

cPa DIXON, WALLER & CO., INC.

HOEHNE REORGANIZED

SCHOOL DISTRICT NUMBER R-3

HOEHNE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

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HOEHNE REORGANIZED SCHOOL
DISTRICT NUMBER R-3

FINANCIAL STATEMENTS

JUNE 30, 2018

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HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
ROSTER OF SCHOOL OFFICIALS
June 30, 2018

BOARD OF EDUCATION

Ed Gyurman	President
George Torres	Vice President
Cameron Cummings	Treasurer
Marvin Price	Secretary
Jennifer Sanchez McDonald	Member
Buck Apple	Member
Ryan Coberly	Member

SCHOOL OFFICIALS

Joe DeAngelis	Superintendent
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
Hoehne Reorganized School District RE-3
Hoehne, Colorado 81046

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hoehne Reorganized School District RE-3, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hoehne Reorganized School District RE-3, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and post employment benefits trend data on pages i through ix and 42 through 49 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 Hoehne Reorganized School District RE-3's basic financial statements. The other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules and state required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the other schedules and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.



Trinidad, Colorado
November 19, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Management of Hoehne R-3 School District offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2018. The focus of the information is on the primary government (general) fund.

This is the 14th year of the GASB statement No. 34, *Basic Financial Statement and Management Discussion and Analysis and Local Governments*. GASB Statement No.68, *Accounting and Financial Reporting for Pensions*, will also be included in this narrative.

Financial Highlights

In governmental activities, the District's assets exceeded its' liabilities at the close of the fiscal year by \$2,722,807. Included in the entity wide liabilities are net unfunded liabilities amounting to \$11,683,675 which is the Hoehne School District's share of the pension and OPEB liabilities in the state of Colorado.

The Food Service Special Revenue Fund; which is no longer classified as a proprietary fund, shows a decrease in fund balance of \$25,062.

At the end of the fiscal year, the District's governmental funds reported combined ending fund balance of \$2,722,806. This was an increase of \$547,579 from the prior year.

The General Fund reported a fund balance of \$2,688,020 at the close of the fiscal year 2018. This is an increase of \$572,634 (FY 2017 \$2,115,386).

The District has \$202,560 on tax receivables. This trend of \$200,000 per year of unpaid taxes has been ongoing for the past ten (10) years. Las Animas County is still holding some of the certificates for these properties. The assessed valuations for these properties have been lowered in the hopes that the properties will sell. Abatements have also increased in the County. The Preliminary Certification of Value received on August 25, 2018 shows an assessed valuation of \$1,226,300 less than the previous year's. The District has collected approximately 90.53% of the levied taxes as of August 2018. This is the least amount for any school district located in Las Animas County.

The District has seen a change in enrollment over the past year. October 2017 count was 351.5 FTE; the year closed at 354 students. The trend traditionally has been that the student enrollment decreases throughout the year. The October Count Day for 2018 is 355.5 FTE. This is an increase of 1.5 students from the close of the school year.

The District was required to implement GASB 75 resulting in a net other post- employment benefit (OPEB) liability of \$260,849. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$279,050 to \$(2,439,965) from \$(2,160,915) at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The Hoehne R-3 School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

District-Wide Financial Statements

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

The district-wide statement reports the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position. The difference between assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. GASB No. 68 has affected the liability amount. This non-funded liability of \$11,065,162 for pensions has increased the liabilities of the District.

The district-wide statement includes Governmental Activities and the Food Service Special Revenue Fund also known as "other governmental funds".

Governmental activities:

The District's basic services are included here, such as instruction, transportation, maintenance and operation, and administration. Property taxes and state equalization finance most of these activities. This information is comprised of the following Hoehne R-3 School District funds: (1) general fund, (2) preschool fund, (3) capital reserve fund, (4) activity fund, and (5) food service special revenue fund also known as "other governmental funds".

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

-
- *Preschool Fund:* Hoehne R-3 presently contracts with a local service provider for preschool. The ten (10) slots are available to the provider who is approved after a Right for Participation (RFP) is accepted by the Preschool Advisory Board. This fund has a balance of \$1,580 as of June 30, 2018. The District will have ten (10) slots for this year.
- *Capital Reserve Fund:* This fund has a beginning balance of \$22,492. This fund is used for capital improvements.
- *Food Service Special Revenue Fund:* This fund is the Hot Lunch Program Fund and is also known as “other governmental funds”. The District charges fees to help defray the costs of this service. The District is reimbursed through the School Breakfast Program and the National School Lunch Program. The beginning fund balance is \$10,715

Fund Financial Statements

The Fund Financial Statements provide detailed information about the District’s funds, focusing on its most significant funds or “major” funds, not the District as a whole. Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Hoehne School District, like other governments, uses fund accounting to ensure and demonstrate compliance.

All the funds of the District can be divided into two categories: governmental funds which includes the food service special revenue fund, and fiduciary funds.

Governmental Funds:

Most of the District’s basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. The focus is on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances that are left at year end that are available for funding future basic services. The governmental fund statements provide a detailed short-term view of the District’s operations and services it provides. The relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds:

The District serves as a trustee, or fiduciary, for student organizations known as the Pupil Activity Agency Fund. The assets of these organizations belong to the organization, not the District. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and only for those to whom the assets belong. A voucher system is used when requesting expenditure of any of these funds. The paper trail assists the District in monitoring these assets. These activities are

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

excluded from the district-wide financial statements because the District cannot use these assets to finance its' operations. Total ending fund balance as of (June 30,2018) for this fund is \$90,259.

