

**HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO
ROUTT COUNTY, COLORADO**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2018

FINANCIAL STATEMENTS - 2018

HAYDEN SCHOOL DISTRICT NO. RE: 1
ROUTT COUNTY

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June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hayden School District No. RE: 1
Hayden, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hayden School District No. RE: 1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hayden School District No. RE: 1, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the School District adopted the provision of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and GASB Statement No. 75, *Accounting and financial Reporting for Postemployment Benefits Other than Pensions*, which has resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund and Transportation Fund budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of District contributions – PERA pension plan, schedule of changes in net OPEB liability and related ratios, and schedule of employer contributions - OPEB on pages 3-8 and 59-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hayden School District No. RE: 1's basic financial statements. The budgetary comparison schedules and statements of changes in fiduciary liability by activity on pages 71-77 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

ColoCMA Services, PC

Rangely, Colorado
December 5, 2018

MANAGEMENT DISCUSSION & ANALYSIS

It is a privilege to present to you the financial picture of Hayden School District No. RE: 1. The discussion and analysis of Hayden School District No. RE: 1's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2018. The intent of the discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Managements Discussion and Analysis for State and Local governments, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total net position of the District is \$(12,501,466), which includes \$6,427,244 in total assets, \$7,057,636 in deferred out flows, \$24,562,872 in total liabilities, and \$1,423,474 in deferred inflows. The total assets include \$1,774,623 in current assets and \$4,652,621 in long-term capital assets.
- Total general revenues were \$5,183,353 and total program revenues were \$1,719,667. During the year, the District had expenses that were \$10,329,572. This resulted in a decrease in total net position of \$3,426,552 from the previous year.

Using the Annual Financial Report

Within the annual report is a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and include fixed assets and depreciation on those assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Hayden School District No. RE: 1's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information including fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.

Government-wide Financial Statements.

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the District, that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements of the District have only one category:

- 1) **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Hayden School District No. RE: 1 adopts a one-year budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the year ended June 30, 2018 budget.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 Districts fiduciary funds are used to account for their school activity funds.

Financial Analysis of the District as a Whole

Most of the District's net position is invested in capital assets (buildings, land, vehicles and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts. The designated balances are amounts set aside by management to finance future purchases or capital projects as planned by the District.

The results of this year's operations are reported in the Statement of Activities. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes that are assessed to community taxpayers and state equalization that is provided by the State of Colorado.

Table A-1
 Fiscal Year Ended June 30, 2018
 Hayden School District No. RE: 1 Net Position

	<u>FY18 Total</u>	<u>FY17 Total</u>
Current and Other Assets	\$ 1,774,623	\$ 788,505
Capital Assets	4,652,621	4,768,521
Total Assets	<u>6,427,244</u>	<u>5,557,026</u>
 Deferred Outflows	 <u>7,057,636</u>	 <u>8,439,943</u>
 Current and Other Liabilities	 835,878	 750,650
Long Term Liabilities	<u>23,726,994</u>	<u>22,224,787</u>
Total Liabilities	<u>24,562,872</u>	<u>22,975,437</u>
 Deferred Inflows	 <u>1,423,474</u>	 <u>96,446</u>
 Net Position:		
Net invested in Capital Assets	4,297,444	4,312,157
Restricted	217,018	291,387
Unrestricted	<u>(17,015,928)</u>	<u>(13,678,458)</u>
Total Net Position	<u>\$(12,501,466)</u>	<u>\$ (9,074,914)</u>

Table A-2
Fiscal Year Ended June 30, 2018
Hayden School District No. RE: 1
Changes in Net Position

	<u>FY18 Total</u>	<u>FY17 Total</u>
Revenues		
Program Revenues		
Charges for Services	\$ 143,247	\$ 120,802
Operating Grants	1,446,298	1,163,430
Capital Grants & Contributions	130,122	127,927
General Revenues		
Property Taxes	3,546,574	3,050,972
Other Taxes	298,991	88,737
Grants, subsidies, and contributions	1,330,555	1,237,988
Investment Earnings	7,233	1,923
Total Revenues	<u>6,903,020</u>	<u>5,791,779</u>
Expenses		
Instruction	6,088,198	5,809,914
Pupil Health and Attendance	607,447	566,207
Instructional Staff Library	434,171	141,744
General Administration	649,593	647,592
School Administration	771,480	637,514
Operations and Maintenance	738,422	675,990
Transportation	306,148	325,346
Other	291,428	246,111
Capital Outlay	-	335,609
Interest on Long-Term Debt	13,437	16,466
Insurance Premiums	100,335	79,214
Unallocated Depreciation	71,219	80,321
Food Service	257,694	243,139
Total Expenses	<u>10,329,572</u>	<u>9,805,167</u>
Increase (Decrease) in Net Position	(3,426,552)	(4,013,388)
Net Position Beginning	(8,564,086)	(4,550,698)
Change in Accounting Principle	(510,828)	-
Net Position Ending	<u>\$ (12,501,466)</u>	<u>\$ (8,564,086)</u>

The following table A-3 shows the total cost and the net cost of the District's functions: instructional programs, pupils health and attendance, instructional staff library, administration, operations and maintenance, pupil transportation, student activities, capital outlay, interest on long-term debt, insurance, preschool, and food services. Net cost is the total cost, less revenues generated by each activity. This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the extent to which the remaining financial needs are supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal Year Ended June 30, 2018
Hayden School District No. RE: 1
Governmental Activities

Functions/Programs	Total Cost of Services	Net Cost of Services FY18	Net Cost of Services FY17
Instruction	\$ 6,088,198	\$ 4,688,445	\$ 4,677,641
Pupil Health and Attendance	607,447	607,447	566,207
Instructional Staff Library	434,171	434,171	141,744
General Administration	649,593	649,593	647,592
School Administration	771,480	771,480	637,514
Operations and Maintenance	738,422	738,422	675,990
Transportation	306,148	94,418	167,172
Other	291,428	291,428	246,111
Capital Outlay	-	-	335,609
Interest on Long-Term Debt	13,437	13,437	16,466
Insurance Premiums	100,335	100,335	79,214
Unallocated Depreciation	71,219	71,219	80,321
Food Service	257,694	149,510	121,427
Total Governmental Activities	10,329,572	8,609,905	8,393,008
Less: Unrestricted Grants, Subsidies	(1,341,268)	(1,341,268)	(1,237,988)
Increase (Decrease) in Net Position	(3,426,552)	(3,426,552)	(4,013,388)
Total Needs from Local Taxes & Other Revenue	<u>\$ 5,561,752</u>	<u>\$ 3,842,085</u>	<u>\$ 3,141,632</u>

The District Funds

At June 30, 2018 the District governmental funds reported a combined fund balance of \$1,044,184, which is an increase of \$905,142 from the June 30, 2017 balances.

General Fund Budget

During the fiscal year, the board of education authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received in the general fund is provided on pages 59 through 62 of the audit.

Capital Assets

At June 30, 2018, the District had \$4,297,444 invested in a broad range of capital assets net of depreciation and related debt, including: land, buildings, improvements, vehicles, furniture and equipment. This represents additions of \$221,721, and depreciation of \$337,620 for a net decrease of \$115,899 from the prior year.

