

cPa DIXON, WALLER & CO., INC.

HUERFANO SCHOOL

DISTRICT NUMBER RE-1

WALSENBURG, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

HUERFANO SCHOOL DISTRICT NUMBER RE-1

FINANCIAL STATEMENTS

JUNE 30, 2018

	<u>Page</u>
Title Page	
Table of Contents	
Roster of Officials	
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	i-xiii
<u>BASIC FINANCIAL STATEMENTS</u>	
Government Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	8

Fund Financial Statements (Continued):**Page**

Notes to Basic Financial Statements	9-45
---	------

REQUIRED SUPPLEMENTARY INFORMATION**Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Governmental Funds:**

General Fund	46-47
--------------------	-------

Pension Trend Data:

Schedule of Proportionate Share of Net Pension Liability.....	48
---	----

Schedule of District Contributions - Pension.....	49
---	----

Other Post Employment Benefits (OPEB) Trend Data:

Schedule of Proportionate Share of Net OPEB Liability.....	50
--	----

Schedule of District Contributions – OPEB.....	51
--	----

OTHER SUPPLEMENTARY INFORMATION**Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:**

Bond Redemption – Debt Service Fund.....	52
--	----

Capital Reserve – Capital Projects Fund.....	53
--	----

Combining Balance Sheet – Non Major Governmental Funds.....	54
---	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non Major Governmental Funds.....	55
---	----

Pupil Activity – Special Revenue Fund.....	56
--	----

Food Service – Special Revenue Fund.....	57
--	----

Grants – Special Revenue Fund.....	58
------------------------------------	----

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)	59
---	----

Bolded Balance Sheet.....	60-62
---------------------------	-------

HUERFANO SCHOOL DISTRICT NUMBER RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2018

BOARD OF EDUCATION

Sherry Gomez	President
Gretchen Orr-Sporleder	Vice-President
Julia Marchant	Treasurer
Dorothy Martinez	Secretary
Jaye Sudar	Member
David Tesitor	Member
Eva Vigil	Member

SCHOOL OFFICIALS

Michael Moore	Superintendent
Erica Watts	Business Manager

FINANCIAL SECTION



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TRINIDAD, COLORADO 81082
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INDEPENDENT AUDITOR'S REPORT

**Board of Education
Huerfano School
District Number RE-1
Walsenburg, Colorado 81089**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huerfano School District Number RE-1, 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 Huerfano School District Number RE-1, 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 xiii and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huerfano School District Number RE-1's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Dixon, Waller & Co., PC.

January 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HUERFANO SCHOOL DISTRICT RE-1
201 EAST FIFTH STREET
WALSENBURG, COLORADO 81089
(719) 738-1520 FAX (719)738-3148**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FY 2017-18**

This section of the Huerfano School District RE-1's annual financial report offers readers of the District's financial statements its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Financial Highlights

- Revenues totaled \$7,093,190 for 2017-18 compared to \$6,298,966 the prior year. General revenues, primarily property taxes and state equalization payments, account for approximately \$6.021 million or 84.9 percent of all revenues. Program specific revenues for services, grants, and contributions totaled \$1,071,957 compared to \$991,177 the prior year.
- The District had \$10,593,462 in expenses related to governmental activities compared to \$8,844,436 the prior year. Program specific charges for services, grants and contributions totaling \$1,071,957 were offset against the expenses leaving \$9,521,505 to be funded by other general revenues related to governmental activities.
- The District's General Fund, which includes Fund 10/General Fund, and Fund 19/CPP, started the fiscal year with a fund balance of \$2,254,833. After revenues of \$5,758,084 and program expenditures and transfers totaling \$5,675,282 the ending fund balance at June 30, 2018 was \$2,337,635.
- The Capital Projects Fund had a beginning fund balance of \$383,003. Total revenues of \$1,783 were comprised of interest earned on investments. Other sources included a transfer from the general fund totaling \$150,000. Expenditures totaled \$43,757 for capital outlay, leaving an ending fund balance of \$491,029.
- The Bond Redemption Fund had a beginning fund balance of \$677,413. Revenues, primarily from property taxes, totaled \$453,246 of which \$430,000 was used to pay principal, interest, and fiscal charges related to the Series 2002 Bonds. The ending fund balance in the Bond Redemption Fund increased to \$700,659.
- Government Designated Purpose Grants accounted for \$394,673 of the revenue and expenditures related to governmental activities compared to \$439,432 the prior year.

- Non-major governmental funds include student activities with a beginning fund balance of \$8,887 and food services with a beginning fund balance of \$102,639. Revenues totaled \$459,318 including transfers from the general fund totaling \$150,000. After expenditures of \$568,514 the ending fund balances totaled \$42,315 for student activities and \$110,015 for food services.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to Huerfano School District RE-1's basic financial statements. The basic financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District. The basic financial statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements. Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the finances of Huerfano School District RE-1, in a manner similar to private-sector business.

The Statement of Net Position 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 cash is received or paid. The Statement of Net Position presents information on all of the District's assets and liabilities, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Huerfano School District RE-1 is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of school buildings and other facilities.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, maintenance and operations, food services and administration.

The basic district-wide financial statements can be found starting on pages 3 of the audited financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Certain funds are required by law while other funds control and manage money for particular purposes (such as federal grants or student activity).

The District's services are included in governmental funds, which focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

Huerfano School District RE-1 maintains six governmental funds: General Fund including a sub-fund for the Colorado Preschool Program, Food Service, Government Designated Grants, Student Activity, Bond Redemption, and Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. Supplementary information includes budget-to-actual information for all government funds as required by State law. The basic governmental fund financial statements can be found starting on page 5 of the audited financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found starting on page 9.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information starting on page 46. This includes budget-to-actual information for all funds as dictated by State law.

The District was required to implement GASB 75 resulting in a net other post-employment benefit (OPEB) liability of \$507,023. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$(409,639) to \$413,427 from \$823,066 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

All financial activities of the District are reported on the accrual basis of accounting. This section explains the differences between the current and prior year's assets, liabilities, and changes in the net position. The table below provides a comparison of the District's net position as of June 30, 2018 to June 30, 2017.

