts in a jointly governed organization to operate the East Central Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. 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 from the BOCES administrative offices at: 820 2nd Street, P.O. Box 910, Limon, CO 80828-0910. The District paid total assessments of \$76,701 to the BOCES for the year ended June 30, 2018.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The fiduciary funds are presented separately.

The District reports the following major governmental funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service (Bond Redemption) – This fund is used to account for the repayment of the District's general obligation indebtedness.

In addition, the District reports the following nonmajor governmental funds:

Capital Project (Capital Reserve) – This fund accounts for the District's routine capital projects.

Special Revenue (Food Service, Designated Grants and Athletic) Funds – These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The District reports the following fiduciary funds:

Agency Funds (Pupil Activity and Scholarship Funds) – These funds are used to account for the money held in trust by the District for student organizations and for scholarships. These funds are custodial and do not measure the results of operations.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Budgets are required to be filed with the Commissioner of Education within thirty days after the beginning of the fiscal year.
- Budgets may be revised until January 31st of the budget year.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted and amended by the Board of Education.
- Encumbrance accounting is not utilized.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventory of the proprietary fund is valued at the lower of cost (first-in, first-out) or market.

Due To and Due From Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the disbursement and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	10-80 years
Vehicles	10-25 years
Other Equipment	5-15 years

Taxes Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2017 property taxes were both measurable and available at June 30, 2018, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2018 but not collected by June 30, 2018.

Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2018, the District has recorded accrued leave as disclosed in Note 6.

Long-Term Debt – The District's general obligation bonds are accounted for in the Bond Redemption Fund. Principal repayments are shown as expenditures in the fund level financial statements. The District's capital leases are paid through the General Fund and are shown as expenditures in that fund.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Note 7 and 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pension liabilities and OPEB liabilities as further described in Note 7 and 9 as well as carryover grant funds.

Net Position/Fund Balances In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as "committed" fund balance.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/ Fund Balance and Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on August 17. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District’s financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2: CASH AND INVESTMENTS

A reconciliation of the cash components on the balance sheet to the cash categories in this footnote are as follows:

Deposits	\$ 3,346,940
Cash on hand	<u>300</u>
Total	<u>\$ 3,347,240</u>
Government-wide - unrestricted	\$ 3,296,932
Fiduciary	<u>50,308</u>
Total	<u>\$ 3,347,240</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2018, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank</u>	<u>Carrying</u>
	<u>Balance</u>	<u>Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized*	3,116,553	3,096,940
Cash on hand	<u>-</u>	<u>300</u>
Total	<u>\$3,366,553</u>	<u>\$3,347,240</u>

*Not in District's name

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above. For the fiscal year ended June 30, 2018, the District did not have any investments requiring disclosure.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit 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. As of June 30, 2018, the District did not have any investments requiring safekeeping.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3: INVENTORIES

Food Service Fund inventory of \$292 as of June 30, 2018, consisted of \$256 of purchased food. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 4: CAPITAL ASSETS

Activity for capital assets is summarized below:

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/18</u>
Governmental activities				
Capital assets being depreciated:				
Buildings	\$ 2,592,293	\$ 15,000	\$ -	\$ 2,607,293
Equipment	117,931	-	-	117,931
Transportation equipment	<u>536,542</u>	<u>91,958</u>	<u>163,520</u>	<u>464,980</u>
Total capital assets being depreciated	<u>3,246,766</u>	<u>106,958</u>	<u>163,520</u>	<u>3,190,204</u>
Accumulated Depreciation				
Buildings	(1,345,910)	(82,373)	-	(1,428,283)
Equipment	(50,628)	(8,153)	-	(58,781)
Transportation equipment	<u>(346,937)</u>	<u>(24,041)</u>	<u>(163,520)</u>	<u>(207,458)</u>
Total accumulated depreciation	<u>(1,743,475)</u>	<u>(114,567)</u>	<u>(163,520)</u>	<u>(1,694,522)</u>
Net Capital Assets	<u>\$ 1,503,291</u>	<u>\$ (7,609)</u>	<u>\$ -</u>	<u>\$ 1,495,682</u>
Instruction		\$ 66,621		
Supporting services		<u>47,946</u>		
Total depreciation		<u>\$ 114,567</u>		

The District capitalizes assets with an original value of at least \$5,000 and a useful life in excess of one year. Depreciation is computed on a straight-line basis over the expected use life of the underlying asset.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2018 is reflected as a liability in the respective funds in the accompanying financial statements as follows:

General Fund	\$ 206,590
Food Service Fund	<u>9,822</u>
Total Accrued Salaries and Benefits	<u>\$ 216,412</u>

NOTE 6: LONG-TERM DEBT

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2018:

	Restated Balance 06/30/17	Advances	Payments	Balance 06/30/18	Current Portion
General obligation bonds, Series 2012	\$ 5,578,748	\$ -	\$ 276,638	\$ 5,302,110	\$284,953
General obligation bonds, Series 2009	140,000	-	120,000	20,000	20,000
Capital Leases Payable	15,187	-	3,413	11,774	3,604
PERANet Pension Liability	7,900,426	91,765	-	7,992,191	-
PERANet OPEB Liability	195,552	-	13,044	182,508	-
Accrued compensated absences	19,073	-	898	18,175	-
Total	<u>\$13,848,986</u>	<u>\$ 91,765</u>	<u>\$413,993</u>	<u>\$13,526,758</u>	<u>\$308,557</u>