Debt Administration

As of June 30, 2018, the District had a lease agreement with Key Bank for a wireless upgrade and a refinanced lease with Suntrust.

Economic Factors and Future Budgets

The District has experienced steady enrollment for several years, and all indications show that the trend will continue for the foreseeable future. The state formula for funding school districts in Colorado is tied directly to the number of pupils enrolled, along with inflation based adjustments. This has kept total revenues flat for several years and will most likely continue into the future.

Local and county sources continue to fund most of the District with 63 percent of all funding. The state share is 30 percent, and the federal share is 7 percent. Expenditures include 54 percent for direct instruction of students, 11 percent for support services, 11 percent for general and school administration, 8 percent for operations and maintenance (including utilities), and 16 percent for student transportation and all other expenses.

Contacting the District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, please contact Christy Sinner, Superintendent, at Hayden School District No. RE: 1, 495 West Jefferson Avenue, Hayden, Colorado 81639, (970) 276-3864.

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FINANCIAL STATEMENTS

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HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF NET POSITION
June 30, 2018

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,519,318
Other receivables	145,982
Property taxes receivable, net	85,249
Inventory	8,714
Co-op stock	15,360
Capital assets, nondepreciable	207,270
Capital assets, net	<u>4,445,351</u>
TOTAL ASSETS	<u>6,427,244</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	7,043,323
Deferred outflows related to post employment benefit (OPEB)	<u>14,313</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>7,057,636</u>
LIABILITIES	
Accounts payable	149,610
Accrued salaries and benefits	580,829
Noncurrent liabilities:	
Due within one year	105,439
Due in more than one year	249,738
Net pension liability	22,952,652
Net OPEB liability	<u>524,604</u>
TOTAL LIABILITIES	<u>24,562,872</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,414,898
Deferred inflows related to OPEB	<u>8,576</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,423,474</u>
NET POSITION	
Net investment in capital assets	4,297,444
Restricted for:	
Labor emergencies	149,598
Food service	7,239
Transportation	60,181
Unrestricted	<u>(17,015,928)</u>
TOTAL NET POSITION	<u>\$ (12,501,466)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Primary government			
Governmental activities			
Instruction	\$ 6,088,198	\$ 101,117	\$ 1,298,636
Supporting services			
Pupils health and attendance	607,447	-	-
Instructional staff library	434,171	-	-
General administration	649,593	-	-
School administration principals	771,480	-	-
Operations and maintenance	738,422	-	-
Pupil transportation	306,148	-	81,608
Other business services	291,428	-	-
Food services	257,694	42,130	66,054
Interest expense	13,437	-	-
Insurance premiums	100,335	-	-
Unallocated depreciation	71,219	-	-
	<u>71,219</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 10,329,572</u>	<u>\$ 143,247</u>	<u>\$ 1,446,298</u>

General revenues:

Taxes:

 Property taxes

 Specific ownership taxes

 Abatement recovery

State equalization

Mineral lease

Unrestricted investment earnings

 Total general revenues

 Change in net position

Net position - beginning

 Change in accounting principle

 Net position - ending

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities</u>
\$ -	\$ (4,688,445)
-	(607,447)
-	(434,171)
-	(649,593)
-	(771,480)
-	(738,422)
130,122	(94,418)
-	(291,428)
-	(149,510)
-	(13,437)
-	(100,335)
-	(71,219)
<u>\$ 130,122</u>	<u>(8,609,905)</u>

3,546,574
298,991
(10,713)
1,335,120
6,148
<u>7,233</u>
<u>5,183,353</u>
(3,426,552)
(8,564,086)
<u>(510,828)</u>
<u>\$ (12,501,466)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	<u>General Fund</u>	<u>Transportation Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,258,652	\$ 136,294
Other receivables	145,982	-
Property taxes receivable, net	82,227	3,022
Inventory	-	-
Co-op stock	15,360	-
	<u>1,502,221</u>	<u>139,316</u>
TOTAL ASSETS	<u>\$ 1,502,221</u>	<u>\$ 139,316</u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 70,475	\$ 79,135
Accrued payroll	384,814	-
Accrued liabilities	192,697	-
	<u>647,986</u>	<u>79,135</u>
TOTAL LIABILITIES	<u>647,986</u>	<u>79,135</u>
 FUND BALANCE		
Nonspendable:		
Inventory	-	-
Restricted for:		
Labor emergencies	27,069	-
Food service	-	-
Transportation	-	60,181
Unassigned (deficit)	827,166	-
	<u>854,235</u>	<u>60,181</u>
TOTAL FUND EQUITY	<u>854,235</u>	<u>60,181</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 1,502,221</u>	 <u>\$ 139,316</u>

Capital Projects Fund	Non-major Food Service Fund	Total Governmental Funds
\$ 122,529	\$ 1,843	\$ 1,519,318
-	-	145,982
-	-	85,249
-	8,714	8,714
-	-	15,360
<u>\$ 122,529</u>	<u>\$ 10,557</u>	<u>\$ 1,774,623</u>
\$ -	\$ -	\$ 149,610
-	-	384,814
-	3,318	196,015
<u>-</u>	<u>3,318</u>	<u>730,439</u>
-	8,714	8,714
122,529	-	149,598
-	(1,475)	(1,475)
-	-	60,181
-	-	827,166
<u>122,529</u>	<u>7,239</u>	<u>1,044,184</u>
<u>\$ 122,529</u>	<u>\$ 10,557</u>	<u>\$ 1,774,623</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Balance sheet - total fund balances		\$ 1,044,184
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		4,652,621
Long-term liabilities, including net pension liability, bonds payable, and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		(23,832,433)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	7,043,323	
Deferred outflows of resources related to OPEB	14,313	
Deferred inflows of resources related to pensions	(1,414,898)	
Deferred inflows of resources related to OPEB	<u>(8,576)</u>	
Net deferred outflows (inflows)		<u>5,634,162</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (12,501,466)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

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

	<u>General Fund</u>	<u>Transportation Fund</u>
REVENUES		
Local sources	\$ 4,185,268	\$ 141,351
County sources	25,695	-
State sources	2,048,871	-
Federal sources	386,420	-
Interest earned	7,080	-
	<hr/>	<hr/>
TOTAL REVENUES	6,653,334	141,351
	<hr/>	<hr/>
EXPENDITURES		
Instruction	3,266,273	-
Supporting services		
Pupils health and attendance	402,240	-
Instructional staff library	261,023	-
General administration	263,700	320
School administration principals	410,481	-
Operations and maintenance	470,209	-
Pupil transportation	178,913	-
Other business services	149,923	-
Food services	-	-
Insurance premiums	100,335	-
Capital outlay	15,586	206,135
Debt service:		
Principal	54,962	-
Interest	5,517	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	5,579,162	206,455
	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,074,172	(65,104)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(180,000)	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(180,000)	-
	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPEND- ITURES AND OTHER FINANCING USES	894,172	(65,104)
	<hr/>	<hr/>
FUND BALANCE, BEGINNING OF YEAR	(39,937)	125,285
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 854,235	\$ 60,181
	<hr/>	<hr/>