Huerfano School District RE-1 Condensed Statement of Net Position

	6/30/2018 Governmental Activities	6/30/2017 Governmental Activities	Net Change
ASSETS			
Current & Other Assets	\$ 4,382,316	\$ 4,049,084	\$ 333,232
Capital Assets	\$ 11,270,327	\$ 11,731,323	\$ (460,996)
Total Assets	\$ 15,652,643	\$ 15,780,407	\$ (127,764)
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refunding	\$ 54,279	\$ 75,822	\$ (21,543)
Pension Cost - Subsequent Contributions	\$ -	\$ 284,625	\$ (284,625)
Pension Cost - Investment Change	\$ 8,011,367	\$ 6,967,550	\$ 1,043,817
Other Post-Employment Benefits	\$ 54,135	\$ -	\$ 54,135
Total Deferred Outflows of Resources	\$ 8,119,781	\$ 7,327,997	\$ 791,784
Current Liabilities	\$ 922,039	\$ 898,965	\$ 23,074
Non-Current Liabilities	\$ 24,369,801	\$ 20,808,871	\$ 3,560,930
Total Liabilities	\$ 25,291,840	\$ 21,707,836	\$ 3,584,004
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Earnings	\$ 1,558,947	\$ 577,502	\$ 981,445
Other Post-Employment Benefits	\$ 8,482	\$ -	\$ 8,482
Total Deferred Inflows of Resources	\$ 1,567,429	\$ 577,502	\$ 989,927
Net Position			
Net Investment in Capital Assets	\$ 9,400,327	\$ 9,501,323	\$ (100,996)
Restricted For:			
TABOR	\$ 178,900	\$ 160,850	\$ 18,050
Preschool	\$ 21,685	\$ 20,758	\$ 927
Debt	\$ 700,659	\$ 677,413	\$ 23,246
Food Service	\$ 110,015	\$ 102,639	\$ 7,376
Unrestricted	\$ (13,498,431)	\$ (9,639,917)	\$ (3,858,514)
Total Net Position	\$ (3,086,845)	\$ 823,066	\$ (3,909,911)

The Statement of Net Position reports all financial and capital resources. The statement presents assets and liabilities in order of relative liquidity. Liabilities reported as current include accounts payable,

accrued salaries and benefits and amounts due on general obligation bonds within one year. The difference between the District's assets and liabilities is its net position.

Current Assets increased by \$333,232 primarily due to increase in cash balances at year end and an increase in taxes receivable. Capital Assets decreased by \$460,996 due to the net effect of capital asset additions offset by depreciation.

Total Liabilities increased by \$3,584,004 primarily due to the increase in Net Pension Obligation.

Net position decreased \$3,909,911 primarily due to the current increase in pension expense and the restatement of prior year net position as explained in footnote number 17.

Changes in Net Assets

The District's Governmental Activities are reported on the accrual basis of accounting. Table 4 provides a summary of the changes in Net Position and comparison of revenues and expenditures from FY 2017-18 to FY 2016-17.

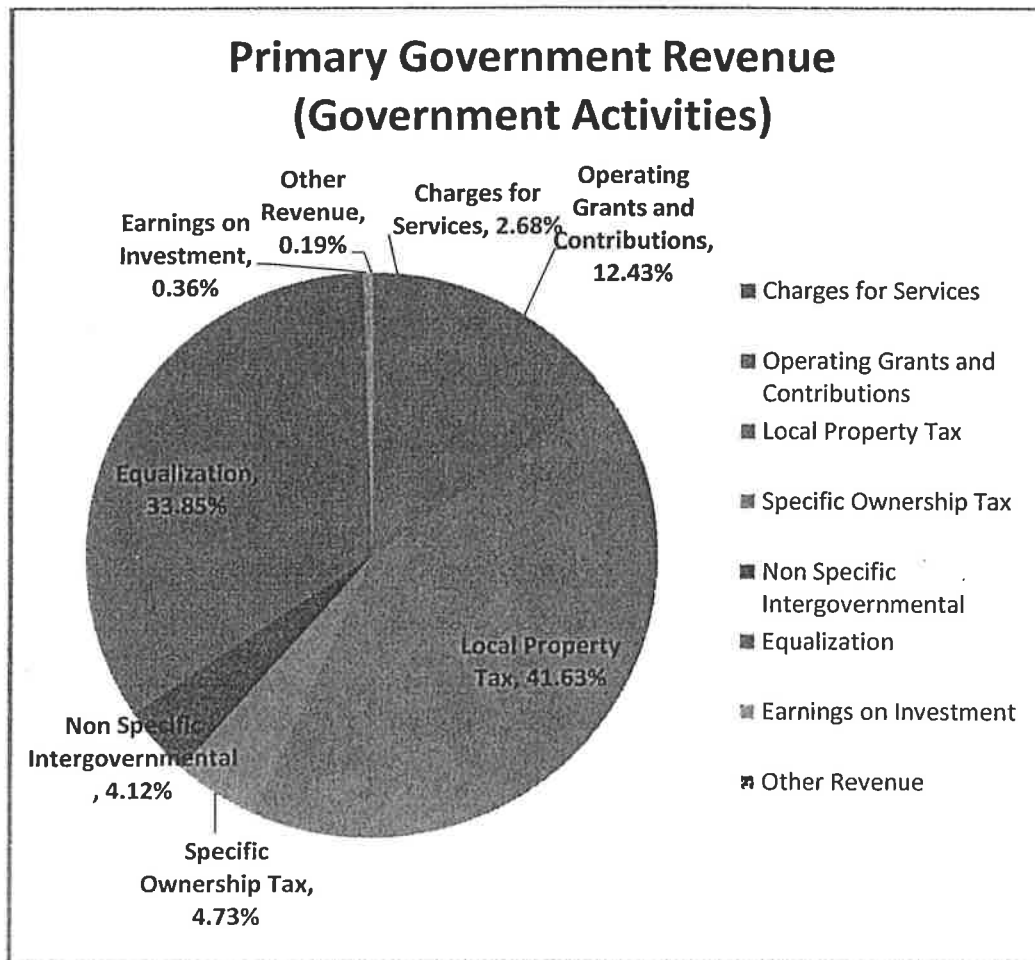
Huerfano School District RE-1 Condensed Statement of Changes in Net Position