Notes to the Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's total net position on June 30, 2018 was (\$4,162,921). Of the District's' \$5,435,289 in assets, \$2,273,082 reflects investment in capital assets (i.e. land, buildings, and equipment).

Throughout this Analysis the previous year's activities is available for comparison.

Table 1:

NET POSITION

	2018			2017		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
ASSETS						
Current and Other Assets	3,162,207	-	3,162,207	2,607,090	-	2,607,090
Capital Assets	2,273,082	-	2,273,082	2,445,656	-	2,445,656
Total Assets	5,435,289	-	5,435,289	5,052,746	-	5,052,746
Deferred Outflows	3,527,443		3,527,443	4,276,988		4,276,988
LIABILITIES						
Current and Other Liabilities	345,668	-	345,668	344,152	-	344,152
Long Term Liabilities	11,683,675	-	11,683,675	11,065,162	-	11,065,162
Total Liabilities	12,029,343	-	12,029,343	11,409,314	-	11,409,314
Deferred Inflows	1,096,310		1,096,310	81,335		81,335
NET POSITION						
Net Investment in Capital Assets	2,273,020	-	2,273,020	2,445,656	-	2,445,656
Restricted for:						
Tabor Reserve	108,000	-	108,000	99,000	-	99,000
Debt Service	-	-	-	-	-	-
Food Service	9,979	-	9,979	35,778	-	35,778
Preschool	1,580	-	1,580	1,594	-	1,594
Unrestricted	(6,555,500)	-	(6,555,500)	(4,742,943)	-	(4,742,943)
	(4,162,921)	-	(4,162,921)	(2,160,915)	-	(2,160,915)

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Table 2: Changes in Net Position clearly shows a decrease in total revenues, which includes the Food Service Special Revenue Fund by an amount of \$4,940. The Hot Lunch Fund had a decrease of revenue dollars in the amount of \$25,896. The Hot Lunch Fund also known as the Food Service Special Revenue Fund has been a concern of the District. The 2018-2019 school years goal is to improve the collection of the outstanding balances since an online payment option with a credit card option has been added to the Point of Sale. This Point of Sale has been added to the Student Data System which allows parents to see current balances while viewing students' grades. As of now the number of food vendors available to the District is limited. The School District is reimbursed through the School Breakfast Program and the National School Lunch Program. The percentages of students who receive free and reduced breakfast and lunch is 44.8% (Count Day 2018). The District belongs to a consortium which aids the District in pursuing Assistance Grants which would help in purchasing large ticket items such as equipment.

Table 2:
Changes in Net Position

	2017			2017		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Revenues						
Charges for Services	95,322	-	95,322	95,801	-	95,801
Operating Grants and Contributions	414,531	-	414,531	348,630	-	348,630
Capital Grants and Contributions	-	-	-	-	-	-
Property taxes	1,010,318	-	1,010,318	957,218	-	957,218
Specific Ownership Taxes	193,481	-	193,481	167,531	-	167,531
Equalization	2,087,339	-	2,087,339	2,068,335	-	2,068,335
Earnings on investments	2,414	-	2,414	1,946	-	1,946
Other Revenues	26,375	-	26,375	50,050	-	50,050
Transfers	-	-	-	-	-	-
TOTAL REVENUES	3,829,780	-	3,829,780	3,689,511	-	3,689,511
Expenses						
Instructional services	1,874,088	-	1,874,088	1,799,617	-	1,799,617
Students	123,260	-	123,260	131,459	-	131,459
Instructional staff	3,502	-	3,502	4,061	-	4,061
District administration	311,152	-	311,152	207,703	-	207,703
School administration	73,415	-	73,415	71,272	-	71,272
Business	160,887	-	160,887	157,576	-	157,576
Operation and maintenance of facilities	396,121	-	396,121	472,635	-	472,635
Transportation	244,753	-	244,753	262,743	-	262,743
Central	54,976	-	54,976	125,435	-	125,435
Capital outlay	-	-	-	-	-	-
Interest on Long Term Liabilities	-	-	-	-	-	-
Food Service	206,599	-	206,599	193,352	-	193,352
Pension and OPEB Expense	2,103,983	-	2,103,983	1,762,380	-	1,762,380
TOTAL EXPENSES	5,552,736	-	5,552,736	5,188,233	-	5,188,233
Increase (Decrease in Net Position)	(1,722,956)	-	(1,722,956)	(1,498,722)	-	(1,498,722)

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The following table shows the District's major functions. It also shows the net costs (total cost less revenue generated by activities). A comparison with the previous year is also included. The elementary school (K-6) has continuously increased in enrollment. Please keep in mind for the 2018 column; the food service's costs have been included.