Capital Projects Fund	Non-major Food Service Fund	Total Governmental Funds
\$ -	\$ 42,130	\$ 4,368,749
-	-	25,695
-	2,232	2,051,103
-	63,822	450,242
66	87	7,233
66	108,271	6,903,022
-	-	3,266,273
-	-	402,240
-	-	261,023
-	-	264,020
-	-	410,481
-	-	470,209
-	-	178,913
-	-	149,923
-	158,118	158,118
-	-	100,335
-	-	221,721
46,225	-	101,187
7,920	-	13,437
54,145	158,118	5,997,880
(54,079)	(49,847)	905,142
140,000	40,000	180,000
-	-	(180,000)
140,000	40,000	-
85,921	(9,847)	905,142
36,608	17,086	139,042
<u>\$ 122,529</u>	<u>\$ 7,239</u>	<u>\$ 1,044,184</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

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

Net change in fund balances - total governmental funds	\$ 905,142
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$337,620) exceeded capital outlay (\$221,721) in the current period.	(115,899)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.	101,187
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	(4,308,943)
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	<u>(8,039)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (3,426,552)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2018

	<u>High School Activity Fund</u>	<u>Middle School Activity Fund</u>
ASSETS		
Cash and cash equivalents	\$ 62,423	\$ 19,362
TOTAL ASSETS	<u>62,423</u>	<u>19,362</u>
LIABILITIES		
Due to student groups	<u>62,423</u>	<u>19,362</u>
TOTAL LIABILITIES	<u>62,423</u>	<u>19,362</u>
NET ASSETS HELD	<u>\$ -</u>	<u>\$ -</u>

<u>Elementary School Activity Fund</u>	<u>Total</u>
<u>\$ 11,592</u>	<u>\$ 93,377</u>
<u>11,592</u>	<u>93,377</u>
<u>11,592</u>	<u>93,377</u>
<u>11,592</u>	<u>93,377</u>
<u>\$ -</u>	<u>\$ -</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hayden School District No. RE: 1 conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

In evaluating how to define the District for financial reporting entity purposes, management uses the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity" (GASB 14). Under GASB 14, the financial reporting entity consists of: a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Hayden School District No. RE: 1 is a special-purpose primary government that meets all the following criteria as described in GASB 14:

- 1.) It has a separately elected five member governing board
- 2.) It is legally separate from any other governmental body
- 3.) It is fiscally independent with the authority to do all three of the following:
 - a.) Determine its budget without another government's authority to approve or modify.
 - b.) Levy taxes or charges without another government's approval.
 - c.) Issue bonded debt without approval by another government.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organizations governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on it.

The Hayden School District is not financially accountable under the above criteria, to any other governmental entity and accordingly there are no component entities included within the accompanying financial statements.

The District receives funding from local, state and federal government sources and must comply with the requirements of those funding source entities. However, the district is not included in any other governmental "financial reporting entity" as defined by GASB 14.

The Hayden School District No. RE: 1 is one of six districts participating in the Northwest Colorado Board of Cooperative Educational Services (BOCES). The BOCES is a regional education service unit created under the "Board of Cooperative Services Act of 1965" and is governed by an independent board made up of one representative from each of the six districts. The governing board of the BOCES has final authority over all funds and fiscal responsibility including budgetary and reporting. As such, this joint venture does not meet the criteria for inclusion within the reporting entity. Additional information regarding the Hayden School District No. RE: 1 accounting for this joint venture is provided in Note 2.

B. Description of Government-Wide Financial Statements

During fiscal year 2004, the District adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001, and; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Description of Government-Wide Financial Statements, continued

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "*Accounting and Financial Reporting for Non-exchange Transactions.*"

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of fiscal year end. For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 90 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Fund Accounting

The accounts of the School District are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following funds are currently being used by the District:

Governmental Fund Types

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

Transportation Fund - The Transportation Fund is used to account for designated property taxes. The Transportation fund is reflected as a Special Revenue Fund.

Food Service Fund - Food Service Fund is used to record financial transactions related to food service operations. The Food Services Fund is reflected as a Special Revenue Fund.

Capital Projects Fund - Capital Projects Funds are used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles. The Capital Reserve Fund is reflected as a Capital Projects Fund.

Fiduciary Fund Type

Agency Funds - Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds include the High School Activity Fund, Middle School Activity Fund and Elementary School Activity Fund.

E. Capital Assets

Capital assets, which include land, building, building improvements and equipment are reported in the governmental activities columns in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment is a unit cost of \$5,000 or more. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of buildings and building improvements of the District placed in service subsequent to fiscal year 2001 will be calculated using the straight line method beginning in the year after they are placed in service. Equipment is depreciated using the straight line method and the mid-year convention. The Districts capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	25-50
Administrative software/systems	20
Equipment	5

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. Budgets and Budgetary Accounting

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submitted to the School Board a proposed operating budget for the Year ending June 30, 2018. The operating budget included proposed expenditures and the means of financing them.
2. Public hearings were conducted at the School to obtain taxpayer comments.
3. Prior to June 30, 2017 the budget was legally enacted through passage of a resolution.
4. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental budgets are adopted as necessary and required.
8. Budgeted amounts are as amended by transfers, adopted by Board approval, from the Contingency Reserve Fund.
9. For the year ending June 30, 2018, the Food Service Fund expenditures were over budget by \$1,150 which may be a violation of state statutes.

H. Encumbrances and Appropriations

Encumbrance accounting - accounting for commitments related to unperformed contracts for goods or services is utilized by the District to the extent necessary to assure effective budgetary control and accountability to facilitate effective cash planning and control. Encumbrances outstanding at year-end represent estimated amounts of expenditures and do not constitute expenditures or liabilities. All appropriations lapse at year end whether or not encumbered.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Property Taxes Receivable and Reserve for Uncollectable – Taxes

Property taxes are levied on or before December 10 on property assessed as of January 1, (lien date) of each year. Tax bills are mailed on or before January 31 of the following year. The taxes are collectible in two installments, due February 28, and June 15, or in full by April 30. Property taxes are recognized as revenue, as of June 30, 2018, based on taxes collected and projected through August 31, 2018. The following is a summary of the property taxes receivable, net:

	<u>General</u>	<u>Transportation</u>	<u>Total</u>
Property taxes receivable	\$ 108,574	\$ 3,990	\$ 112,564
Less allowance for uncollectable	<u>(26,347)</u>	<u>(968)</u>	<u>(27,315)</u>
Total	<u>\$ 82,227</u>	<u>\$ 3,022</u>	<u>\$ 85,249</u>

J. Accumulated Unpaid Annual Leave and Accrued Leave

All employees, regardless of position, will be awarded annual leave by length of contract criteria. On leave day awarded per month.

Employees are awarded annual leave as follows:

- 178-188 day employees have contracts spanning 10 months of work = 10 days of annual leave
- 200-223 day employees have contracts spanning 11 months of work = 11 days of annual leave
- 245-260 day employees have contracts spanning 12 months of work = 12 days of annual leave
- Food service and transportation employees have ½ time contracts spanning 9 months of work = 4.5 days of annual leave
- Late hires/part-time employees will receive a prorated amount of leave days

These days may be used only for any combination of illness, doctor appointments, family business, bereavement, childcare, or any personal needs. Unused annual leave days will be converted to accrued leave with limited accumulation of 60 days. Paid leave may occur at the conclusion of an employee’s annual contract. Pay for accumulated leave days in excess of 60 days will be one-half the current substitute rate and will be included in their summer check. Accrued sick pay for year end June 30, 2018 is \$0.