An interest summary of the District's long-term debt is as follows:

	Accrued Interest	Interest Paid	Interest Expense
General obligation bonds, Series 2012	\$ 13,281	\$ 163,534	\$162,841
General obligation bonds, Series 2009	55	2,640	2,310
Capital Leases Payable	-	744	744
Total	<u>\$ 13,336</u>	<u>\$ 166,918</u>	<u>\$165,895</u>

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6: LONG-TERM DEBT(Continued)

General Obligation Bonds

In 2009, the District issued \$985,000 of general obligation bonds to refund bonds issued in 1999. Principal is due annually on December 1, and interest at rates from 1.50% to 3.30% is due semiannually on June 1 and December 1. The District realized \$45,385 of net present value savings on this refinancing. Payments are made through the Bond Redemption Fund of the District. Bond payments, to maturity, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,000	\$ 330	\$ 20,330

In 2013, the District issued \$6,609,572 of general obligation bonds which were used for an escrow match to a BEST grant received. These bonds, along with the grant proceeds, were used to partially replace District facilities. Principal is due annually on December 1, and interest at a rate of 3.02% is due semiannually on June 1, and December 1. Payments are made through the Building Fund of the District. Bond payments, to maturity, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 284,953	\$ 155,093	\$ 440,046
2020	293,519	146,399	439,918
2021	302,341	137,444	439,785
2022	311,429	128,219	439,648
2023	320,791	118,717	439,508
2024-2028	1,754,522	440,754	2,195,276
2029-2033	2,034,555	216,777	2,251,332
Total	\$5,302,110	\$1,283,139	\$6,585,249

Capital Leases Payable

In June of 2016, the District entered into a capital lease agreement for the purchase of two office copiers with maintenance agreements. The lease requires 60 monthly payments beginning August 2016 of \$346, including interest at 5.45%. Future Capital Lease payments are as follows:

<u>Year</u>	<u>Total</u>
2019	\$ 4,157
2020	4,157
2021	4,158
2022	347
Total Future Minimum Lease Payments	12,819
Less: Interest at 5.45%	(1,045)
Present Value of Lease Payments	\$ 11,774

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

General Information about the Pension Plan

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 for the SCHDTF.

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

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

Contribution provisions as of June 30, 2018. Eligible employees and 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:

January 1st through December 31st	2014¹	2015¹	2016¹	2017¹
Employer contribution rate	10.15%	10.15%	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%	5.00%
Total employer contribution rate to the SCHDTF	16.43%	17.33%	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$212,402 for the plan year ended December 31, 2017 and \$209,078 for the fiscal 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 \$7,992,191 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2017, the District's proportion was .0247%, which was an increase of .0018% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized pension expense of \$1,534,997. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 150,853	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 174,903	\$ (472,302)
Changes of assumptions or other inputs	\$ 2,145,291	\$ (14,276)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (442,512)
Contributions subsequent to the measurement date	\$ 107,123	\$ -
Total	\$ 2,578,170	\$ (929,090)

\$107,123 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2019	\$ 1,136,532
2020	581,878
2021	(58,380)
2022	(118,073)
Total	\$ 1,541,957

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.90-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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 rate for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions described above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%.
- 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 percent, at which point, the AED and SAED will each drop 0.50 percent 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions and the amount of total service costs for future plan members were based on 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 increase 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 GASB Statement No. 67 projections test indicates that the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on or 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%.

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension asset (liability)	\$ (10,095,496)	\$ (7,992,191)	\$ (6,278,237)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2018, the District reported a liability of \$7,992,191 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's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

<p>Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)</p> <p>7.25%</p>	<p>Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)</p> <p>\$3,610,802</p>
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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 \$3,730,804 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 8: 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 does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2018 program members contributed \$6,441.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

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

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 at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

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.

DPS Benefit Structure

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

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

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 \$11,629 for the plan year ended December 31, 2017 and \$11,328 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$182,508 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was 0.0140%, which was a decrease of .00104% from its proportion measured as of December 31, 2016.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$12,088. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between expected and actual experience	\$ 863	\$ -
Net difference between projected and actual earnings on pension plan	\$ -	\$ (3,054)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (11,262)
Contributions subsequent to the measurement date	\$ 5,712	\$ -
Total	\$ 6,575	\$ (14,316)

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

\$5,712 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, 2018. 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:	Fiscal Year Totals
2019	\$ (2,806)
2020	(2,807)
2021	(2,806)
2022	(2,807)
2023	(2,043)
2024	(184)
Total	\$ (13,453)

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- **Males:** Mortality improved 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 capital 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 to actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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 capital 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:

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
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%
Proportionate share of the net OPEB asset (liability)	\$ (177,486)	\$ (182,508)	\$ (188,556)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (205,196)	\$ (182,508)	\$ (163,143)

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.