Table - 3 Governmental Activities by Major Function

	2018		2017	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	1874088	(1,586,885)	1799617	(1,569,700)
Students	123,260	(123,260)	131,459	(131,459)
Instructional staff	3,502	(3,502)	4,061	(4,061)
District administration	311,152	(311,152)	207,703	(207,703)
School administration	73,415	(73,415)	71,272	(71,272)
Business	160,887	(160,887)	157,576	(157,576)
Operation and maintenance of facilities	396,121	(380,108)	472,635	(459,639)
Transportation	244,753	(196,703)	262,743	(215,566)
Central	54,976	(54,976)	125,435	(125,435)
Interest on Long Term Liabilities	-	-	-	-
Food Service	206,599	(48,012)	193,352	(39,011)
Pension and OPEB Expense	2,103,983	(2,103,983)	1,762,380	(1,762,380)
Total	5,552,736	(5,042,883)	5,188,233	(4,743,802)

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Governmental Activities

- The cost of all governmental activities this year was \$3,276,203.
- The federal and state government subsidized certain programs with grants and contributions .
- Most of the District's costs however, were financed by District and State taxpayers. This portion of governmental activities was financed with \$2,087,339 in state equalization from the School Finance Act and \$1,197,799 in property tax and specific ownership taxes.

Financial Analysis of the District's Funds

As of October 01, 2018, there were 355.5 FTE students enrolled in the Hoehne School District R-3. The fluctuating number from the Count Day to close of school in May has been addressed on Page i, **Financial Highlights**. Steady or increasing pupil enrollment is the best way to ensure adequate funding in a school district's budget. However, as the enrollment increases the expenses increase. Frugal spending habits are continuing to be maintained.

General Fund Budgetary Highlights

- The District's Budget is prepared according to Colorado Law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.
- Revenues in the General Fund were \$154,228 higher than the previous year. The state equalization share did increase.
- As of June 30, 2018 the District's TABOR reserve amounted to \$108,000.

Capital Assets

The District's investment in capital assets for its governmental activities, which includes the Food Service Special Revenue, as of June 30, 2018 amounts to \$2,273,082. The previous year's capital assets are shown for comparison.

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Table 4: Capital Assets (Net of Depreciation)

	Governmental <u>2017-2018</u>	Business Type <u>2017-2018</u>	Total <u>2017-2018</u>	Governmental <u>2016-2017</u>	Business Type <u>2016-2017</u>	Total <u>2016-2017</u>
Land & Sites	220,419	-	220,419	220,419	-	220,419
Buildings & Improvements	1,845,302	-	1,845,302	2,057,510	-	2,057,510
Equipment & Vehicles	195,642	-	195,642	153,059	-	153,059
Food Service	11,719	-	11,719	14,668	-	14,668
Total Capital Assets	<u>2,273,082</u>	<u>-</u>	<u>2,273,082</u>	<u>2,445,656</u>	<u>-</u>	<u>2,445,656</u>

Long-Term Debt

At year-end the District had \$70,267 in accumulated sick leave. Compensated absences are not reported as a liability in the Fund. The final principal payment with interest has been paid on the 2003 General Obligation Refunding Bond. The December 2017 mill levy assessment will not include a bond mill levy.

CHANGES IN LONG TERM DEBT

	Balance <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2018</u>
2003 General Obligation Refunding Bonds	-	-	-	-
Accumulated Sick Leave	70,289	-	22	70,267
Totals	<u>70,289</u>		<u>22</u>	<u>70,267</u>

**HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Economic Factors Bearing on the District's Future

The budget for the 2017-2018 school year is based on past revenue collections and projected expenditures. The 1.5 FTE increase in enrollment will not impact the school district at this time since the five year average is holding steady.

In the past three years the staff has been given an average of a 2.67% raise on the base salary. For the 2018-19 school year all teachers will receive a step on the salary schedule. In addition to the step, the teachers that have additional credit hours will be able to move over to the next column. To recruit and retain quality teachers in the District, the District has joined a Consortium to promote Hoehne School District. The District is presently working on a "Brand" to market the District.

Increased Health insurance, utility and food costs, strict State and Federal Requirements for the Hot Lunch Program, as well as the increasing percentage the District contributes to PERA, add to the difficulty in keeping spending in line with anticipated revenues.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Superintendent of Schools
Hoehne R-3 School District
P.O. Box 91
Hoehne, Colorado 81046