There is no compensated time off for extra hours worked.

K. Employees Sick Leave Bank

Each employee who desires to participate in the sick leave bank, will contribute one day per year until the bank has accumulated over 200 days. Participants may draw up to 15 days per year per employee for extended illness or long-term disability.

L. Inventory

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

M. Accrued Salaries and PERA

The liability at June 30, 2018 for salaries earned by employees who contract for a period less than 12 months and receive payment over a twelve month period is reflected in the accompanying statements. The accrued liabilities are computed on these salaries and is shown as a liability.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Net Position and Fund Balances

In the government-wide financial statements, net position is classified in the following categories:

- Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.
- Restricted – assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.
- Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the fund financial statements, fund balance of governmental funds are classified in the following categories:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 2 - JOINT VENTURE

Pursuant to an agreement authorized by State Statutes, Hayden School District No. RE: 1 joined with five other local school districts to establish and operate the Northwest Colorado Board of Cooperative Educational Services.

The five other Districts are as follows:

East Grand Schools
South Routt Schools
North Park Schools
Steamboat Springs Schools
West Grand Schools

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - JOINT VENTURE, Continued

The District has included in the accompanying financial statements, assistance passed through from BOCES and District disbursements to BOCES as revenues and expenditures, respectively, in the General Fund. The District does not retain any ongoing financial interest in either assets or liabilities of BOCES.

NOTE 3 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Hayden School District No. RE: 1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions 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 Hayden School District No. RE: 1 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:

- 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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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 the federal Internal Revenue Code.

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

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

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

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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

Contributions provisions as of June 30, 2018. Eligible employees and Hayden School District No. RE: 1 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer contribution rate ¹	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	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total employer contribution rate to the SCHDTF¹	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Hayden School District No. RE: 1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Hayden School District No. RE: 1 were \$595,286 for the year ended June 30, 2018.

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

At June 30, 2018, the Hayden School District No. RE: 1 reported a liability of \$22,952,652 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The Hayden School District No. RE: 1 proportion of the net pension liability was based on Hayden School District No. RE: 1 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Hayden School District No. RE-1 proportion was 0.07 percent, which was no significant difference from its proportion measured as of December 31, 2016.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

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

For the year ended June 30, 2018, the Hayden School District No. RE: 1 recognized pension expense of \$4,308,943. At June 30, 2018, the Hayden School District No. RE: 1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	422,003	-
Changes of assumptions or other inputs	5,860,665	37,190
Net difference between projected and actual earnings on pension plan investments	455,025	1,356,397
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	21,311
Contributions subsequent to the measurement date	305,630	N/A
Total	7,043,323	1,414,898

\$305,630 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 ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	3,301,858
2020	2,006,941
2021	14,335
2022	(339)
2023	-
Thereafter	-

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

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

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

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

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

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

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

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

For disabled retirees, the mortality assumption was changed to reflect 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.

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

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

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

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

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

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

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

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

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - 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 were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and 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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

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

Sensitivity of the Hayden School District No. RE: 1 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	28,993,104	22,952,652	18,030,374

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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN, Continued

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

At June 30, 2018, the Hayden School District No. RE: 1 reported a liability of \$22,952,652 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 Hayden School District No. RE: 1 proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$10,369,809

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 \$10,714,442 of the estimated reduction is attributable to the use of a 7.25 percent discount rate

NOTE 4 - DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Hayden School District No. RE: 1 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Hayden School District No. RE: 1 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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

General Information about the OPEB Plan, continued

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

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

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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, 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 Hayden School District No. RE: 1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF Hayden School District No. RE: 1 were \$32,155 for the year ended June 30, 2018.

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

At June 30, 2018, the Hayden School District No. RE: 1 reported a liability of \$524,604 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 Hayden School District No. RE: 1 proportion of the net OPEB liability was based on Hayden School District No. RE: 1 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 Hayden School District No. RE: 1 proportion was 0.04 percent, which was no significant difference from its proportion measured as of December 31, 2016.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

For the year ended June 30, 2018, the Hayden School District No. RE: 1 recognized OPEB expense of \$8,039. At June 30, 2018 the Hayden School District No. RE: 1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	2,479	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	8,769
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(4,462)	(193)
Contributions subsequent to the measurement date	16,296	N/A
Total	14,313	8,576

\$16,296 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	(2,544)
2020	(2,544)
2021	(2,544)
2022	(2,544)
2023	(352)
Thereafter	(33)

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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

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

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

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

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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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

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

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

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

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

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

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

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

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

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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

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

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

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

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

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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%	

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 Hayden School District No. RE: 1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	509,720	524,141	541,510

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued

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

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.

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 Hayden School District No. RE: 1 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	589,299	524,141	468,527

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.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - SUPPLEMENTAL EMPLOYMENT OF RETIRED STAFF MEMBERS

After retirement, an employee may generally work up to 110 days or 720 hours per calendar year for a PERA affiliated employer. If the work limit is exceeded, the monthly retirement benefit will be reduced by 5 percent for each day worked over 110. The work limit applies to all service and disability retirees.

NOTE 6 - EARLY RETIREMENT/SERVICE BONUS POLICY

An employee of the Hayden School District No. RE: 1 who retires or resigns from full-time active service after a period of 15 years of employment may receive payments from the District in accordance with the following conditions and payments schedule:

<u>Years of Service</u>	<u>Amount (% of Salary)</u>	<u>Payment Schedule</u>
20+ Years	70% of annual salary in effect at time of application.	Both policies are payable in two equal annual installments, the first one month after retirement,
15-19 Years	35% of annual salary in effect at time of application.	the second in January of the next budget year.

Receipt of benefits under the Early Retirement/Service Bonus Policy is limited to a maximum of 5 persons per year. Applicants are accepted on a first come first serve basis and application must be made on or before March 15 to be eligible for consideration of early retirement or service benefits for the following school year.

NOTE 7 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments held as of June 30, 2018 are as follows:

<u>June 30, 2018</u>	<u>Cost</u>	<u>Market Value</u>
COLOTRUST	<u>\$ 1,282,995</u>	<u>\$ 1,282,995</u>

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 - CASH AND INVESTMENTS, Continued

The District has invested \$1,282,995 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operated similarly to a money market fund and each share is equal in net asset value (NAV) to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At June 30, 2018 the District's investment in the COLOTRUST was rated AAAM by Standard & Poor's. The District records this investment at NAV.