NOTE 10: RISK MANAGEMENT

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool (“CSDSIP”) that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member’s premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 10: RISK MANAGEMENT (Continued)

Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2018.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation

The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

Health Insurance

The District partially self-insured for employee health coverage in prior years. All potential claims from that coverage have now been settled. The District currently carries commercial insurance for employee health coverage with risk of loss transferred to the carrier. The District funds estimated claims on a monthly basis and receives partial benefit for unused amounts upon year end settlement. The District is not exposed beyond the monthly claims submission.

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units and are subject to the various rules and regulations of the grantor agencies. Expenditures financed by grants are subject to audit and adjustment by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the TABOR Amendment. In the November 1996 election, the District's electorate allowed the District to collect, retain and expand all revenues collected, notwithstanding the limits of the Amendment. The TABOR Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has recorded a \$73,000 reserve in the General Fund to fully fund its 3% emergency reserve required by TABOR.

The District has either committed or assigned other amounts in the financial statements based on the funds underlying purpose.

NOTE 12: INTERFUND ACTIVITY

The District has recorded the following routine operating transfers through June 30, 2018.

General Fund	
Transfer to Pupil Activity Fund	\$ (9,000)
Transfer to Capital Reserve Project Fund	(14,000)
Transfer to Food Service Fund	<u>(30,000)</u>
Net General Fund	(53,000)
Athletic Activity Fund	
Transfer from General Fund	9,000
Capital Reserve Projects Fund	
Transfer from General Fund	14,000
Food Service Fund	
Transfer from General Fund	<u>30,000</u>
Net Interfund Transfers	<u>\$ -</u>

As of June 30, 2018, the District Grant Fund had a negative allocation of the District's pooled cash of \$15,388. This represents grant expenditures that had not been reimbursed as of the end of the fiscal year. For the financial statement presentation, this amount is shown as a balance owned between the General and Grants Funds at the fund level and has been eliminated on the government activity statements.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13: BEST GRANT/FACILITY IMPROVEMENTS

The District received a BEST grant through the Colorado Department of Education for facility improvements that commenced during fiscal year 2013 with the District providing an upfront match payment held in escrow of \$6,609,572. The State is funding their portion of this program, \$9,809,053, through Certificate of Participation issuances. The State will coordinate the payment to the contractors with no funding flowing through the District other than for reimbursable costs that the District incurs. The District will not receive clear title to the improvements until the State has repaid the certificates. At that point, the District will record a capital asset and related accumulated depreciation for the cost of the BEST improvements, along with offsetting reduction of the outstanding long-term grant receivable.

The improvements completed by the BEST grant and local contribution totaled \$15,794,007 and have a depreciated value of \$14,530,487 as of June 30, 2018. The remaining value of the State's contribution, which has been booked as a long-term grant receivable in the governmental activities, was \$9,024,329 as of June 30, 2018. As part of the BEST grant agreement, the District agreed to fund a capital replacement reserve in the amount of \$100 per funded pupil based on the annual October student count, beginning with the June 30, 2016 fiscal year. This reserve balance as of June 30, 2018 was \$34,093.

NOTE 14: DEFICIT UNRESTRICTED NET POSTION

The Governmental Activities has a deficit unrestricted net position of \$4,528,807, primarily due to the PERA net pension liability of \$7,992,191 and net OPEB liability of \$182,508, further described in Notes 7 and 9. As the District has no control over pension and OPEB benefits or contribution rates, we expect this deficit to continue going forward.

NOTE 15: BUDGET VIOLATION

The District's expenditures in the Capital Reserve Project Fund exceeded appropriations by \$3,351.

GENOA-HUGO SCHOOL DISTRICT NUMBER C-113

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 16: PRIOR PERIOD RESTATEMENTS

For the fiscal year, the District adopted GASB Statement Number 68 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$(189,686). In addition, the District has restated the deferred inflows related to the change in proportionate share of the pension related activities resulting in a net decrease in governmental activities net position of \$(90,932). Finally, the District had improperly reported grants receivable related to the 21st Century grant in the amount of \$(15,388) as of June 30, 2017, thereby requiring a reduction in beginning fund equity in the General Fund, and had not recognized BEST grant deferred inflows as revenue in the Capital Reserve Project Fund in the amount of \$30,597 requiring an increase in the beginning fund equity of the same amount. These fund level adjustments also impacted the beginning net position of the governmental activities resulting in a net restatement of governmental activities net position of \$(265,409).