BASIC FINANCIAL STATEMENTS

HOEHNE REORGANIZED SCHOOL DISTRICT R-3
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Investments	2,927,550	2,927,550
Accounts Receivable	10,623	10,623
Receivables – Other	-	-
Accrued Revenue	20,738	20,738
Property Taxes Receivable	202,560	202,560
Inventories	736	736
Capital Assets	8,814,152	8,814,152
Accumulated Depreciation	<u>(6,541,070)</u>	<u>(6,541,070)</u>
<u>Total Assets</u>	<u>5,435,289</u>	<u>5,435,289</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	3,518,117	3,518,117
Other Post Employment Benefits	<u>9,326</u>	<u>9,326</u>
<u>Total Deferred Outflow of Resources</u>	<u>3,527,443</u>	<u>3,527,443</u>
 <u>LIABILITIES</u>		
Accounts Payable	13,846	13,846
Accrued Salaries	261,555	261,555
Accrued Interest Payable	-	-
Compensated Absences	70,267	70,267
Other Liabilities	-	-
Net Pension Liability	11,422,826	11,422,826
Net Other Post Employment Benefits Liability	<u>260,849</u>	<u>260,849</u>
<u>Total Liabilities</u>	<u>12,029,343</u>	<u>12,029,343</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pensions	1,080,535	1,080,535
Other Post Employment Benefits	<u>15,775</u>	<u>15,775</u>
<u>Total Deferred Inflow of Resources</u>	<u>1,096,310</u>	<u>1,096,310</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	2,273,082	2,273,082
Restricted:		
TABOR Reserve	108,000	108,000
Preschool	1,580	1,580
Food Service	9,979	9,979
Unrestricted	<u>(6,555,562)</u>	<u>(6,555,562)</u>
<u>TOTAL NET POSITION</u>	<u>(4,162,921)</u>	<u>(4,162,921)</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Investments	2,914,715	12,835	2,927,550
Accounts Receivable	-	10,623	10,623
Accrued Revenue	20,738	-	20,738
Due From Other Funds	-	-	-
Property Taxes Receivable, Net of Allowance for Doubtful Collections of \$1,434,000	202,560	-	202,560
Inventories	-	736	736
<u>Total Assets</u>	<u>3,138,013</u>	<u>24,194</u>	<u>3,162,207</u>
<u>LIABILITIES:</u>			
Accounts Payable	10,539	3,307	13,846
Accrued Salaries	251,383	10,172	261,555
Due To Other Funds	-	-	-
Other Payables	-	-	-
<u>Total Liabilities</u>	<u>261,922</u>	<u>13,479</u>	<u>275,401</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Taxes	<u>164,000</u>	<u>-</u>	<u>164,000</u>
<u>FUND BALANCES:</u>			
Nonspendable:			
Inventories	-	736	736
Restricted:			
Emergencies	108,000	-	108,000
Preschool	1,580	-	1,580
Food Service	-	9,979	9,979
Debt Service	-	-	-
Committed:			
Capital Outlay	22,491	-	22,491
Insurance	-	-	-
Assigned:			
Debt Service	-	-	-
Unassigned	2,580,020	-	2,580,020
<u>Total Fund Balances</u>	<u>2,712,091</u>	<u>10,715</u>	<u>2,722,806</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
	<u>3,138,013</u>	<u>24,194</u>	<u>3,162,207</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018

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

<u>Total Fund Balance – Governmental Funds</u>	2,722,806
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,814,152 and the accumulated depreciation is \$6,541,070.	2,273,082
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.” All of the deferred property tax revenue is not available.	164,000
Compensated absences are not reported as a liability in the funds.	(70,267)
The District’s portion of the net pension obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(11,422,826)
The District’s portion of the net OPEB obligation for PERA is reported on the statement of net position is not reported as a liability in the funds.	(260,849)
Deferred flows for contributions made toward the net pension obligation from December 31, 2017 until June 30, 2018 is not reported in the funds.	151,760
Deferred flows for contributions made toward the net OPEB obligation from December 31, 2017 until June 30, 2018 is not reported in the funds.	8,092
Deferred employer and plan level pension flows are not reported in the funds.	2,285,822
Deferred employer and plan level OPEB flows are not reported in the funds.	<u>(14,541)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>(4,162,921)</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property Taxes	1,004,318	-	1,004,318
Specific Ownership Taxes	193,481	-	193,481
Earnings on Investments	2,414	-	2,414
Other Local Sources	61,818	59,879	121,697
State Aid	2,301,807	6,431	2,308,238
Federal Aid	101,355	92,277	193,632
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	<u>3,665,193</u>	<u>158,587</u>	<u>3,823,780</u>
<u>EXPENDITURES</u>			
Current:	1,717,619	-	1,717,619
Instructional Services			
Supporting Services:			
Students	121,658	-	121,658
Instructional Staff	3,502	-	3,502
District Administration	310,479	-	310,479
School Administration	73,415	-	73,415
Business	160,887	-	160,887
Operation & Maintenance of Facilities	349,092	-	349,092
Transportation	280,923	-	280,923
Central	54,976	-	54,976
Facility Acquisition and Construction	-	-	-
Food Service	-	203,650	203,650
Debt Service:			
Principal Retirement	-	-	-
Interest and Fees	-	-	-
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>3,072,551</u>	<u>203,650</u>	<u>3,276,201</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>592,642</u>	<u>(45,063)</u>	<u>547,579</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(20,000)	20,000	-
<u>Total Other Financing Sources (Uses)</u>	<u>(20,000)</u>	<u>20,000</u>	-
<u>NET CHANGE IN FUND BALANCES</u>	572,642	(25,063)	547,579
<u>FUND BALANCES – Beginning</u>	<u>2,139,449</u>	<u>35,778</u>	<u>2,175,227</u>
<u>FUND BALANCES – Ending</u>	<u>2,712,091</u>	<u>10,715</u>	<u>2,722,806</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2018

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>		547,579
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlays more than \$5,000	99,362	
Depreciation expense	<u>(271,936)</u>	(172,574)
<p>Property tax revenues received prior to the year for which the are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenue in the statement of activities. Deferred property tax revenues increased this year.</p>		
		6,000
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences decreased by this amount.</p>		
		22
<p>The statement of activities reports net pension and OPEB obligations which is not reported in the fund financial statements:</p>		
Change in net pension obligation		(357,664)
Deferred flows from net pension obligations		(1,758,071)
Change in net OPEB obligation		13,037
Deferred flows from net OPEB obligations		<u>(1,285)</u>
<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		<u>(1,722,956)</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
STATEMENT OF FIDUCIARY NET POSITION
PUPIL ACTIVITY AGENCY FUND
June 30, 2018

	<u>Pupil Activity Fund</u>
<u>ASSETS</u>	
Cash and Investments	<u>105,548</u>
<u>Total Assets</u>	<u>105,548</u>
 <u>LIABILITIES</u>	
Accounts Payable	15,290
Deposits Held for Others	<u>90,258</u>
<u>Total Liabilities</u>	<u>105,548</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hoehne Reorganized School District Number R-3 (the District) conform with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Hoehne Reorganized School District Number R-3. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Fund Accounting

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

- Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

Additionally, the District reports the following fund type:

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

E. Cash and Investments

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

Property taxes levied in 2017 but uncollected in 2018 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2018 are recorded as deferred revenue, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

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

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

H. Capital Assets

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

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

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

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Constitutional Amendment

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

On November 5, 1996 the registered voters approved a ballot resolution authorizing Hoehne Reorganized School District Number R-3 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2018 the District reserved \$108,000 for this purpose.