At June 30, 2018, cash and investments consisted of the following:

Deposits:		
Cash on Hand		\$ 50
Cash in Bank		304,677
Cash with county		24,973
Investments:		
Cash with ColoTrust		1,282,995
Net Cash and Investments		<u>\$ 1,612,695</u>
Classifications:		
Reserved – Tabor Amendment – Emergency Reserve		\$ 149,598
Designated for food service		7,239
Designated for transportation		60,181
Designated as Due to Specific Student Groups		93,377
Total Designated		<u>310,395</u>
Unreserved		<u>1,302,300</u>
TOTAL		<u>\$ 1,612,695</u>

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 99,455	\$ -	\$ -	\$ 99,455
Water Rights	10,000	-	-	10,000
Construction in progress	-	97,815	-	97,815
Total Capital Assets Not Being Depreciated	<u>109,455</u>	<u>97,815</u>	<u>-</u>	<u>207,270</u>
Capital Assets Being Depreciated:				
Buildings & Improvements	9,518,441	-	-	9,518,441
Equipment	1,357,993	15,586	-	1,373,579
Vehicles	672,093	108,320	-	780,413
Site Improvements	829,994	-	-	829,994
Total Capital Assets Being Depreciated	<u>12,378,521</u>	<u>123,906</u>	<u>-</u>	<u>12,502,427</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	(5,573,623)	(212,369)	-	(5,785,992)
Equipment	(882,928)	(73,119)	-	(956,047)
Vehicles	(644,111)	(18,721)	-	(662,832)
Site Improvements	(618,794)	(33,411)	-	(652,205)
Total Accumulated Depreciation	<u>(7,719,456)</u>	<u>(337,620)</u>	<u>-</u>	<u>(8,057,076)</u>
Total Capital Assets Being Depreciated, Net	<u>4,659,065</u>	<u>(213,715)</u>	<u>-</u>	<u>4,445,351</u>
Governmental Activities Net Capital Assets	<u>\$ 4,768,520</u>	<u>\$ (115,899)</u>	<u>\$ -</u>	<u>\$ 4,652,621</u>

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

Governmental Activities:	
General Administration	\$ 212,369
Operations & Maint.	33,411
Pupil Transportation	18,721
Food services	1,900
Unallocated	71,219
	<u>71,219</u>
Total depreciation expense – governmental activities	<u>\$ 337,620</u>

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 – INVENTORY

Inventory consists of the following:

	Governmental Fund Food Service
Inventory, at Cost:	
Food	\$ 248
Non-Food	350
Commodities	8,116
Total Inventory	\$ 8,714

NOTE 10 - CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in Long-Term Liabilities:

	July 1, 2017 Balance	Additions	Deductions	June 30, 2018 Balance	Due in One Year
Lease refinance	\$ 286,078	\$ -	\$ (46,225)	\$ 239,853	\$ 48,696
Equipment lease purchase	170,286	-	(54,962)	115,324	56,743
Net pension liability	21,341,367	1,611,285	-	22,952,652	-
Net OPEB liability	510,828	13,776	-	524,604	-
Total	\$ 22,308,559	\$ 1,625,061	\$ (101,187)	\$ 23,832,433	\$ 105,439

NOTE 11 - CAPITALIZED LEASE OBLIGATIONS

On August 15, 2007, the School District entered into a Lease Agreement with All American Investment Group LLC for energy efficient upgrades to the buildings. Title to the equipment is vested in the School District. The lease payments are payable quarterly at 3.05% interest rate. This lease was refinanced in March 2013.

The new lease is payable quarterly at 2.95% interest rate.

The following is a schedule by years of future minimum lease payments under the lease agreement as of June 30, 2018:

Fiscal Year Ending June 30	Principal	Interest	Total Payment
2019	\$ 48,696	\$ 6,532	\$ 55,228
2020	51,263	5,070	56,333
2021	53,928	3,532	57,460
2022	56,695	1,913	58,608
2023	29,271	324	29,595
Total	\$ 239,853	\$ 17,371	\$ 257,224

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 - CAPITALIZED LEASE OBLIGATIONS, Continued

On August 12, 2015, the School District entered into a Lease Agreement with Key Bank for wireless system upgrades. Title to the Equipment is vested in the School District. The Lease payments are payable monthly at 3.192% interest rate.

The following is a schedule by years of future minimum lease payments under the lease agreement as of June 30, 2018:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2019	\$ 56,743	\$ 3,736	\$ 60,479
2020	58,581	1,897	60,478
Total	<u>\$ 115,324</u>	<u>\$ 5,633</u>	<u>\$ 120,957</u>

NOTE 12 - INDIVIDUAL FUND TRANSFERS

Transfers to and from other funds at June 30, 2018 consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 140,000
General Fund	Food Service Fund	40,000
		<u>\$ 180,000</u>

Transfers among Funds are provided for as part of the Annual Budget process. Transfers are used to move revenues from the Fund required to collect the revenue to the Fund required or authorized to expend them. All interfund transfers for the fiscal year were routine in nature.

NOTE 13 - SPECIAL ELECTION (1994)

On November 8, 1994, the voters of Hayden School District No. RE: 1 approved a ballot issue allowing the district to raise, receive and expend local property taxes in all subsequent years in the amount of \$430,000.

NOTE 14 - COMPLIANCE WITH TAXPAYER'S BILL OF RIGHTS (TABOR)

In November 1992, Colorado Voter's amended Article X of the Colorado Constitution with the addition of Section 20, referred to as Tabor. The bill contains revenue, spending, tax and debt limitations which apply to Hayden School District No. RE: 1. Tabor requires advance voter approval, under specific guidelines, for the increase of any new tax or mill levy above that for the prior year. These provisions were applied in the November, 1994 election for Hayden School District No. RE: 1 and the override election as explained in Note 14, Note 17, Note 18, and Note 19.

Tabor also requires the establishment of emergency reserves restricted for specified uses as outlined in the Bill. For the year ended June 30, 2018, the required 3% reserve was \$149,598. This amount was funded and recorded in the Capital Reserve Fund for \$122,529 and in the General Fund for \$27,069.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, thefts of or damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District covers its employees, due to injuries, under Colorado Compensation Insurance Authority (CCIA). The District's exposure to the remaining risks of loss are handled through the purchase of commercial insurance through Acordia of Colorado, Inc.

NOTE 16 - OVERRIDE ELECTION (1998)

At the regular election in November 1998, the voters of the Hayden School District No. RE: 1 voted to authorize the District to collect, retain and expend all revenues and other funds received from any source during 1997-98 and each subsequent year, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, provided, however that no property tax mill levy shall be increased at any time nor shall any new tax be imposed without the prior approval of the voters of Hayden School District No. RE: 1.

NOTE 17 - OVERRIDE ELECTION (2002)

At the regular election in November 2002, the voters of Hayden School District No. RE: 1 approved the following ballot question:

Shall Hayden School District No. RE: 1, Routt County, Colorado, taxes be increased \$154,000 annually for the 2002-2003 budget year and each budget year thereafter for the purpose of providing additional local property tax revenues for educational purposes, which revenue shall be the sole responsibility of local taxpayers by imposing an annual mill levy in an amount sufficient to produce the amount specified above, which taxes shall be deposited into and expended from the General Fund of the School District and shall be in addition to the property taxes that otherwise would be levied for the General Fund, with such taxes to be collected and spent without further voter approval notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other Law? Approved 11/5/02.