	6/30/2018 Governmental Activities	6/30/2017 Governmental Activities	Net Change
Program Revenues			
Charges for Services	\$ 190,399	\$ 162,450	\$ 27,949
Operating Grants & Contributions	\$ 881,558	\$ 828,727	\$ 52,831
Capital Grants & Contributions	\$ -	\$ -	\$ -
General Revenues			
Property Taxes	\$ 2,953,035	\$ 2,726,947	\$ 226,088
Specific Ownership Taxes	\$ 335,497	\$ 291,750	\$ 43,747
Non Specific Intergovernmental	\$ 292,251	\$ 148,040	\$ 144,211
School Finance Act (Equalization)	\$ 2,401,389	\$ 2,075,568	\$ 325,821
Earnings on Investments	\$ 25,558	\$ 11,101	\$ 14,457
Other Revenue	\$ 13,503	\$ 54,383	\$ (40,880)
Total General Revenues	\$ 6,021,233	\$ 5,307,789	\$ 713,444
Total Revenues	\$ 7,093,190	\$ 6,298,966	\$ 794,224
Expenses			
Instruction	\$ 3,969,161	\$ 3,334,602	\$ 634,559
Student Support	\$ 165,826	\$ 161,662	\$ 4,164
Instructional Staff	\$ 163,560	\$ 137,271	\$ 26,289
General Administration	\$ 216,276	\$ 233,864	\$ (17,588)
School Administration	\$ 433,402	\$ 425,356	\$ 8,046
Business Support	\$ 226,269	\$ 207,747	\$ 18,522
Operations & Maintenance	\$ 642,813	\$ 595,501	\$ 47,312
Student Transportation	\$ 296,169	\$ 263,174	\$ 32,995
Central Support	\$ 332,343	\$ 158,180	\$ 174,163
Other Support	\$ -	\$ 126,723	\$ (126,723)
Food Service	\$ 379,596	\$ 330,303	\$ 49,293
Community Services	\$ -	\$ 6,110	\$ (6,110)
Interest on Long-Term Debt	\$ 72,349	\$ 85,521	\$ (13,172)
Capital Outlay	\$ 28,621	\$ -	\$ 28,621
Pension Amortization	\$ 3,615,346	\$ 2,778,422	\$ 836,924
OPEB Expense	\$ 51,731	\$ -	\$ 51,731
Total Expenses	\$ 10,593,462	\$ 8,844,436	\$ 1,749,026
Changes in Net Position	\$ (3,500,272)	\$ (2,545,470)	\$ (954,802)
Net Position, Beginning Restated	\$ 413,427	\$ 3,368,536	\$(2,955,109)
Prior Period Adjustment	\$ -	\$ -	\$ -
Net Position, Ending	\$ (3,086,845)	\$ 823,066	\$(3,909,911)

Revenues increased overall by \$794,224 primarily due to the net increase in components of Public School Finance Act Funding and Mill Levy Override.

Expenses increased by \$1,749,026 over the prior year primarily due to the increase in amortization of deferred pension expenses of \$836,924 and instructional expenses of \$634,559.

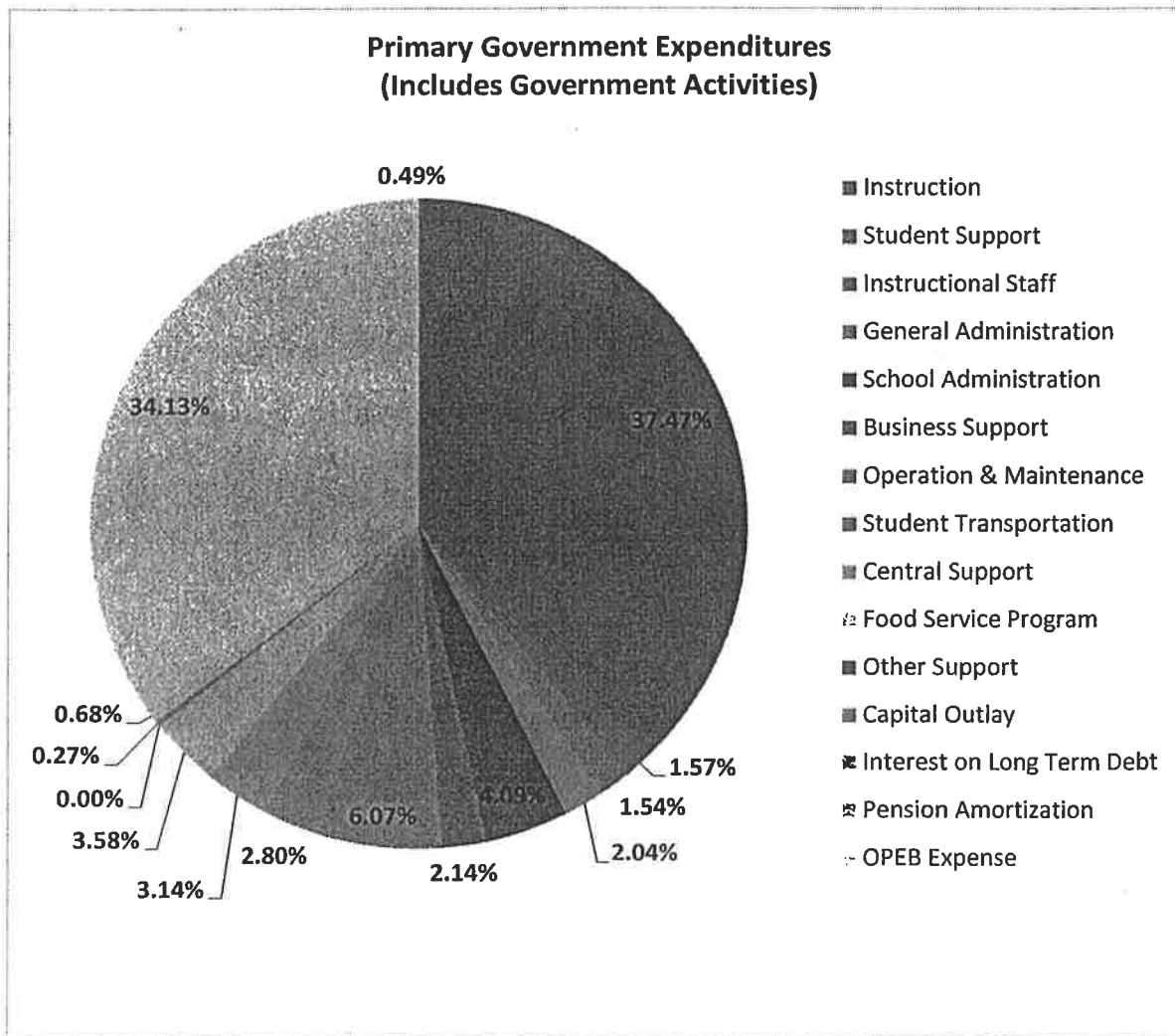
**Huerfano School District RE-1
Government-Wide
Total Revenues FY 2017-18**



**PRIMARY GOVERNMENT REVENUE
(Government Activities)**

Charges for Services	\$ 190,399	2.68%
Operating Grants and Contributions	\$ 881,558	12.43%
Local Property Tax	\$ 2,953,035	41.63%
Specific Ownership Tax	\$ 335,497	4.73%
Non Specific Intergovernmental	\$ 292,251	4.12%
Equalization	\$ 2,401,389	33.85%
Earnings on Investment	\$ 25,558	0.36%
Other Revenue	\$ 13,503	0.19%
	<u>\$ 7,093,190</u>	<u>100.00%</u>

**Huerfano School District RE-1
Government Wide
Total Expenditures FY 2017-18**



**Primary Government Expenditures
(Includes Government Activities)**

Instruction	\$ 3,969,161	37.47%
Student Support	\$ 165,826	1.57%
Instructional Staff	\$ 163,560	1.54%
General Administration	\$ 216,276	2.04%
School Administration	\$ 433,402	4.09%
Business Support	\$ 226,269	2.14%
Operation & Maintenance	\$ 642,813	6.07%
Student Transportation	\$ 296,169	2.80%
Central Support	\$ 332,343	3.14%
Food Service Program	\$ 379,596	3.58%
Other Support	\$ -	0.00%
Capital Outlay	\$ 28,621	0.27%
Interest on Long Term Debt	\$ 72,349	0.68%
Pension Amortization	\$ 3,615,346	34.13%
OPEB Expense	\$ 51,731	0.49%
	\$ 10,593,462	100.00%

The primary source of operating revenue for school districts comes from the Public School Finance Act of 1994. Under this Act, the District received \$8,497 per funded in-school student compared to \$8,412 the prior year. The District's actual funded pupil count on October 1, 2017 was 525 compared to 528 the prior year. Statute provides for averaging with prior years for declining enrollment districts.