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

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2017 property tax calendar for Las Animas County was as follows:

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

L. Accumulated Staff Leave

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2018, the District has recorded an estimated liability of \$70,267 relating to accrued sick leave payable.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accumulated Staff Leave (Continued)

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Compensated Absences	<u>70,289</u>	<u>—</u>	<u>22</u>	<u>70,267</u>

M. Use of Estimates

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

N. GASB Statement No. 54

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

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

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Food Service</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>			
Inventories	-	736	736
<u>Restricted:</u>			
Emergencies	108,000	-	108,000
Preschool	1,580	-	1,580
Debt Service	-	-	-
Food Service	-	9,979	9,979
<u>Committed:</u>			
Capital Outlay	22,491	-	22,491
<u>Assigned:</u>			
Pupil Activities	-	-	-
<u>Unassigned</u>	<u>2,580,020</u>	<u>-</u>	<u>2,580,020</u>
<u>Total Fund Balances</u>	<u>2,712,091</u>	<u>10,715</u>	<u>2,722,806</u>

O. Deferred Outflows / Inflows of Resources

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

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

<u>Eliminations</u>	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	-	-	20,000
Food Service	-	-	20,000	-
	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>

NOTE 3 BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Funds.
6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Agency Funds although measurement of operations is not required in the financial statements.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 BUDGETARY INFORMATION (Continued)

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

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

NOTE 4 CASH AND INVESTMENTS

Deposits

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

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	492,473	492,473
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,474,245	2,519,867
Cash with County Treasurer	<u>66,380</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>3,033,098</u>	<u>3,012,340</u>

As presented above, deposits with a bank balance of \$2,519,867 and a carrying balance of \$2,474,245 as of June 30, 2018, are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	<u>220,419</u>	-	-	<u>220,419</u>
<u>Capital Assets Being Depreciated</u>				
Buildings & Site Improvements	6,898,980	11,015	-	6,909,995
Equipment & Vehicles	1,511,050	88,347	-	1,599,397
Food Service	<u>84,341</u>	-	-	<u>84,341</u>
<u>Total Capital Assets Being Depreciated</u>	<u>8,494,371</u>	<u>99,362</u>	-	<u>8,593,733</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	4,841,470	223,223	-	5,064,693
Equipment & Vehicles	1,357,991	45,764	-	1,403,755
Food Service	<u>69,673</u>	<u>2,949</u>	-	<u>72,622</u>
<u>Total Accumulated Depreciation</u>	<u>6,269,134</u>	<u>271,936</u>	-	<u>6,541,070</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>2,225,237</u>	<u>(172,574)</u>	-	<u>2,052,663</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>2,445,656</u>	<u>(172,574)</u>	-	<u>2,273,082</u>

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

Governmental Activities:

Instruction	156,491
Student Support	1,602
Instructional Support	-
General Administration Support	673
School Administration Support	-
Business Support Services	-
Operations and Maintenance	69,259
Transportation	40,962
Food Service	<u>2,949</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>271,936</u>

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6

PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Hoehne Reorganized School District Number R-3 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

General Information about the Pension Plan

Plan description. Eligible employees of the Hoehne Reorganized School District Number R-3 are provided with pensions through the School Division Trust Fund (SCHDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investment/pera-financial-reports.

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 PENSION PLAN (Continued)

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

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

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

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

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 PENSION PLAN (Continued)

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

Contribution provisions as of June 30, 2018. Eligible employees and Hoehne Reorganized School District Number R-3 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	5.000%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Hoehne Reorganized School District Number R-3 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Hoehne Reorganized School District Number R-3 were \$294,160 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 Hoehne Reorganized School District Number R-3 reported a liability of \$11,422,826 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 Hoehne Reorganized School District Number R-3 proportion of the net pension liability was based on Hoehne Reorganized School District Number R-3 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 Hoehne Reorganized School District Number R-3 proportion was 0.0353 percent, which was a decrease of 0.0018 from its proportion measured as of December 31, 2016.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 PENSION PLAN (Continued)

For the year ended June 30, 2018, the Hoehne Reorganized School District Number R-3 recognized pension expense of \$2,115,735. At June 30, 2018, the Hoehne Reorganized School District Number R-3 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	210,018	-
Changes of assumptions or other inputs	2,916,672	(18,509)
Net difference between projected and actual earnings on pension plan investments	226,451	(675,037)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	13,216	(386,989)
Contributions subsequent to the measurement date	151,760	N/A
Total	3,518,117	(1,080,535)

\$151,760 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	1,646,921
2020	864,125
2021	(56,462)
2022	(168,762)
2023	-
Thereafter	-

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 **PENSION PLAN (Continued)**