NOTE 18 - OVERRIDE ELECTION (2016)

At the regular election in November 2016, the voters of Hayden School District No. RE: 1 approved the following ballot question:

Shall Hayden School District No. RE: 1, Routt County, Colorado, taxes be increased \$127,000 annually for the 2016-2017 budget year through the 2020-2021 budget year for the purpose of purchasing 4 buses and possibly 2 small vehicles, which revenue shall be the sole responsibility of local taxpayers by imposing an annual mill levy in an amount sufficient to produce the amount specified above, which taxes shall be deposited into and expended from the Transportation Fund of the School District and shall be in addition to the property taxes that otherwise would be levied for the Transportation Fund, with such taxes to be collected and spent without further voter approval notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other Law? Approved 11/1/16.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 19 – BOND ISSUE ELECTION (2017)

At the regular election in November 2017, the voters of Hayden School District No. RE: 1 approved the following ballot question:

Shall Hayden School District debt be increased by \$22,296,400, with a repayment cost of up to \$38,900,000, and shall district taxes be increased by up to \$1,945,000 annually by the issuance and payment of general obligation bonds to provide local matching money required for the district to receive approximately \$41,000,000 in state grant funds (which are not required to be repaid) under the building excellent schools today ("BEST") program to finance the costs of:

Acquiring, constructing, equipping, and furnishing a consolidated PK-12 facility to provide state-of-the-art, safe and secure learning environment for students and staff;

Renovating and improving the existing elementary school facility and incorporating the elementary facility into the new PK-12 facility;

Renovating, updating, repurposing, and/or demolishing certain existing district facilities to the extent necessary to accomplish capital improvement goals;

And to the extent remaining funds are available for the purpose of acquiring, constructing, repairing and improving district capital assets, with such general obligation bonds to bear interest, mature, be subject to redemption, with or without premium of not more than three percent, and be issued at such time, at such price (at, above or below par) and in such manner and containing such terms, not inconsistent with this ballot issue, as the board of education may determine, and shall ad valorem property taxes be levied without limit as to the mill rate to generate an amount sufficient in each year to pay the principal of, premium if any, and interest on such debt and to fund any reserves for the payment thereof, provided that any revenue produced by such mill levy shall not exceed \$1,945,000 annually;

And shall the district's debt limit be increased from an amount equal to 20% of the district's assessed value to an amount equal to 6% of the district's actual value, as certified by the county assessors of Routt County? Approved 11/30/17.

NOTE 20 - CONTINGENT LIABILITIES

Management of the District has evaluated events subsequent to June 30, 2018, through the issuance date of this report. There were no contingent liabilities at June 30, 2018 other than those that might result from adverse interpretations of the Tabor Amendment Provisions relative to the School District's actions outlined in Note 13, Note 14, Note 16, Note 17, Note 18, and Note 19.

NOTE 21 – REPORTING FOR PENSIONS

Beginning in 2015, financial reporting information pertaining to the District's participation in Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2018, the District implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This resulted in an adjustment to beginning net position on the Statement of Activities of \$510,828 to add the beginning net OPEB liability.

HAYDEN SCHOOL DISTRICT NO. RE: 1, COLORADO

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 23 – SUBSEQUENT EVENTS

The School District has evaluated subsequent events through December 5, 2018, the date at which the financial statements were available to be issued, and determined that there are no events that occurred that requires disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGET COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2018

	Budget	
	Original	Final
REVENUES		
Local sources		
Property taxes	\$ 3,144,023	\$ 3,204,808
Specific ownership taxes	230,000	230,000
Delinquent taxes/penalties	100,000	100,000
Abatement recovery	-	-
Pupil activity	40,000	100,000
Tuition	40,000	40,000
Other local	240,000	100,000
County sources	20,000	80,000
State sources		
State equalization	1,479,410	1,333,222
Vocational education	18,000	18,000
Early Childhood Education	-	-
Transportation	38,000	80,000
ELPA	-	-
Student wellness	-	50,000
Other state	179,695	493,145
Federal sources		
Vocational education	-	9,000
REAP grant	-	9,000
Carl Perkins grant	-	185,000
Title I	61,482	52,315
BOCES-ELL	16,335	1,120
Title II - teacher qualification	-	10,129
Other federal	106,725	30,864
Interest earned	2,000	2,000
TOTAL REVENUES	\$ 5,715,670	\$ 6,128,603

<u>Actual</u>	<u>Variance from final budget</u>
\$ 3,441,284	\$ 236,476
287,996	57,996
105,290	5,290
(10,713)	(10,713)
129,215	29,215
101,117	61,117
131,079	31,079
25,695	(54,305)
1,335,120	1,898
27,096	9,096
40,468	40,468
81,608	1,608
1,857	1,857
46,380	(3,620)
516,342	23,197
3,799	(5,201)
8,562	(438)
259,742	74,742
52,315	-
1,310	190
9,200	(929)
51,492	20,628
7,080	5,080
\$ 6,653,334	\$ 524,731

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGET COMPARISON SCHEDULE - CONTINUED

GENERAL FUND

For the Year Ended June 30, 2018

	<u>Budget</u>	
	<u>Original</u>	<u>Final</u>
EXPENDITURES		
Instruction	\$ 3,119,954	\$ 3,255,821
Supporting services		
Pupils health and attendance	432,024	374,793
Instructional staff library	298,673	311,574
General administration	255,247	276,087
School administration principals	383,893	395,555
Operations and maintenance	483,990	477,747
Pupil transportation	198,139	190,117
Other business services	147,868	146,041
Reserve for contingencies	206,608	429,836
Insurance premiums	59,274	91,032
Debt service:		
Principle		-
Interest		-
	<u>5,585,670</u>	<u>5,948,603</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>130,000</u>	<u>180,000</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	<u>(180,000)</u>	<u>(180,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(180,000)</u>	<u>(180,000)</u>
EXCESS OF REVENUES OVER EXPEND- ITURES AND OTHER FINANCING USES	(50,000)	-
FUND BALANCE, BEGINNING OF YEAR	<u>50,000</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

<u>Actual</u>	<u>Variance from final budget</u>
\$ 3,266,273	\$ (10,452)
402,240	(27,447)
276,609	34,965
263,700	12,387
410,481	(14,926)
470,209	7,538
178,913	11,204
149,923	(3,882)
-	429,836
100,335	(9,303)
54,962	(54,962)
5,517	(5,517)
<u>5,579,162</u>	<u>369,441</u>
<u>1,074,172</u>	<u>894,172</u>
<u>(180,000)</u>	<u>-</u>
<u>(180,000)</u>	<u>-</u>
894,172	894,172
<u>(39,937)</u>	<u>(39,937)</u>
<u>\$ 854,235</u>	<u>\$ 854,235</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGET COMPARISON SCHEDULE
 TRANSPORTATION FUND
 For the Year Ended June 30, 2018

	Budget	
	Original	Final
REVENUES		
Property taxes	\$ 127,425	\$ 127,425
Specific ownership taxes	-	-
Delinquent taxes/penalties	-	-
Mineral lease	-	-
TOTAL REVENUES	<u>127,425</u>	<u>127,425</u>
EXPENDITURES		
General administration	-	-
Capital outlay	<u>254,850</u>	<u>252,710</u>
TOTAL EXPENDITURES	<u>254,850</u>	<u>252,710</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(127,425)</u>	<u>(125,285)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>127,425</u>	<u>125,285</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Actual</u>	<u>Variance from final budget</u>
\$ 126,458	\$ (967)
10,995	10,995
3,664	3,664
234	234
<u>141,351</u>	<u>13,926</u>
320	(320)
<u>206,135</u>	<u>46,575</u>
<u>206,455</u>	<u>46,255</u>
<u>(65,104)</u>	<u>60,181</u>
<u>125,285</u>	<u>-</u>
<u>\$ 60,181</u>	<u>\$ 60,181</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN
Last 10 Fiscal Years**