Total Program Funding from the School Finance Act comes from property taxes, specific ownership taxes, and state equalization. The District received \$4,468,843 under the School Finance Act compared to \$4,319,298 the prior year. The state share increased to 45%. The local share which includes property taxes and specific ownership taxes makes up the other 55% of funding from school finance.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. The Net Cost of Governmental Activities schedule reflects each program's net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs).

Huerfano School District RE-1
Net Cost of Governmental Activities
Comparison from FY 2017-18 to 2016-17

	FY 2017-18 Total Cost of Service	FY 2017-18 Service Fees Grants and Contributions	FY 2017-18 Net Cost Of Services	FY 2016-17 Total Cost of Service	FY 2016-17 Service Fees Grants and Contributions	FY 2016-17 Net Cost Of Services	Net Change
Governmental Activities							
Instruction	\$ 3,969,161	\$ 586,184	\$ 3,382,977	\$ 3,334,602	\$ 465,544	\$ 2,869,058	\$ 513,919
Student Support	\$ 165,826	\$ -	\$ 165,826	\$ 161,662	\$ -	\$ 161,662	\$ 4,164
Instructional Staff	\$ 163,560	\$ 90,000	\$ 73,560	\$ 137,271	\$ 101,222	\$ 36,049	\$ 37,511
General Administration	\$ 216,276	\$ -	\$ 216,276	\$ 233,864	\$ -	\$ 233,864	\$ (17,588)
School Administration	\$ 433,402	\$ -	\$ 433,402	\$ 425,356	\$ 25,977	\$ 399,379	\$ 34,023
Business Support	\$ 226,269	\$ -	\$ 226,269	\$ 207,747	\$ -	\$ 207,747	\$ 18,522
Operation & Maintenance	\$ 642,813	\$ 25,000	\$ 617,813	\$ 595,501	\$ 32,651	\$ 562,850	\$ 54,963
Student Transportation	\$ 296,169	\$ 42,021	\$ 254,148	\$ 263,174	\$ 58,356	\$ 204,818	\$ 49,330
Central Support	\$ 332,343	\$ -	\$ 332,343	\$ 158,180	\$ -	\$ 158,180	\$ 174,163
Other Support	\$ -	\$ -	\$ -	\$ 126,723	\$ -	\$ 126,723	\$ (126,723)
Food Service Program	\$ 379,596	\$ 328,752	\$ 50,844	\$ 330,303	\$ 305,664	\$ 24,639	\$ 26,205
Community Service	\$ -	\$ -	\$ -	\$ 6,110	\$ 1,763	\$ 4,347	\$ (4,347)
Capital Outlay	\$ 28,621	\$ -	\$ 28,621	\$ -	\$ -	\$ -	\$ 28,621
Interest on Long Term Debt	\$ 72,349	\$ -	\$ 72,349	\$ 85,521	\$ -	\$ 85,521	\$ (13,172)
Pension Amortization	\$ 3,615,346	\$ -	\$ 3,615,346	\$ 85,521	\$ -	\$ 85,521	\$ 3,529,825
OPEB Expense	\$ 51,731	\$ -	\$ 51,731	\$ -	\$ -	\$ -	\$ 51,731
						\$ -	
Total Primary Government	<u>\$ 10,593,462</u>	<u>\$ 1,071,957</u>	<u>\$ 9,521,505</u>	<u>\$ 6,151,535</u>	<u>\$ 991,177</u>	<u>\$ 5,160,358</u>	<u>\$ 4,361,147</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds report is to provide information on near term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

General Fund (Includes Fund 10/General Fund, Fund 19/CPP)

The General Fund is the major operating fund of the District, providing the majority of the resources for education and support programs. For fiscal year 2017-18 the beginning Fund Balance in the General Fund was \$2,254,833. Revenues in the General Fund totaled \$5,758,084 while expenditures totaled \$5,375,282 and transfers to other funds totaled \$300,000. The ending fund balance in the General Fund increased by \$82,802 from current operations resulting in an ending fund balance of \$2,337,635 as of June 30, 2018 including \$178,900 reserved for TABOR in accordance with Colorado statute regarding emergency reserves.

The General Fund is solvent and remains in sound financial condition. The District continues to make budget adjustments as needed to ensure that expenditures do not exceed revenues in order to maintain an appropriate fund balance.

Government Designated Grants Fund/Special Revenue (Fund 22)

The Government Designated Grants Fund is used to record financial transactions for grants received for designated purposes funded by federal, state, or local governments. Special revenue funds are legally restricted to expenditures for specific purposes. Revenue in the Government Designated Grants Fund, which includes the Federal Consolidated Grants, totaled \$394,673. The District reported \$32,659 from local/intermediate sources and \$362,014 from federal sources including the following grants over \$50,000:

Grants Every Student Succeeds Act
Title I, Part A
Pathways Early Action Grant

Bond Redemption (Fund 31)

Revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest, are recorded in the Bond Redemption Fund, but are administered by a third-party custodian. The District's approved third-party custodian for the Bond Redemption Fund is UMB Bank. The 2017 bond mill levy was 5.25. Revenue, including property tax and specific ownership tax, in the Bond Redemption Fund totaled \$453,246. Bond principal and interest payments in the amount of \$430,000 were made in FY 2017-18. The Ending Fund Balance in the Bond Redemption Fund was \$700,659 at June 30, 2018 compared to \$677,413 the prior year.

Capital Projects Capital Reserve Fund (Fund 43)

The District uses a Capital Projects Fund to account for major projects that may take several years to complete and gifts and grants designated for the specific project are expected to be a major source of funding for that project.

The FY 2017-18 beginning Fund Balance in the Capital Projects Fund (43) was \$383,003. Revenues totaled \$151,783 including \$150,000 from transfers from the General Fund. Expenditures totaled \$43,757 of which was capital outlay.