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REQUIRED SUPPLEMENTARY INFORMATION
Pension and OPEB Schedules (Unaudited)

GENOA-HUGO SCHOOL DISTRICT NO. C-113

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>
District's proportion of the net pension asset (liability)	0.024716%	0.026535%	0.027248%
District's proportionate share of the net pension asset (liability)	\$ (7,992,191)	\$ (7,900,426)	\$ (4,167,357)
District's covered-employee payroll	\$ 1,140,108	\$ 1,190,928	\$ 1,187,453
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	701.00%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

<u>06/30/15</u>	<u>06/30/14</u>
0.027816%	0.028229%
\$ (3,770,027)	\$ (3,600,654)
\$ 1,165,299	\$ 1,138,017
323.52%	316.40%
62.84%	64.07%

GENOA-HUGO SCHOOL DISTRICT NO. C-113

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>
Contractually required contributions	\$ 212,402	\$ 215,915	\$ 205,786
Actual contributions	<u>(212,402)</u>	<u>(215,915)</u>	<u>(205,786)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,140,108	\$ 1,190,928	\$ 1,187,453
Contributions as a percentage of covered employee payroll	18.63%	18.13%	17.33%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

<u>06/30/15</u>	<u>06/30/14</u>
\$ 191,459	\$ 176,734
<u>(191,459)</u>	<u>(176,734)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,165,299	\$ 1,138,017
16.43%	15.53%

GENOA-HUGO SCHOOL DISTRICT NO. C-113

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>
District's proportion of the net pension asset (liability)	0.025874%	0.026073%
District's proportionate share of the net pension asset (liability)	\$ (336,259)	\$ (338,042)
District's covered-employee payroll	\$ 2,100,576	\$ 2,058,706
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.70%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

GENOA-HUGO SCHOOL DISTRICT NO. C-113

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 21,426	\$ 20,999
Actual contributions	<u>(21,426)</u>	<u>(20,999)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,100,576	\$ 2,058,706
Contributions as a percentage of covered employee payroll	1.02%	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			
	Original and		Variance	
	Final		with Final	2017
	Budget	Actual	Budget	Actual
REVENUES				
Local Sources				
Property Taxes	\$ 1,100,000	\$ 1,140,217	\$ 40,217	\$ 1,241,166
Specific Ownership Taxes	179,790	105,290	(74,500)	141,786
Delinquent Taxes	1,200	1,938	738	1,296
Tuition From Individuals	2,000	-	(2,000)	821
Investment Earnings	2,500	3,274	774	2,987
Donations	1,000	-	(1,000)	688
Sale of Fixed Assets	100	617	517	800
Insurance Proceeds	-	2,071	2,071	2,584
Other Local	19,000	25,534	6,534	17,297
Total Local Sources	<u>1,305,590</u>	<u>1,278,941</u>	<u>(26,649)</u>	<u>1,409,425</u>
Intermediate Sources				
Mineral Leases	50	-	(50)	42
Impact Fee Revenue	375	328	(47)	245
Total Intermediate Sources	<u>425</u>	<u>328</u>	<u>(97)</u>	<u>287</u>
State Sources				
State Equalization	786,124	862,711	76,587	628,328
Transportation	28,000	19,361	(8,639)	26,926
State Grants from CDE				
READ Act Grant	8,000	4,070	(3,930)	6,777
Library Grant	3,500	3,500	-	3,500
Addtl At Risk Funding	500	764	264	605
State Vocational Education	9,500	13,545	4,045	11,277
State Grants Provided through BOCES	30,560	29,617	(943)	33,544
Total State Sources	<u>866,184</u>	<u>933,568</u>	<u>67,384</u>	<u>710,957</u>
Federal Sources				
Federal Grants from CDE				
RTTT Readiness	100	119	19	-
Direct Federal Revenue				
NCLB Title VI, Part B - REAP/Rural Education	10,000	13,126	3,126	4,452
Federal Provided through BOCES	44,550	44,083	(467)	33,691
Total Federal Sources	<u>54,650</u>	<u>57,328</u>	<u>2,678</u>	<u>38,143</u>
TOTAL REVENUES	<u>2,226,849</u>	<u>2,270,165</u>	<u>43,316</u>	<u>2,158,812</u>

See the accompanying Independent Auditors' Report

(Continued)

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			
	Original and		Variance	2017
	Final	Actual	with Final	Actual
	Budget		Budget	
(Continued)				
EXPENDITURES				
Instruction				
Salaries	835,937	841,571	(5,634)	820,525
Benefits	383,149	347,092	36,057	286,086
PS - Professional	3,300	3,832	(532)	2,586
PS - Property	5,000	1,595	3,405	210
PS - Other	86,200	65,688	20,512	66,112
Supplies	81,520	69,803	11,717	69,566
Property	14,100	1,982	12,118	8,329
Other Expenses	3,500	2,731	769	2,905
Total Instruction	<u>1,412,706</u>	<u>1,334,294</u>	<u>78,412</u>	<u>1,256,319</u>
Supporting Services				
Pupil Support				
Benefits	3,500	2,301	1,199	3,750
PS - Professional	300	-	300	-
PS - Other	56,750	51,214	5,536	51,756
Supplies	8,600	6,788	1,812	6,422
Total Pupil Support	<u>69,150</u>	<u>60,303</u>	<u>8,847</u>	<u>61,928</u>
Staff Support				
Salaries	8,000	99	7,901	7,028
Benefits	6,350	22	6,328	1,490
PS - Professional	400	800	(400)	-
PS - Other	600	500	100	-
Supplies	8,800	7,420	1,380	7,571
Property	250	-	250	397
Total Staff Support	<u>24,400</u>	<u>8,841</u>	<u>15,559</u>	<u>16,486</u>
General Administration				
Salaries	68,000	68,000	-	68,000
Benefits	24,647	23,887	760	22,928
PS - Professional	13,300	11,147	2,153	8,621
PS - Property	900	1,111	(211)	1,037
PS - Other	18,500	11,391	7,109	11,375
Supplies	2,550	1,900	650	3,912
Property	1,200	1,449	(249)	-
Other Expenses	4,500	4,495	5	4,376
Total General Administration	<u>133,597</u>	<u>123,380</u>	<u>10,217</u>	<u>120,249</u>
School Administration				
Salaries	85,941	86,230	(289)	85,169
Benefits	36,800	36,390	410	41,041
PS - Professional	300	239	61	162
PS - Other	750	-	750	519
Supplies	14,000	6,542	7,458	17,565
Total School Administration	<u>137,791</u>	<u>129,401</u>	<u>8,390</u>	<u>144,456</u>