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2014	0.0687337184%	\$ 8,766,967	\$ 2,770,871	316.40%	62.84%
6/30/2015	0.0697753434%	9,456,903	2,923,264	323.50%	64.07%
6/30/2016	0.0702325586%	10,741,574	3,060,718	350.95%	59.16%
6/30/2017	0.0716781847%	21,341,367	3,217,046	663.38%	43.13%
6/30/2018	0.0709807518%	22,952,652	3,274,254	701.00%	43.96%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA PENSION PLAN
Last 10 Fiscal Years**

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contributions Excess/ Deficiency</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 409,473	\$ 409,473	\$ -	\$ 2,713,656	15.09%
6/30/2014	455,266	455,266	-	2,846,895	15.99%
6/30/2015	482,749	482,749	-	3,017,843	16.00%
6/30/2016	549,108	549,108	-	3,094,763	17.74%
6/30/2017	611,581	611,581	-	3,326,220	18.39%
6/30/2018	595,286	595,286	-	3,140,689	18.95%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years**

	<u>June 30, 2018</u>
Total OPEB Liability	
Service cost	\$ 8,081
Interest	43,809
Changes of benefit terms	2
Difference between expected and actual experience	2,966
Changes of assumptions or other inputs	-
Benefit payments	<u>(47,171)</u>
Net change in total OPEB liability	7,687
Beginning of year	<u>627,857</u>
End of year	<u>\$ 635,544</u>
Plan Fiduciary Net Position (FNP)	
Employer contributions	\$ 33,506
Employer disaffiliation contributions	39
Other additions (includes purchased service transfers)	3,936
Projected investment income	18,145
Benefit payments	(41,406)
Administrative expense	(7,728)
Other deductions	<u>(41)</u>
Net change in plan fiduciary net position	6,451
Beginning of year	<u>104,952</u>
End of year	<u>\$ 111,403</u>
Net OPEB Liability	<u>\$ 524,604</u>
Plan FNP as a percentage of total OPEB liability	17.53%
Covered-employee payroll	\$ 3,274,254
Net OPEB liability as a percentage of covered-employee payroll	16.02%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 33,397
Contributions in relation to the actuarially determined contributions	<u>33,274</u>
Contributions deficiency (excess)	<u>\$ 123</u>
Covered-employee payroll	\$ 3,274,254
Contributions as a percentage of covered-employee payroll	1.02%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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SUPPLEMENTARY INFORMATION

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGET COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 For the Year Ended June 30, 2018

	Budget	
	Original	Final
REVENUES		
Interest earned	\$ -	\$ -
TOTAL REVENUES	-	-
EXPENDITURES		
Debt service		
Principal on leases	-	46,225
Interest on leases	-	7,920
Capital outlay	140,000	122,463
Contingency	50,000	-
TOTAL EXPENDITURES	190,000	176,608
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(190,000)	(176,608)
OTHER FINANCING SOURCES (USES)		
Transfers in	140,000	140,000
EXCESS OF REVENUES OVER EXPEND- ITURES AND OTHER FINANCING USES	(50,000)	(36,608)
FUND BALANCE, BEGINNING OF YEAR	50,000	36,608
FUND BALANCE, END OF YEAR	\$ -	\$ -

<u>Actual</u>	<u>Variance from final budget</u>
\$ 66	\$ 66
<u>66</u>	<u>66</u>
46,225	-
7,920	-
-	122,463
-	-
<u>54,145</u>	<u>122,463</u>
<u>(54,079)</u>	<u>122,529</u>
<u>140,000</u>	<u>-</u>
85,921	122,529
<u>36,608</u>	<u>-</u>
<u>\$ 122,529</u>	<u>\$ 122,529</u>

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

BUDGETARY COMPARISON SCHEDULE

FOOD SERVICES FUND

For the Year Ended June 30, 2018

	Budget	
	Original	Final
REVENUES		
Student lunch	\$ 58,000	\$ 54,302
Ala carte - students	7,000	2,900
Adult lunch	2,900	7,000
Ala carte - adult	325	325
Special function - catered service	-	-
Interest income	5	5
Federal reimbursement	52,777	49,214
USDA commodities received	5,400	-
State red lunch grant	1,515	1,707
State child nutrition match	600	1,515
	<u>128,522</u>	<u>116,968</u>
TOTAL REVENUES		
EXPENSES		
Cost of food and milk	51,360	41,360
Cost of non-food items	2,000	2,000
Cost of ala carte	4,000	4,000
Salaries	74,112	67,958
Employee benefits	23,450	23,450
Purchased services	5,400	5,700
Supplies	1,500	1,500
USDA commodities used	4,000	10,000
Travel	-	1,000
Depreciation	1,700	-
Other	1,000	-
	<u>168,522</u>	<u>156,968</u>
TOTAL EXPENSES		
EXCESS OF REVENUES OVER (UNDER) EXPENSES	(40,000)	(40,000)
OTHER FINANCING SOURCES (USES)		
Transfers in	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
EXCESS OF REVENUES UNDER EXPENSES AND OTHER FINANCING USES	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-
	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>

<u>Actual</u>	<u>Variance from final budget</u>
\$ 32,624	\$ (21,678)
1,268	(1,632)
5,121	(1,879)
-	(325)
3,117	3,117
87	82
48,728	(486)
15,094	15,094
1,126	(581)
1,106	(409)
108,271	(8,697)
30,452	10,908
2,052	(52)
1,058	2,942
71,981	(4,023)
28,475	(5,025)
6,443	(743)
-	1,500
15,094	(5,094)
171	829
-	-
2,392	(2,392)
158,118	(1,150)
(49,847)	(9,847)
40,000	-
(9,847)	(9,847)
17,086	17,086
\$ 7,239	\$ 7,239

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

**STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES BY ACTIVITY
HIGH SCHOOL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2018**