Student Activity (Fund 23)

The Student Activity Fund is used to record financial transactions related to school-sponsored pupil intra-scholastic and inter-scholastic athletics and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fund-raising activities. The beginning Fund Balance in the Student Activity Fund was \$8,887. Revenues in the Student Activity Fund totaled \$232,628 including \$100,000 from transfers from the General Fund. Expenditures totaled \$199,200. The Fund Balance in the Student Activity Fund as of June 30, 2018 was \$42,315.

Food Service (Fund 21)

The Food Service Fund is used to record financial transactions related to the hot lunch and breakfast programs. The beginning Fund Balance in the Food Service Fund was \$102,639. Revenues in the Food Service Fund totaled \$376,690 including federal meal revenue of \$291,404, state revenue of \$2,515, local revenue from meal sales totaling \$32,771 and transfers from General Fund of \$50,000. Expenditures totaled \$369,314 leaving an ending Fund Balance in the Food Service Fund as of June 30, 2018 of \$110,015.

BUDGET ANALYSIS

The Board of Education approved a budget in June 2017 based on enrollment projections for the 2017-18 school year. Statute permits a district to amend its budget through January 31st each year, which the Board of Education approved at its meeting in January 2018. Budget comparisons appear on pages 46 through 58. Following is a discussion of significant variances of actual results compared to final budgets.

General Fund revenues were over budget by \$811,046 or 16.39%. Expenditures were under budget by \$1,526,590 or 22.12% with variance spread proportionally to all functions.

Operating revenues from food sales were \$13,771 over budget while non-operating revenues were \$26,519 over budget. Expenditures were under budget by \$69,725. There was a General Fund transfer of \$50,000. The District budgeted for use of fund balance in the amount of \$102,639 while actual results increased fund balance by \$7,375.

Grant revenues equal expenditures and both were greater than budget by \$88,560 primarily due to an increase in both federal and state grant funds received.

Revenues in the Pupil Activities Special Revenue Fund were over budget by \$36,128 while expenditures were under budget by \$6,187. The subsidy from General Fund was \$100,000 equal to the amount budgeted. Overall, the fund balance increased by \$33,429.

Revenues in the Bond Redemption Debt Service Fund were \$23,146 over budget. Spending was \$677,513 under budget primarily due to not spending appropriated reserves which will be used for future bond payments. Ending fund balance increased \$23,246.

In the Capital Projects Capital Reserve Fund, revenues including proceeds from a capital lease were over budget by \$833. Expenditures were \$490,196 below budget due in part to appropriated reserves that were not spent and the purchases of vehicles and facilities repairs being deferred.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The Huerfano School District RE-1 owns land with a carrying value of \$247,347 and building and improvements capitalized at \$18,745,966 at June 30, 2018. Equipment and vehicles totaled \$1,346,925. In addition, the Districts Food Service Fund has equipment with a carrying value of \$313,123. The net carrying value of capital assets after subtracting accumulated depreciation is \$9,383,034 from governmental activities.

Long-term debt: District voters approved a general obligations bond of \$5,755,000 in 2002. General Obligation Bonds, Series 2002, were issued on December 15, 2002, for the original amount of \$5,755,000. In August 2011, Huerfano School District RE-1 issued \$4,140,000 in general obligation bonds with an average interest rate of 3.26% to advance refund \$4,030,000 of outstanding 2002 bonds with interest rates ranging from 3.875% to 4.8%. The refunding proceeds totaling \$4,284,565 were deposited with an escrow agent to provide debt service payments on the 2002 Series Bonds as they come due. As a result, a portion of the 2002 bonds, \$4,030,000 of principal and \$1,205,859 of interest, are considered to be decreased and the liability is not reported in these financial statements. The June 30, 2018 balance for the 2011 general obligation bonds was \$1,870,000 after a principal payment of \$360,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The steady pattern of decline in the funded pupil count has leveled off. Huerfano's enrollment has been steadily declining but has seen increases in the past few years. In Districts with declining enrollment such as Huerfano RE-1, the state averages the previous 5 years to determine an average funded count. The District's average "Funded Pupil Count" for 2017-18 was 525.9 compared to 528.6 for 2016-17, 511.4 for 2015-16, 510.3 for 2014-13.
- In FY 2009-10 nearly 3% of funding from the School Finance Act was rescinded by the State in January 2010. Funding for FY 2010-11 was frozen at the prior year level regardless of any increase in the number of students or other changes in economic factors in the School Finance Act formula. When the State revenue was not adequate to fund the full amount for School Finance, it was backfilled with one time monies from Federal Jobs Education grants and additional ARRA funding. These funds were not available in FY 2011-12 resulting in additional cuts in funding. The base per pupil was held at the same level as FY 2011-12 for 2012-13. Per pupil funding for 2013-14 increased 2.8% with the negative factor going from 16.1% down to 15.4%. For 2014-15 per pupil funding increased by 5.8% and the negative factor decreased from 15.4% to 13 %. For 2015-16 per pupil funding increased 2.9% with the negative factor decreasing from 13% to 12.1%. For 2016-17 per pupil funding increased 1.2% with no change to the negative factor. For 2017-18 per pupil funding increased by 3.8% and the negative factor decreased from 12.1% to 10.4%.

- Deficit spending had been a chronic problem, but the District has addressed the issue and had a small annual operating surplus for five years. For 2016-17 revenue increased due to the approval of a mill levy override by the voters. This has allowed the District to increase reserves for the past two years. Districts should keep at least three to four months operating costs in reserves for unexpected economic changes in addition to required TABOR reserves. The District needs to continue to monitor its reserves and not rely on them to balance the budget.

CONTACTING THE FINANCIAL MANAGEMENT TEAM OF HUERFANO SCHOOL DISTRICT RE-1

This financial report is designed to provide the District's taxpayers, citizens, investor, and creditors with a general overview of the District's financial status and to demonstrate the District's accountability for the money it receives.

If there are questions regarding this report or additional information is needed, contact Superintendent Michael Moore or Business Manager Erica Watts at Huerfano School District RE-1, 201 East Fifth Street, Walsenburg, CO 81089.