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 PENSION PLAN (Continued)

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 **PENSION PLAN (Continued)**

Sensitivity of the Hoehne Reorganized School District Number R-3 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (6.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	14,428,972	11,422,826	8,973,160

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.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 PENSION PLAN (Continued)

At June 30 2018, the Hoehne Reorganized School District Number R-3 reported a liability of \$11,422,826 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 Hoehne Reorganized School District Number R-3’s proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	5,160,734

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 \$5,332,246 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Hoehne Reorganized School District Number R-3 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$5,698.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit And Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Hoehne Reorganized School District Number R-3 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Plan description. Eligible employees of the Hoehne Reorganized School District Number R-3 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Hoehne Reorganized School District Number R-3 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Hoehne Reorganized School District Number R-3 were \$15,888 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 Hoehne Reorganized School District Number R-3 reported a liability of \$260,849 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 Hoehne Reorganized School District Number R-3 proportion of the net OPEB liability was based on Hoehne Reorganized School District Number R-3 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 Hoehne Reorganized School District Number R-3 proportion was 0.0201 percent, which was a decrease of 0.0011 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Hoehne Reorganized School District Number R-3 recognized OPEB income of \$11,752. At June 30, 2018, the Hoehne Reorganized School District Number R-3 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	1,234	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(4,364)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(11,411)
Contributions subsequent to the measurement date	8,092	N/A
Total	9,326	(15,775)

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

\$8,092 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	(3,090)
2020	(3,090)
2021	(3,090)
2022	(3,090)
2023	(1,999)
Thereafter	(182)

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

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

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

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Hoehne Reorganized School District Number R-3 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	253,672	260,849	269,493

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.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Hoehne Reorganized School District Number R-3 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	293,277	260,849	233,172

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.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 RISK MANAGEMENT

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

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

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The

Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

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

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)

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

Total Assets	42,273,940
Total Liabilities	11,655,251
Total Equity	<u>30,618,689</u>
Revenue	7,429,394
Underwriting Expenses	4,126,717
Underwriting Gain (Loss)	3,302,677
Net Investment Income	276,653
Other Income	-
Net Income (Loss) Before Dividend	3,579,330
Dividend	-
Net Income	<u>3,579,330</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	235,606
Capital Contributions from Members	-
Unassigned Surplus	<u>30,618,689</u>

NOTE 10 INVENTORIES

Food Service Fund inventories at June 30, 2018, consisted of purchased food, purchased non-food and donated commodities amounting to \$736. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 11 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2018 are estimated to be \$261,555. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 12 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 13 INTERFUND RECEIVABLES AND TRANSFERS

<u>Transfers</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Due To</u>	<u>Due From</u>
<u>Major Governmental Fund</u>				
General Fund	-	20,000	-	-
Food Service Fund	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting food service operations. Interfund loans are to be repaid within the next year.

NOTE 14 JOINT VENTURES

Not reflected in the accompanying financial statements is the District's participation in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES is audited annually and submits an audit report to the Colorado State Auditor's Office.

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2018. The joint venture summary audited financial information for the year ended June 30, 2017, is as follows:

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

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and a copy of the audit report is filed with the Colorado State Auditor's Office.

NOTE 15 RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$(2,160,915) has been changed by the net OPEB liability at June 30, 2017 of \$(273,886) and related deferred flows of \$(5,164), resulting in a restated beginning net position of \$(2,439,965).