See the accompanying Independent Auditors' Report

(Continued)

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Original and Final Budget	Actual		
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	39,700	40,120	(420)	39,620
Benefits	25,825	17,307	8,518	23,935
PS - Professional	4,025	3,343	682	3,931
PS - Other	28,600	21,521	7,079	23,201
Supplies	8,000	7,546	454	7,742
Property	300	-	300	1,244
Total Business Services	<u>106,450</u>	<u>89,837</u>	<u>16,613</u>	<u>99,673</u>
Operations and Maintenance				
Salaries	75,500	59,084	16,416	64,202
Benefits	25,797	21,029	4,768	28,750
PS - Property	56,750	64,475	(7,725)	48,259
PS - Other	5,600	6,275	(675)	6,116
Supplies	74,000	69,185	4,815	67,378
Property	500	6,073	(5,573)	290
Other Expenses	-	-	-	(5,000)
Total Operations and Maintenance	<u>238,147</u>	<u>226,121</u>	<u>12,026</u>	<u>209,995</u>
Transportation				
Salaries	40,000	36,233	3,767	38,315
Benefits	7,800	7,573	227	7,934
PS - Professional	1,500	370	1,130	440
PS - Property	29,100	14,968	14,132	24,702
PS - Other	9,100	6,224	2,876	9,385
Supplies	25,450	20,204	5,246	20,327
Property	500	-	500	-
Total Transportation	<u>113,450</u>	<u>85,572</u>	<u>27,878</u>	<u>101,103</u>
Other Central Support				
PS - Other	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Risk Management				
PS - Other	<u>50,350</u>	<u>53,066</u>	<u>(2,716)</u>	<u>48,066</u>
Debt Service				
Principal	4,000	3,413	587	3,535
Interest	-	744	(744)	-
Total Debt Service	<u>4,000</u>	<u>4,157</u>	<u>(157)</u>	<u>3,535</u>
Contingency	<u>1,071,808</u>	<u>-</u>	<u>1,071,808</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,362,849</u>	<u>2,114,972</u>	<u>1,247,877</u>	<u>2,061,810</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,136,000)	155,193	1,291,193	97,002
OTHER FINANCING SOURCES (USES)				
Transfers	(64,000)	(41,500)	22,500	(53,000)
CHANGE IN FUND BALANCE	<u>(1,200,000)</u>	<u>113,693</u>	<u>1,313,693</u>	<u>44,002</u>
BEGINNING FUND BALANCE	1,200,000	1,988,622	788,622	1,944,620
PRIOR PERIOD RESTATEMENT	-	(15,388)	(15,388)	-
BEGINNING FUND BALANCE (As Restated)	<u>1,200,000</u>	<u>1,973,234</u>	<u>773,234</u>	<u>1,944,620</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 2,086,927</u>	<u>\$ 2,086,927</u>	<u>\$ 1,988,622</u>

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

GENOA-HUGO SCHOOL DISTRICT NO. C-113
 Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018
 (With Comparative Totals for June 30, 2017)

	Special Revenue		Capital Projects	Totals	
	Food Service		Capital Reserve	2018	2017
	Fund	Athletic Fund	Project Fund		
ASSETS					
Cash and Investments	\$ 38,310	\$ 1,747	\$ 52,628	\$ 92,685	\$ 160,485
Grants Receivable	-	-	6,397	6,397	15,388
Other Accounts Receivable	-	-	-	-	876
Inventory	292	-	-	292	374
TOTAL ASSETS	<u>\$ 38,602</u>	<u>\$ 1,747</u>	<u>\$ 59,025</u>	<u>\$ 99,374</u>	<u>\$ 177,123</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Interfund Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 15,388
Accounts Payable	324	-	-	324	20,871
Accrued Salaries & Benefits	9,822	-	-	9,822	9,485
Total Liabilities	<u>10,146</u>	<u>-</u>	<u>-</u>	<u>10,146</u>	<u>45,744</u>
Deferred Inflows of Financial Resources					
Deferred Inflows	1,149	-	-	1,149	-
Deferred Inflows Grants	-	-	1,508	1,508	72,547
Total Deferred Inflows of Financial Resources	<u>1,149</u>	<u>-</u>	<u>1,508</u>	<u>2,657</u>	<u>72,547</u>
Fund Balance					
Nonspendable Fund Balance	292	-	-	292	374
Restricted Fund Balance					
Restricted for BEST Capital Renewal Reserve	-	-	34,093	34,093	31,650
Committed Fund Balance					
Other Committed Fund Balance	27,015	1,747	-	28,762	25,768
Assigned Fund Balance					
Other Assigned Fund Balance	-	-	23,424	23,424	1,040
Total Fund Balance	<u>27,307</u>	<u>1,747</u>	<u>57,517</u>	<u>86,571</u>	<u>58,832</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 38,602</u>	<u>\$ 1,747</u>	<u>\$ 59,025</u>	<u>\$ 99,374</u>	<u>\$ 177,123</u>

See accompanying Independent Auditors' Report.