BASIC FINANCIAL STATEMENTS

HUERFANO SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF NET POSITION
June 30, 2018

	Governmental	
	Activities	Total
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	1,707,362	1,707,362
Investments	2,400,762	2,400,762
Property Taxes Receivable	212,965	212,965
Accounts Receivable	38,513	38,513
Accrued Revenue	15,905	15,905
Inventories	6,809	6,809
<u>Total Current Assets</u>	<u>4,382,316</u>	<u>4,382,316</u>
<u>Capital Assets:</u>		
Land	247,347	247,347
Depreciable Assets	20,406,014	20,406,014
Accumulated Depreciation	(9,383,034)	(9,383,034)
<u>Capital Assets Net of Depreciation</u>	<u>11,270,327</u>	<u>11,270,327</u>
<u>TOTAL ASSETS</u>	<u>15,652,643</u>	<u>15,652,643</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Bond Refunding	54,279	54,279
Pension	8,011,367	8,011,367
Other Post Employment Benefits	54,135	54,135
<u>Total Deferred Outflows of Resources</u>	<u>8,119,781</u>	<u>8,119,781</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	100,457	100,457
Accrued Salaries Payable	459,845	459,845
Accrued Interest	5,325	5,325
Unearned Grant Payments	6,412	6,412
General Obligation Bonds – Current	350,000	350,000
<u>Total Current Liabilities</u>	<u>922,039</u>	<u>922,039</u>
<u>Noncurrent Liabilities:</u>		
General Obligation Bonds	1,520,000	1,520,000
Bond Premium	46,091	46,091
Compensated Absences	93,656	93,656
Net Pension Liability	22,203,031	22,203,031
Net Other Post Employment Benefits Liability	507,023	507,023
<u>Total Noncurrent Liabilities</u>	<u>24,369,801</u>	<u>24,369,801</u>
<u>TOTAL LIABILITIES</u>	<u>25,291,840</u>	<u>25,291,840</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension	1,558,947	1,558,947
Other Post Employment Benefits	8,482	8,482
<u>Total Deferred Inflows of Resources</u>	<u>1,567,429</u>	<u>1,567,429</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	9,400,327	9,400,327
Restricted for:		
TABOR (Emergencies)	178,900	178,900
Preschool	21,685	21,685
Debt Service	700,659	700,659
Food Service	110,015	110,015
Unrestricted	(13,498,431)	(13,498,431)
<u>TOTAL NET POSITION</u>	<u>(3,086,845)</u>	<u>(3,086,845)</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		<u>Net (Expenses) Revenue and Changes in Net Position</u>			
		<u>Program Revenues</u>		<u>Primary Government</u>	
<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Total</u>
			<u>Operating Grants & Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Primary Government:</u>					
<u>Governmental Activities</u>					
Instruction	3,969,161	132,628	453,556	-	(3,382,977)
Student Support	165,826	-	-	-	(165,826)
Instructional Staff	163,560	-	90,000	-	(73,560)
General Administration	216,276	-	-	-	(216,276)
School Administration	433,402	-	-	-	(433,402)
Business Support	226,269	-	-	-	(226,269)
Operation & Maintenance	642,813	25,000	-	-	(617,813)
Student Transportation	296,169	-	42,021	-	(254,148)
Central Support	332,343	-	-	-	(332,343)
Food Services	379,596	32,771	295,981	-	(50,844)
Capital Outlay	28,621	-	-	-	(28,621)
Interest Expense	72,349	-	-	-	(72,349)
Pension Expense	3,615,346	-	-	-	(3,615,346)
OPEB Expense	51,731	-	-	-	(51,731)
<u>Total Governmental Activities</u>	<u>10,593,462</u>	<u>190,399</u>	<u>881,558</u>	<u>-</u>	<u>(9,521,505)</u>
<u>Total Primary Government</u>	<u>10,593,462</u>	<u>190,399</u>	<u>881,558</u>	<u>-</u>	<u>(9,521,505)</u>
<u>General Revenues</u>					
Local Property Taxes					2,953,035
Small Attendance Center					101,396
Specific Ownership Taxes					335,497
Small Rural School Additional Funding					190,855
School Finance Act					2,401,389
Earnings on Investments					25,558
Other					13,503
<u>Total General Revenues</u>					<u>6,021,233</u>
<u>Change in Net Position</u>					<u>(3,500,272)</u>
<u>Net Position, Beginning (as Restated)</u>					<u>413,427</u>
<u>Net Position, Ending</u>					<u>(3,086,845)</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Bond Redemption Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	559,708	297,592	676,313	173,749	1,707,362
Investments	2,284,391	116,371	-	-	2,400,762
Property Taxes Receivable	180,264	-	32,701	-	212,965
Due From Other Funds	33,903	77,066	10,716	55,886	177,571
Accrued Revenue	15,905	-	-	-	15,905
Accounts Receivable	1,274	-	-	5,336	6,610
Due from Other Governments	-	-	-	31,903	31,903
Inventories	-	-	-	6,809	6,809
<u>Total Assets</u>	<u>3,075,445</u>	<u>491,029</u>	<u>719,730</u>	<u>273,683</u>	<u>4,559,887</u>
<u>LIABILITIES:</u>					
Accounts Payable	65,741	-	-	-	65,741
Intergovernmental Payable	34,716	-	-	-	34,716
Due To Other Funds	108,389	-	-	69,182	177,571
Unearned Grant Payments	-	-	-	6,412	6,412
Accrued Salaries Payable	414,086	-	-	45,759	459,845
<u>Total Liabilities</u>	<u>622,932</u>	<u>-</u>	<u>-</u>	<u>121,353</u>	<u>744,285</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property Tax	114,878	-	19,071	-	133,949
<u>FUND BALANCES:</u>					
Nonspendable:					
Inventories	-	-	-	6,809	6,809
Restricted for:					
TABOR (Emergencies)	178,900	-	-	-	178,900
Preschool	21,685	-	-	-	21,685
Debt Service	-	-	700,659	-	700,659
Food Service	-	-	-	103,206	103,206
Committed for:					
Risk Management	-	-	-	-	-
Capital Outlay	-	491,029	-	-	491,029
Assigned for:					
Pupil Activities	-	-	-	42,315	42,315
Unassigned	2,137,050	-	-	-	2,137,050
<u>Total Fund Balances</u>	<u>2,337,635</u>	<u>491,029</u>	<u>700,659</u>	<u>152,330</u>	<u>3,681,653</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>3,075,445</u>	<u>491,029</u>	<u>719,730</u>	<u>273,683</u>	<u>4,559,887</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2018