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFITS TREND DATA

MAJOR GOVERNMENTAL FUNDS

General Fund

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

Pension Trend Data

Other Post Employment Benefits Trend Data

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Taxes	600,000	600,000	1,004,318	404,318
Specific Ownership Taxes	140,000	140,000	193,481	53,481
Earnings on Investments	1,250	1,250	2,414	1,164
Delinquent Penalty & Interest	2,800	2,800	4,157	1,357
Other	48,700	48,700	57,661	8,961
<u>State Sources</u>				
Equalization	2,032,510	2,032,510	2,087,339	54,829
Transportation	47,937	47,937	48,050	113
Vocational Education	5,000	5,000	9,612	4,612
Other	191,385	201,587	156,806	(44,781)
<u>Federal Sources</u>				
Other	<u>80,500</u>	<u>106,131</u>	<u>101,355</u>	<u>(4,776)</u>
<u>TOTAL REVENUES</u>	<u>3,150,082</u>	<u>3,185,915</u>	<u>3,665,193</u>	<u>479,278</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Salaries	1,147,685	1,163,674	1,094,940	68,734
Employee Benefits	357,478	355,594	316,768	38,826
Purchased Services - Professional	76,035	79,649	71,641	8,008
Purchased Services - Property	-	-	-	-
Purchased Services - Other	277,188	287,798	168,996	118,802
Supplies and Materials	512,552	796,714	65,274	731,440
Property	-	-	-	-
Other Objects	<u>1,400</u>	-	-	-
<u>Total Instruction</u>	<u>2,372,338</u>	<u>2,683,429</u>	<u>1,717,619</u>	<u>965,810</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	94,893	87,775	86,993	782
Employee Benefits	30,985	29,443	24,219	5,224
Purchased Services - Professional	20,000	20,000	7,214	12,786
Purchased Services - Property	-	-	-	-
Purchased Services - Other	2,500	2,500	2,729	(229)
Supplies and Materials	1,500	1,500	503	997
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Supporting Services</u>	<u>149,878</u>	<u>141,218</u>	<u>121,658</u>	<u>19,560</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Instructional Staff</u>				
Salaries	-	-	-	-
Benefits	-	-	-	-
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	3,500	3,500	3,502	(2)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Instructional Staff</u>	<u>3,500</u>	<u>3,500</u>	<u>3,502</u>	<u>(2)</u>
<u>General Administration</u>				
Salaries	99,662	100,412	83,987	16,425
Employee Benefits	50,625	50,787	49,015	1,772
Purchased Services – Professional	15,000	15,000	16,967	(1,967)
Purchased Services – Property	13,000	13,000	10,697	2,303
Purchased Services – Other	49,500	149,000	130,024	18,976
Supplies and Materials	62,467	190,789	11,345	179,444
Property	500	500	-	500
Other Objects	<u>11,000</u>	<u>11,000</u>	<u>8,444</u>	<u>2,556</u>
<u>Total General Administration</u>	<u>301,754</u>	<u>530,488</u>	<u>310,479</u>	<u>220,009</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	72,162	72,912	56,487	16,425
Employee Benefits	16,565	16,726	12,070	4,656
Purchased Services – Professional	4,200	4,200	-	4,200
Purchased Services – Property	-	-	-	-
Purchased Services – Other	5,000	5,000	2,874	2,126
Supplies and Materials	1,500	1,500	1,984	(484)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>99,427</u>	<u>100,338</u>	<u>73,415</u>	<u>26,923</u>
<u>Business Services</u>				
Salaries	87,182	88,182	120,915	(32,733)
Employee Benefits	20,477	20,695	28,888	(8,193)
Purchased Services – Professional	8,000	8,000	7,300	700
Purchased Services – Property	-	-	-	-
Purchased Services – Other	2,800	2,800	1,145	1,655
Supplies and Materials	3,000	3,000	2,639	361
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>121,459</u>	<u>122,677</u>	<u>160,887</u>	<u>(38,210)</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Operations and Maintenance</u>				
Salaries	114,275	90,918	68,554	22,364
Employee Benefits	40,464	35,735	26,877	8,858
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	50,000	35,000	19,079	15,921
Purchased Services – Other	71,000	71,000	65,502	5,498
Supplies and Materials	200,000	210,000	163,573	46,427
Property	15,000	15,000	5,507	9,493
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>490,739</u>	<u>457,653</u>	<u>349,092</u>	<u>108,561</u>
<u>Student Transportation</u>				
Salaries	101,794	103,706	94,626	9,080
Benefits	43,852	44,265	39,329	4,936
Purchased Services – Professional	4,000	4,000	1,501	2,499
Purchased Services – Property	-	-	-	-
Purchased Services – Other	49,000	49,000	21,281	27,719
Supplies and Materials	65,000	65,000	47,054	17,946
Property	75,000	75,000	77,132	(2,132)
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>338,646</u>	<u>340,971</u>	<u>280,923</u>	<u>60,048</u>
<u>Central Support</u>				
Salaries	31,837	32,337	32,323	14
Benefits	12,113	12,221	12,024	197
Purchased Services – Professional	500	500	-	500
Purchased Services – Property	-	-	-	-
Purchased Services – Other	105,500	6,000	7,500	(1,500)
Supplies and Materials	3,000	3,000	3,129	(129)
Property	-	150,000	-	150,000
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>152,950</u>	<u>204,058</u>	<u>54,976</u>	<u>149,082</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,658,353</u>	<u>1,900,903</u>	<u>1,354,932</u>	<u>545,971</u>
<u>APPROPRIATED RESERVES</u>	<u>650,964</u>	<u>648,564</u>	<u>-</u>	<u>648,564</u>
<u>TOTAL EXPENDITURES</u>	<u>4,681,655</u>	<u>5,232,896</u>	<u>3,072,551</u>	<u>2,160,345</u>

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	(1,531,573)	(2,046,981)	592,642	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(70,000)	(70,000)	(20,000)	50,000
<u>REVENUES AND OTHER FINANCING</u>				
<u>SOURCES OVER (UNDER)</u>				
<u>EXPENDITURES AND OTHER USES</u>	(1,601,573)	(2,116,981)	572,642	
<u>FUND BALANCE, Beginning</u>	1,601,573	2,116,981	2,139,449	
<u>FUND BALANCE, Ending</u>	-	-	2,712,091	

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset)	0.0353%	0.0372%	0.370%	0.0369%	0.0382%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$11,422,826	\$11,065,162	\$5,655,462	\$5,005,230	\$4,876,035	-	-	-	-	-
District's covered-employee payroll	\$1,557,668	\$1,656,554	\$1,565,373	\$1,570,621	\$1,550,853	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	733%	668%	361%	319%	314%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.20%	62.80%	64.06%	-	-	-	-	-

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 294,160	\$ 304,494	\$ 277,648	\$ 265,337	\$ 247,912	\$ 227,883	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (294,160)</u>	<u>\$ (304,494)</u>	<u>\$ (277,648)</u>	<u>\$ (265,337)</u>	<u>\$ (247,912)</u>	<u>\$ (227,883)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$1,557,668	\$1,656,554	\$1,565,373	\$1,570,621	\$1,550,853	\$1,509,117	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.88%	18.38%	17.73%	16.89%	15.99%	15.10%	-	-	-	-