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Special Revenue		Capital Projects	Totals	
	Food Service		Capital Reserve	2018	2017
	Fund	Athletic Fund	Project Fund		
REVENUES					
Local Sources	\$ 27,473	\$ 20,900	\$ 565	\$ 48,938	\$ 55,600
State Sources	1,695	-	100,623	102,318	183,843
Federal Sources	45,846	-	-	45,846	117,585
TOTAL REVENUES	<u>75,014</u>	<u>20,900</u>	<u>101,188</u>	<u>197,102</u>	<u>357,028</u>
EXPENDITURES					
Instruction	-	33,981	-	33,981	100,062
General Administration	-	-	-	-	5,000
Transportation	-	-	91,958	91,958	15,061
Food Service	100,521	-	-	100,521	94,975
Facilities	-	-	15,000	15,000	213,071
TOTAL EXPENDITURES	<u>100,521</u>	<u>33,981</u>	<u>106,958</u>	<u>241,460</u>	<u>428,169</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(25,507)	(13,081)	(5,770)	(44,358)	(71,141)
Transfer In (Out) - net	30,000	11,500	-	41,500	53,000
CHANGE IN FUND BALANCE	<u>4,493</u>	<u>(1,581)</u>	<u>(5,770)</u>	<u>(2,858)</u>	<u>(18,141)</u>
BEGINNING FUND BALANCE	22,814	3,328	32,690	58,832	76,973
Prior Period Adjustment	-	-	30,597	30,597	-
BEGINNING FUND BALANCE (As Restated)	<u>22,814</u>	<u>3,328</u>	<u>63,287</u>	<u>89,429</u>	<u>76,973</u>
ENDING FUND BALANCE	<u>\$ 27,307</u>	<u>\$ 1,747</u>	<u>\$ 57,517</u>	<u>\$ 86,571</u>	<u>\$ 58,832</u>

See accompanying Independent Auditors' Report.

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SPECIAL REVENUE FUND

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes:

The District reports the following Special Revenue Funds:

Food Service Fund – Accounts for District's food service operations

Designated Grants Fund – Accounts for the District's Twenty-First Century Learning Center grant

Athletics Fund – Accounts for the District's athletic related pupil activities

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			2017 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Local Sources				
Food Service Revenue	\$ 27,100	\$ 26,709	\$ (391)	\$ 31,642
Other Local	-	765	765	-
Total Local Sources	<u>27,100</u>	<u>27,474</u>	<u>374</u>	<u>31,642</u>
State Sources				
State Match - Child Nutrition	700	673	(27)	661
Smart Start Nutrition	500	544	44	395
State K-2 Reduced Lunch	<u>500</u>	<u>478</u>	<u>(22)</u>	<u>312</u>
Total State Sources	<u>1,700</u>	<u>1,695</u>	<u>(5)</u>	<u>1,368</u>
Federal Sources				
School Breakfast Program	11,000	13,135	2,135	11,927
National School Lunch Program	24,000	27,631	3,631	25,150
Commodity Revenue	<u>2,500</u>	<u>5,080</u>	<u>2,580</u>	<u>4,519</u>
Total Federal Sources	<u>37,500</u>	<u>45,846</u>	<u>8,346</u>	<u>41,596</u>
TOTAL REVENUES	<u>66,300</u>	<u>75,015</u>	<u>8,715</u>	<u>74,606</u>
EXPENDITURES				
Food Service				
Salaries	36,900	38,059	(1,159)	36,300
Benefits	25,744	25,826	(82)	24,029
PS - Property	50	-	50	-
PS - Other	150	566	(416)	47
Supplies	2,150	1,399	751	1,469
Food	33,200	29,592	3,608	28,611
Commodities	250	5,080	(4,830)	4,519
Property	250	-	250	-
Depreciation	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Food Service	<u>99,694</u>	<u>100,522</u>	<u>(828)</u>	<u>94,975</u>
Contingency	<u>1,606</u>	<u>-</u>	<u>1,606</u>	<u>-</u>
TOTAL EXPENDITURES	<u>101,300</u>	<u>100,522</u>	<u>778</u>	<u>94,975</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(35,000)</u>	<u>(25,507)</u>	<u>9,493</u>	<u>(20,369)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
CHANGE IN FUND BALANCE	<u>(5,000)</u>	<u>4,493</u>	<u>9,493</u>	<u>9,631</u>
BEGINNING FUND BALANCE	<u>5,000</u>	<u>22,814</u>	<u>17,814</u>	<u>13,183</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 27,307</u>	<u>\$ 27,307</u>	<u>\$ 22,814</u>

See accompanying Independent Auditors' Report.