<u>GOVERNMENTAL FUNDS TOTAL FUND BALANCE</u>	3,681,653
Deferred Property Tax Revenue – Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements.	133,949
Capital Assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	20,653,361
Accumulated Depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(9,383,034)
Accrued interest payable is not considered current financial resources and, therefore, not reported in the governmental funds.	(5,325)
Long-term liabilities, including general obligation bonds are not due and payable in the current period and therefore are not reported in funds.	
General Obligation Bonds	(1,870,000)
Unamortized Bond Premium	(46,091)
Loss on Bond Refunding	<u>54,279</u>
	(1,861,812)
Compensated absences are not reported as a liability in the funds.	(93,656)
Net pension and other post employment benefits liabilities, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(22,203,031)
Net Other Post Employment Benefits Liability	(507,023)
Deferred Outflows	8,065,502
Deferred Inflows	<u>(1,567,429)</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>(3,086,845)</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	<u>General</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Bond Redemption Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>					
Taxes	2,812,004	-	450,442	-	3,262,446
Intergovernmental	2,895,689	-	-	685,933	3,584,281
Interest	20,971	1,783	2,804	-	25,558
Other	29,420	-	-	168,058	194,819
<u>Total Revenues</u>	<u>5,758,084</u>	<u>1,783</u>	<u>453,246</u>	<u>853,991</u>	<u>7,067,104</u>
<u>EXPENDITURES</u>					
Current:					
Instruction	3,007,250	-	-	501,811	3,509,061
Student Support	165,826	-	-	-	165,826
Instructional Staff	73,560	-	-	90,000	163,560
General Administration	211,993	-	-	-	211,993
School Administration	433,402	-	-	-	433,402
Business Services	226,269	-	-	-	226,269
Operations & Maintenance	642,813	-	-	-	642,813
Student Transportation	281,826	-	-	-	281,826
Central Support	332,343	-	-	-	332,343
Food Services	-	-	-	371,376	371,376
Capital Outlay	-	43,757	-	-	43,757
Debt Service	-	-	430,000	-	430,000
<u>Total Expenditures</u>	<u>5,375,282</u>	<u>43,757</u>	<u>430,000</u>	<u>963,187</u>	<u>6,812,226</u>
<u>Excess of Revenues Over (Under)</u>					
<u>Expenditures</u>	<u>382,802</u>	<u>(41,974)</u>	<u>23,246</u>	<u>(109,196)</u>	<u>254,878</u>
<u>Other Financing Sources (Uses)</u>					
Operating Transfers In (Out)	<u>(300,000)</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
<u>Total Other Financing</u>					
<u>Sources (Uses)</u>	<u>(300,000)</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
<u>Net Changes in Fund Balances</u>	<u>82,802</u>	<u>108,026</u>	<u>23,246</u>	<u>40,804</u>	<u>254,878</u>
<u>FUND BALANCES, Beginning</u>	<u>2,254,833</u>	<u>383,003</u>	<u>677,413</u>	<u>111,526</u>	<u>3,426,775</u>
<u>FUND BALANCES, Ending</u>	<u>2,337,635</u>	<u>491,029</u>	<u>700,659</u>	<u>152,330</u>	<u>3,681,653</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
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

<u>GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES</u>		254,878
Deferred Property Tax Revenue – Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements.		133,949
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as an expenditure in the governmental funds functions.		15,136
Compensated absences do not use current financial resources and are not reported on the governmental fund financial statements but are recognized on the government-wide financial statements.		(10,814)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(476,132)
Deferred Property Taxes of the prior year – Property taxes earned but deferred in the prior year and received in the current year are recognized in the prior year net position on the statement of activities		(107,863)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of Debt Principal	360,000	
Interest Expense	<u>(2,349)</u>	357,651
The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:		
Pension Cost	(3,615,346)	
Other Post Employment Benefits Cost	<u>(51,731)</u>	(3,667,077)
<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		<u>(3,500,272)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Huerfano School District Number RE-1 of Huerfano County was organized by a vote of qualified electorate on April 14, 1959, under the provisions of the Colorado School Organization Act of 1957. The District operates under an elected Board of Education with seven members and provides educational services to approximately 500 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Huerfano School District Number RE-1. 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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
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 and proprietary funds. Major individual governmental funds (General Fund, Capital Reserve-Capital Projects Fund and Bond Redemption Debt Service) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
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.
2. **Capital Reserve-Capital Projects Fund** – is used to account for the acquisition of sites, buildings, equipment and vehicles.
3. **Bond Redemption Fund** – is used to account for the debt service payments of the District.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Cash and Investments

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

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

F. Receivables

Property taxes levied in 2017 but uncollected in 2018 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2018 are recorded as deferred inflows in the fund financial statements, 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 or business-type activities columns in the government-wide financial statements.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Capital Assets (Continued)

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 for governmental funds and \$500 for proprietary funds. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-35 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

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 and the Capital Reserve Capital Projects 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.

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 Huerfano School District Number RE-1 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Constitutional Amendment (Continued)

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 \$178,900 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 Huerfano County was as follows:

Levy Date	December 22, 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

L. Accumulated Leave

The Board shall provide sick leave for all regular full-time and part-time employees of the District in direct relation to the full time equivalency of the employee (e.g. a full-time employee shall receive 100% of the sick leave provided for full-time employees whereas a "3/4 time" employee shall receive 75% of sick leave benefits provided for full-time employees). Those part-time employees who work the same number of days as full time employees, but only work as a reduced day, such as a four hour day; shall receive the same number of days of paid sick leave as the full time employees; however the pay for such days shall equal the per diem then being received by the part-time employee. Substitute employees such as substitute teachers and temporary staff are not eligible for any sick leave benefits.

Compensated absences are reported as non-current liabilities in the government-wide financial statements. As of June 30, 2018, the District has recorded an estimated liability of \$93,656 relating to accrued sick leave payable and accrued vacation.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accumulated 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>
Accumulated Leave	<u>82,842</u>	<u>10,814</u>	<u>-</u>	<u>93,656</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. Interest Expense

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

O. GASB Statement No. 54

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

O. GASB Statement No. 54 (Continued)

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

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>Capital Projects Capital Reserve Fund</u>	<u>Special Revenue Fund Grants Fund</u>	<u>Bond Redemption Debt Service Fund</u>	<u>Special Revenue Student Activities Fund</u>	<u>Special Revenue Food Services Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>							
Inventories	-	-	-	-	-	6,809	6,809
<u>Restricted:</u>							
Emergencies	178,900	-	-	-	-	-	178,900
Preschool	21,685	-	-	-	-	-	21,685
Debt Service	-	-	-	700,659	-	-	700,659
Food Service	-	-	-	-	-	103,205	103,205
<u>Committed:</u>							
Risk Management	-	-	-	-	-	-	-
Capital Outlay	-	491,029	-	-	-	-	491,029
<u>Assigned:</u>							
Pupil Activities	-	-	-	-	42,315	-	42,315
<u>Unassigned:</u>	<u>2,137,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,137,050</u>
<u>Total Fund</u>							
Balances	<u>2,337,635</u>	<u>491,029</u>	<u>-</u>	<u>700,659</u>	<u>42,315</u>	<u>110,014</u>	<u>3,681,652</u>

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

P. 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.

NOTE 2 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**
(Continued)

	<u>Items Eliminated</u>		
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Transfers In (Out)</u>
General Fund	33,903	108,389	(300,000)
Grants - Special Revenue Fund	46,524	9,222	-
Bond Redemption – Debt Service Fund	10,716	-	-
Student Activity – Special Revenue Fund	78	33,903	100,000
Capital Reserve– Capital Projects Fund	77,066	-	150,000
Food Service – Special Revenue Fund	<u>9,284</u>	<u>26,057</u>	<u>50,000</u>
<u>Totals</u>	<u>177,571</u>	<u>177,571</u>	<u>-</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, Debt Service Funds and Capital Projects Funds.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 **BUDGETARY INFORMATION (Continued)**

6. Budgets for the General, Special Revenue, Debt Service and Capital Projects are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	688,239	771,072
Cash on Hand	400	632,714
Cash Equivalents	632,714	-
Cash with County Treasurer	<u>136,009</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>1,707,362</u>	<u>1,653,786</u>

As presented above, deposits with a bank balance of \$771,072 and a carrying balance of \$688,239 as of June 30, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 **CASH AND INVESTMENTS (Continued)**

Investments

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>
COLO TRUST Plus	Under 60 Day Average	<u>2,400,762</u>	AAAm

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

Credit Risk – State Law limits the type of investments allowable. The ratings by Standard & Poor for each investment are disclosed above.