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net OPEB liability (asset)	0.0200%	0.0211%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$260,849	\$273,886	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,557,668	\$1,656,554	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	16.75%	16.53%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%	-	-	-	-	-	-	-	-

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 15,888	\$ 16,897	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (15,888)</u>	<u>\$ (16,897)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,557,668	\$1,656,554	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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

OTHER SCHEDULES

Special Revenue Fund

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

Fiduciary Fund Types

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
 FOOD SERVICE – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	59,200	59,879	679
Earnings on Investments	-	-	-
Other	-	-	-
<u>State Sources</u>			
School Lunches	5,300	6,431	1,131
<u>Federal Sources</u>			
School Lunches	71,500	80,137	8,637
Commodities	-	<u>12,140</u>	<u>12,140</u>
<u>Total Revenues</u>	<u>136,000</u>	<u>158,587</u>	<u>22,587</u>
 <u>EXPENDITURES</u>			
Salaries	80,573	74,370	6,203
Employee Benefits	30,929	24,845	6,084
Purchased Services – Professional	-	-	-
Purchased Services – Property	-	-	-
Purchased Services - Other	9,700	1,758	7,942
Supplies and Materials	102,639	90,537	12,102
Capital Outlay	17,937	-	17,937
Other	-	-	-
Commodities	-	<u>12,140</u>	<u>(12,140)</u>
<u>Total Expenditures</u>	<u>241,778</u>	<u>203,650</u>	<u>38,128</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>			
	(105,778)	(45,063)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>70,000</u>	<u>20,000</u>	<u>(50,000)</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>			
	(35,778)	(25,063)	
 <u>FUND BALANCE, Beginning</u>			
	<u>35,778</u>	<u>35,778</u>	
 <u>FUND BALANCE, Ending</u>			
	<u>-</u>	<u>10,715</u>	

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

HOEHNE REORGANIZED SCHOOL DISTRICT NUMBER R-3
PUPIL ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>ADDITIONS</u>			
Earnings on Investments	-	-	-
Other Local Sources	<u>97,000</u>	<u>123,493</u>	<u>26,493</u>
<u>Total Additions</u>	<u>97,000</u>	<u>123,493</u>	<u>26,493</u>
<u>DEDUCTIONS</u>			
Activity Expenditures	177,183	113,417	63,766
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>177,183</u>	<u>113,417</u>	<u>63,766</u>
Net Increase (Decrease) in Deposits Held for Others	(80,183)	10,076	
Deposits Held for Others – Beginning of Year	<u>80,183</u>	<u>80,182</u>	
Deposits Held for Others – End of Year	<u>-</u>	<u>90,258</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Balanced Budget Report
 District 1600 - HOEHNE REORGANIZED 3
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental				Proprietary				Fiduciary						
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 18	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food/Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 53-54	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	2,846,972	0	1,424	0	0	12,835	0	0	0	0	0	0	105,548	0	2,966,719
Cash with Fiscal Agent (8105)	66,380	0	0	0	0	0	0	0	0	0	0	0	0	0	66,380
Taxes Receivable (8121,8122)	202,560	0	0	0	0	0	0	0	0	0	0	0	0	0	202,560
Interfund Loans Receivable (8131,8132)	0	0	197	0	0	0	0	0	0	0	0	0	0	0	197
Grants Accounts Receivable (8142)	20,738	0	0	0	0	0	0	0	0	0	0	0	0	0	20,738
Other Receivables (8151-8154,8161)	0	0	0	0	0	10,623	0	0	0	0	0	0	0	0	10,623
Inventories (8171,8172,8173)	0	0	0	0	0	736	0	0	0	0	0	0	0	0	736
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	3,136,590	0	1,621	0	0	24,194	0	0	0	0	0	0	105,548	0	3,267,953

Governmental Proprietary Fiduciary

LIABILITIES & FUND EQUITY

LIABILITIES

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	197	0	0	0	0	0	0	0	0	0	0	0	0	0	197
Other Payables (7421-7423)	10,498	0	.41	0	0	3,307	0	0	0	0	0	0	15,290	0	29,136
Accrued Expenses (7461)	251,382	0	0	0	0	10,172	0	0	0	0	0	0	0	0	261,554
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	164,000	0	0	0	0	0	0	0	0	0	0	0	0	0	164,000
Total Liabilities	436,078	0	.41	0	0	13,479	0	0	0	0	0	0	15,290	0	454,888

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental					Proprietary					Fiduciary			Totals	
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79		Foundations Fund 85
Non-spendable Fund Balance 6710	0	0	0	0	0	736	0	0	0	0	0	0	0	0	736
Restricted Fund Balance 6720	0	0	1,560	0	0	9,970	0	0	0	0	0	0	0	0	11,559
TABOR 3% Emergency Reserve 6721	108,000	0	0	0	0	0	0	0	0	0	0	0	0	0	108,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	22,492	0	0	0	0	0	0	0	0	0	0	0	0	0	22,492
Assigned Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	2,580,020	0	0	0	0	0	0	0	0	0	0	0	0	0	2,580,020
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	90,259	0	0	90,259
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,710,512	0	1,560	0	0	10,715	0	0	0	0	0	90,259	0	0	2,813,066

Total Liabilities & Fund Equity	Governmental					Proprietary					Fiduciary			Totals
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	
3,136,590	0	1,621	0	0	0	24,194	0	0	0	0	0	105,548	0	3,267,953

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

Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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