GENOA-HUGO SCHOOL DISTRICT NO. C-113
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Designated Grants Fund
 For the Year Ended June 30, 2018
 (With Comparative Totals for the Year Ended June 30, 2017)

	2018			2017 Actual
	Final Budget	Actual	Variance with Final Budget	
REVENUES				
Federal Sources				
Twenty-First Century Learning Center Grant	\$ -	\$ -	\$ -	\$ 75,989
EXPENDITURES				
Instruction				
Salaries	-	-	-	50,432
Benefits	-	-	-	12,672
Supplies	-	-	-	7,885
Total Instruction	-	-	-	70,989
Supporting Services				
General Administration				
Other Expenses	-	-	-	5,000
TOTAL EXPENDITURES	-	-	-	75,989
CHANGE IN FUND BALANCE	-	-	-	-
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

GENOA-HUGO SCHOOL DISTRICT NO. C-113
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Athletic Fund
 For the Year Ended June 30, 2018
 (With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017
	Final Budget	Actual		Actual
REVENUES				
Local Sources				
Pupil Activity Revenues	\$ 38,000	\$ 20,900	\$ (17,100)	\$ 21,253
EXPENDITURES				
Instruction				
Other Expenses	<u>38,000</u>	<u>33,981</u>	<u>4,019</u>	<u>29,074</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	(13,081)	(13,081)	(7,821)
OTHER FINANCING SOURCES (USES)				
Transfers	-	<u>11,500</u>	<u>11,500</u>	<u>9,000</u>
CHANGE IN FUND BALANCE	-	(1,581)	(1,581)	1,179
BEGINNING FUND BALANCE	-	<u>3,328</u>	<u>3,328</u>	<u>2,149</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,747</u>	<u>\$ 1,747</u>	<u>\$ 3,328</u>

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

Debt Service Funds These funds are used to account for the repayment of the District's general obligation indebtedness.

The District has the following debt service fund:

Bond Redemption Fund

GENOA-HUGO SCHOOL DISTRICT NO. C-113
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Bond Redemption Fund
 For the Year Ended June 30, 2018
 (With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Property Taxes	\$ 497,950	\$ 497,666	\$ (284)	\$ 497,234
Specific Ownership Taxes	26,000	43,408	17,408	41,670
Delinquent Taxes	500	824	324	400
Investment Earnings	1,150	787	(363)	634
TOTAL REVENUES	<u>525,600</u>	<u>542,685</u>	<u>17,085</u>	<u>539,938</u>
EXPENDITURES				
Supporting Services				
General Administration				
Other Expenses	500	710	(210)	500
Debt Service				
Principal	1,070,000	396,638	673,362	383,565
Interest	166,190	166,174	16	178,245
Total Debt Service	<u>1,236,190</u>	<u>562,812</u>	<u>673,378</u>	<u>561,810</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(711,090)	(20,837)	690,253	(22,372)
BEGINNING FUND BALANCE	<u>711,500</u>	<u>985,855</u>	<u>274,355</u>	<u>1,008,227</u>
ENDING FUND BALANCE	<u>\$ 410</u>	<u>\$ 965,018</u>	<u>\$ 964,608</u>	<u>\$ 985,855</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

Capital Reserve Project Fund - This fund accounts for the District's routine capital projects.

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Investment Earnings	\$ 25	\$ 206	\$ 181	\$ 126
Other Local	-	359	359	2,580
Total Local Sources	25	565	540	2,706
State Sources				
Best Capital Construction Program	-	41,951	41,951	182,475
Rural School Funding	58,582	58,672	90	-
Total State Sources	58,582	100,623	42,041	182,475
TOTAL REVENUES	58,607	101,188	42,581	185,181
EXPENDITURES				
Supporting Services				
Transportation				
Property	83,607	91,958	(8,351)	15,061
Facilities/Capital Outlay				
Buildings	-	-	-	213,071
Equipment	-	15,000	(15,000)	-
Contingency	20,000	-	20,000	-
TOTAL EXPENDITURES	103,607	106,958	(3,351)	228,132
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(45,000)	(5,770)	39,230	(42,951)
OTHER FINANCING SOURCES (USES)				
Transfers	25,000	-	(25,000)	14,000
CHANGE IN FUND BALANCE	(20,000)	(5,770)	14,230	(28,951)
BEGINNING FUND BALANCE	20,000	32,690	12,690	61,641
PRIOR PERIOD RESTATEMENT	-	30,597	30,597	-
BEGINNING FUND BALANCE (As Restated)	20,000	63,287	43,287	61,641
ENDING FUND BALANCE	\$ -	\$ 57,517	\$ 57,517	\$ 32,690

See accompanying Independent Auditors' Report.

FIDUCIARY (AGENCY) FUNDS

Fiduciary (Agency) Funds are used to account for assets held by the District as an agent for individuals, private and student groups. The agency funds are custodial in nature and do not involve measurement of results of operations.