Activities	Beginning Balance	Additions	Deductions	Ending Balance
Art projects	\$ 2,733	\$ 405	\$ (3,118)	\$ 20
Boys basketball club	822	891	(943)	770
Babson carpenter club	-	2,631	(2,311)	320
Class of 2017	-	168	-	168
Class of 2018	1,804	833	(1,946)	691
Class of 2019	4,251	2,834	(2,473)	4,612
Class of 2020	2,613	1,734	(3)	4,344
Class of 2021	-	3,189	-	3,189
HS girls volleyball	-	2,860	(2,860)	-
Band club	918	40	(958)	-
Auction fund	8,421	40	(3,286)	5,175
Community scholarship	1,933	1,000	(1,000)	1,933
Drama Club	647	1,646	(28)	2,265
FBLA club	702	8,078	(7,147)	1,633
Football club	5,043	2,626	(5,764)	1,905
Girls basketball club	732	2,647	(2,864)	515
H club	1,111	3,380	(2,896)	1,595
Student deck	289	-	(289)	-
Interest	-	151	-	151
Library club	4,385	208	(4,593)	-
National Honor Society	25	1,230	(628)	627
Petty cash HHS	-	100	(100)	-
Scoreboard donations	6,880	-	(1,605)	5,275
Secondary donation fund	-	10,000	-	10,000
Summer school	1,726	150	(1,876)	-
PJS memorial	255	-	(255)	-
Season passes	4,064	480	(4,409)	135
Track	-	1,300	(1,300)	-
Educational travel club	40	-	-	40
Student council	2,007	3,705	(3,296)	2,416
Science Lab	2,695	1,300	(3,730)	265
Student activity	5,217	3,614	(3,289)	5,542
Vo-tech club	(6,857)	47,901	(41,044)	-
Volleyball club	1,804	3,045	(3,517)	1,332
Concessions	-	2,487	(7,908)	(5,421)
Unity council	732	132	(864)	-
Football	-	2,269	(2,269)	-
Teachers fund	284	1,322	(468)	1,138
Woods	(1,233)	2,154	(921)	-
Wrestling club	1,719	375	(1,497)	597
Yearbook	513	4,620	(5,133)	-
HS Wrestling	-	980	(980)	-
Other	120	-	(120)	-
Boys basketball	-	3,172	(3,172)	-
Girls basketball	-	425	(425)	-
PE club	189	-	(189)	-
Track club	557	-	-	557
Administrative staff fund	133	-	(133)	-
Adv placement Peabody grant	398	53	(451)	-
Class & maintenance	1,594	-	(1,594)	-
Recreation management	9	-	(9)	-
Tiger TV	58	-	-	58
Leadership	475	-	(475)	-
Travel club	98	-	-	98
PTSO	2,008	235	-	2,243
Band camp	194	-	-	194
Activities advertising	5,979	6,690	(5,650)	7,019
Chromebook insurance	4,234	2,675	(6,909)	-
Academic competition	1,101	1,475	(1,554)	1,022
College text books/college prep	348	-	(348)	-
Health & wellness	300	1,250	(1,550)	-
Secondary school furn/prop	11,779	-	(11,779)	-
Secondary school enhancement	2,624	-	(2,624)	-
Total	\$ 88,473	\$ 138,500	\$ (164,550)	\$ 62,423

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES BY ACTIVITY
MIDDLE SCHOOL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2018

Activities	Beginning Balance	Additions	Deductions	Ending Balance
6th grade science camp	\$ 1,405	\$ 1,940	\$ (3,345)	\$ -
Afterschool club	108	-	-	108
Class of 2021	2,181	-	(2,181)	-
Class of 2022	1,737	1,699	(1,924)	1,512
Class of 2023	765	416	(115)	1,066
Class of 2024	-	1,489	(161)	1,328
Lost/damage fees	280	-	(280)	-
Crow Canyon	36	-	(36)	-
DC trip 8th grade	9	-	(9)	-
HMS lady volleyball	999	1,120	(1,191)	928
MS boys basketball	-	1,644	(1,522)	122
MS football	-	1,677	(877)	800
HMS lady Tiger basketball	365	1,564	(1,272)	657
MS girls basketball	-	1,537	(1,537)	-
Wrestling	-	1,375	(1,375)	-
Track	-	275	(275)	-
Volleyball	-	346	(346)	-
Water fund	155	-	(155)	-
Friends of Rachel	33	-	(33)	-
HMS Band	603	-	(603)	-
Power fund	450	36	-	486
Hayden Tiger track	9,563	10,511	(15,848)	4,226
Student activities	3,908	1,462	(1,235)	4,135
Student leadership	787	-	-	787
Tiger weight club	1,849	-	(1,849)	-
Wrestling club	807	300	(335)	772
Math workbook fees	372	5	(377)	-
Woods fees	500	-	(500)	-
Art	235	345	(580)	-
Cash on hand	100	800	(800)	100
HMS Cheer	30	-	(30)	-
Chromebook	1,109	1,995	(3,104)	-
Coffee fundraiser	1,982	1,334	(981)	2,335
Health & wellness	300	-	(300)	-
Paper fee	430	-	(430)	-
Rockets	3	217	(220)	-
Total	\$ 31,101	\$ 32,087	\$ (43,826)	\$ 19,362

HAYDEN SCHOOL DISTRICT RE: 1, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES BY ACTIVITY
ELEMENTARY SCHOOL ACTIVITY AGENCY FUND
For the Year Ended June 30, 2018

Activities	Beginning Balance	Additions	Deductions	Ending Balance
4th/5th grade Activity	\$ (2)	\$ 2	\$ -	\$ -
Art	276	-	(276)	-
Band/music	494	153	(647)	-
Book fair	1,354	2,097	(2,120)	1,331
Century Link grant - Cucuel	5,000	-	(5,000)	-
Faculty lounge	396	426	(392)	430
Flying Art	233	-	(233)	-
Literacy carnival	494	-	-	494
DI	120	-	(120)	-
LEF Trees	182	-	(182)	-
Fuel up to play grant - Brown	-	1,000	(1,000)	-
School improvement team	1,545	3,578	(4,734)	389
Student activity	1,000	5,294	(2,577)	3,717
Student council	1,395	62	(323)	1,134
Virtue/PBS	195	831	(326)	700
Health Wellness SOS	17,996	950	(17,838)	1,108
Health Champion Award - CEI	2,400	-	(2,400)	-
Kindergarten Snack	383	465	(848)	-
Land to school/Deepe	417	-	(417)	-
Red Ribbon Week	103	200	(289)	14
Scheckman Grant - summer school	3,600	55	(3,655)	-
Social committee	833	545	(489)	889
Class Act productions	2,716	-	(2,716)	-
Deepe - Yampa Valley Comm. Grant	1,000	-	(1,000)	-
Home literacy - YVEA MotherRead	1,366	2,720	(3,730)	356
Preschool snack/supplies	(1)	1	-	-
PTO health & wellness	771	1,202	(1,076)	897
Stem Club	114	531	(512)	133
Total	\$ 44,380	\$ 20,112	\$ (52,900)	\$ 11,592

**REPORTS AND SCHEDULE REQUIRED
BY OUTSIDE ENTITIES**



**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION-
AUTOMATED DATA EXCHANGE PROJECT - FINANCIAL DATA - INTEGRITY CHECK FIGURES**

We have audited the basic financial statements of the Hayden School District No. Re: 1 as of and for the year ended June 30, 2018, and have issued our report thereon dated December 5, 2018. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Hayden School District No. RE: 1, taken as a whole. The accompanying Schedule of Automated Data Exchange Project - Financial Data - Integrity Check Figures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

ColoCPA Services, PC

February 15, 2019

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Colorado Department of Education
Auditors Integrity Report
 District: 2760 - HAYDEN RE-1
 Fiscal Year 2017-18
 Colorado School District/BOCES

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	-39,937	6,473,294	5,579,122	854,235
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	-39,937	6,473,294	5,579,122	854,235
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	17,086	146,270	158,118	7,239
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	125,285	141,351	206,455	60,181
31 Bond Redemption Fund	0	0	0	0
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	36,608	140,066	54,146	122,529
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	139,042	6,902,982	5,997,840	1,044,184
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	0	0	0	0
74 Pupil Activity Agency Fund	163,954	184,257	254,834	91,377
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	163,954	184,257	254,834	91,377
FINAL				91,377

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

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