Scholarship Fund

The District has established a scholarship agency fund to account for annual student scholarships given through memorial donations.

Pupil Activity Fund

The District has established an agency fund to account for various student activity groups and contributions from private organizations.

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Schedule of Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Scholarship Agency Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018		Variance with Final Budget	2017	
	Final Budget	Actual		Actual	Actual
ADDITIONS					
Local Sources	\$ -	\$ 2	\$ 2	\$ 2	\$ 2
DEDUCTIONS					
Community Support	4,000	-	4,000	-	-
CHANGE IN NET POSITION	(4,000)	2	4,002	2	2
BEGINNING NET POSITION	4,000	1,953	(2,047)	1,951	1,951
ENDING NET POSITION	<u>\$ -</u>	<u>\$ 1,955</u>	<u>\$ 1,955</u>	<u>\$ 1,953</u>	<u>\$ 1,953</u>

See accompanying Independent Auditors' Report.

GENOA-HUGO SCHOOL DISTRICT NO. C-113
Schedule of Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Pupil Activity Agency Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance with Final Budget	
ADDITIONS				
Local Sources	\$ 117,000	\$ 61,646	\$ (55,354)	\$ 62,842
DEDUCTIONS				
Instruction	117,000	57,338	59,662	69,104
CHANGE IN NET POSITION	-	4,308	4,308	(6,262)
BEGINNING NET POSITION	-	44,045	44,045	50,307
ENDING NET POSITION	\$ -	\$ 48,353	\$ 48,353	\$ 44,045

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE

This report includes information required by the Colorado Department of Education.



Colorado Department of Education
Auditors Integrity Report
 District: 1780 - GENOA-HUGO C113
 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	1,909,960	2,196,516	2,049,889	2,056,586
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	63,274	32,148	65,082	30,341
Sub- Total	1,973,234	2,228,664	2,114,971	2,086,927
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	22,814	105,014	100,522	27,307
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	3,328	32,400	33,981	1,747
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	985,855	542,685	563,522	965,018
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	63,287	101,188	106,958	57,517
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,048,518	3,009,952	2,919,954	3,138,515
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	1,953	2	0	1,955
74 Pupil Activity Agency Fund	44,045	61,646	57,338	48,353
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	45,998	61,648	57,338	50,308

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 1780 - GENOA-HUGO C113

Fiscal Year 2017-18

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	2,215,929	0	30,341	1,747	0	38,310	957,979	52,628	0	0	0	50,308	0	3,347,240	
Cash with Fiscal Agent (8105)	1,472	0	0	0	0	0	644	0	0	0	0	0	0	2,116	
Taxes Receivable (8121,8122)	14,651	0	0	0	0	0	6,395	0	0	0	0	0	0	21,046	
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants Accounts Receivable (8142)	8,160	0	0	0	0	0	0	6,397	0	0	0	0	0	14,557	
Other Receivables (8151-8154,8161)	3,520	0	0	0	0	0	0	0	0	0	0	0	0	3,520	
Inventories (8171,8172,8173)	0	0	0	0	0	292	0	0	0	0	0	0	0	292	
Prepaid Expenses 8181,8182)	30,432	0	0	0	0	0	0	0	0	0	0	0	0	30,432	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	2,274,165	0	30,341	1,747	0	38,601	965,018	59,025	0	0	0	50,308	0	3,419,204	

Fiduciary

Proprietary

Governmental

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	10,989	0	0	0	0	324	0	0	0	0	0	0	0	0	11,312
Accrued Expenses (7461)	206,590	0	0	0	0	9,822	0	0	0	0	0	0	0	0	216,412
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	1,149	0	0	0	0	0	0	0	0	1,149
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	1,508	0	0	0	0	0	0	1,508
Total Liabilities	217,578	0	0	0	0	11,295	0	1,508	0	0	0	0	0	0	230,381

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	30,432	0	0	0	0	292	0	0	0	0	0	0	0	0	30,724
Restricted Fund Balance 6720	0	0	0	0	0	0	965,018	0	0	0	0	0	0	0	965,018
TABOR 3% Emergency Reserve 6721	73,000	0	0	0	0	0	0	0	0	0	0	0	0	0	73,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	30,341	0	0	0	0	0	0	0	0	0	0	0	30,341
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	34,093	0	0	0	0	0	0	34,093
Committed Fund Balance 6750	0	0	0	1,747	0	27,015	0	0	0	0	0	0	0	0	28,762
Assigned Fund Balance 6760	0	0	0	0	0	0	0	-7,172	0	0	0	0	0	0	-7,172
Unassigned Fund Balance 6770	1,968,542	0	0	0	0	0	0	0	0	0	0	0	50,308	0	2,018,850
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	-15,388	0	0	0	0	0	0	30,597	0	0	0	0	0	0	15,209
Total Fund Equity	2,056,586	0	30,341	1,747	0	27,307	965,018	57,517	0	0	0	0	50,308	0	3,188,823

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	2,274,165	0	30,341	1,747	0	38,601	965,018	59,025	0	0	0	0	50,308	0	3,419,204

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