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

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

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

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Non-Depreciable Assets:</u>				
Land	247,347	-	-	247,347
Construction in Progress	-	-	-	-
<u>Total Non-Depreciable Assets</u>	<u>247,347</u>	<u>-</u>	<u>-</u>	<u>247,347</u>
<u>Depreciable Assets:</u>				
Buildings & Improvements	18,745,966	-	-	18,745,966
Equipment & Vehicles	1,331,789	15,136	-	1,346,925
Food Service	313,123	-	-	313,123
<u>Total Depreciable Assets</u>	<u>20,390,878</u>	<u>15,136</u>	<u>-</u>	<u>20,406,014</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Improvements	7,333,491	449,263	-	7,782,754
Equipment & Vehicles	1,297,879	18,649	-	1,316,528
Food Services	275,532	8,220	-	283,752
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>8,906,902</u>	<u>476,132</u>	<u>-</u>	<u>9,383,034</u>
Governmental Activities				
<u>Capital Assets, Net</u>	<u>11,731,323</u>	<u>(460,996)</u>	<u>-</u>	<u>11,270,327</u>

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

<u>Governmental Activities:</u>	
Instruction	449,286
General Administration	4,283
Operation & Maintenance	-
Transportation	14,343
Food Service	8,220
<u>Total Depreciation Governmental Activities</u>	<u>476,132</u>

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 **INTERFUND**

RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>	<u>Repayment Period</u>
General	33,903	108,389	Current Operations	Within 1 Year
Special Revenue:				
Food Services	9,284	26,057	Current Operations	Within 1 Year
Student Activity	78	33,903	Current Operations	Within 1 Year
Grants	46,524	9,222	Current Operations	Within 1 Year
Bond Redemption – Debt Service Fund	10,716	-	Deposit Error	Within 1 Year
Capital Projects – Capital Reserve Fund	<u>77,066</u> <u>177,571</u>	<u>-</u> <u>177,571</u>	Current Operations	Within 1 Year

TRANSFERS

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
General	-	300,000	Current Operations
Special Revenue:			
Student Activity	100,000	-	Current Operations
Food Service	50,000	-	Current Operations
Capital Projects:			
Capital Reserve	<u>150,000</u>	<u>-</u>	Current Operations
	<u>300,000</u>	<u>300,000</u>	

NOTE 7 **GENERAL OBLIGATION BONDS PAYABLE**

General Obligation Refunding Series 2011

On August 23, 2011 the District issued \$4,140,000 in General Obligation Refunding Bonds with an average interest rate of 3.26% to advance refund \$4,030,000 outstanding 2002 General Obligation Bonds bearing interest rates ranging from 3.875% to 4.800%. Refunding proceeds of \$4,284,565 were deposited with an escrow agent to provide debt service payments of \$4,030,000 in principal and \$1,205,862 in interest on the 2002 Series Bonds. As a result, that portion of 2002 Bonds is considered to be defeased and the liability for the issue has been removed from the financial statements. The defeased debt balance at June 30, 2018 was \$1,920,000.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **GENERAL OBLIGATION BONDS PAYABLE (Continued)**

General Obligation Refunding Series 2011 (Continued)

Payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	350,000	58,650	408,650
2020	365,000	47,925	412,925
2021	375,000	36,825	411,825
2022	390,000	23,400	413,400
2023	<u>390,000</u>	<u>7,800</u>	<u>397,800</u>
Total	<u>1,870,000</u>	<u>174,600</u>	<u>2,044,600</u>

The following is a summary of the changes in General Obligation Bonds:

<u>General Obligation Bonds:</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Series 2011	<u>2,230,000</u>	<u>-</u>	<u>360,000</u>	<u>1,870,000</u>	<u>350,000</u>

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

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 Huerfano School District Number RE-1 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	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 Huerfano School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Huerfano School District Number RE-1 were \$642,463 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 Huerfano School District Number RE-1 reported a liability of \$22,203,031 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 Huerfano School District Number RE-1 proportion of the net pension liability was based on Huerfano School District Number RE-1 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Huerfano School District Number RE-1 proportion was 0.06866 percent, which was an increase of 0.00548 percent from its proportion measured as of December 31, 2016.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

For the year ended June 30, 2018, the Huerfano School District Number RE-1 recognized pension expense of \$3,615,346. At June 30, 2018, the Huerfano School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	408,220	-
Changes of assumptions or other inputs	5,669,259	(35,976)
Net difference between projected and actual earnings on pension plan investments	440,164	(1,312,098)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,154,511	(210,873)
Contributions subsequent to the measurement date	339,213	N/A
Total	8,011,367	(1,558,947)

\$339,213 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	3,819,146
2020	2,411,130
2021	210,955
2022	(328,024)
2023	-
Thereafter	-

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

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%.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

PENSION PLAN (Continued)

Sensitivity of the Huerfano School District Number RE-1 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (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	28,046,204	22,203,031	17,441,512

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

At June 30 2018, the Huerfano School District Number RE-1 reported a liability of \$22,203,031 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 Huerfano School District Number RE-1'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%	10,031,137

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$10,364,513 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 Huerfano School District Number RE-1 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 \$11,310.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

OTHER POST EMPLOYMENT BENEFITS

Defined Benefit And Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Huerfano School District Number RE-1 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Plan description. Eligible employees of the Huerfano School District Number RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **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 Huerfano School District Number RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Huerfano School District Number RE-1 were \$34,706 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 Huerfano School District Number RE-1 reported a liability of \$507,023 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 Huerfano School District Number RE-1 proportion of the net OPEB liability was based on Huerfano School District Number RE-1 contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Huerfano School District Number RE-1 proportion was 0.03901 percent, which was an increase of 0.0031 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Huerfano School District Number RE-1 recognized OPEB expense of \$51,731. At June 30, 2018, the Huerfano School District Number RE-1 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	2,398	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(8,482)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	33,634	-
Contributions subsequent to the measurement date	18,103	N/A
Total	54,135	(8,482)

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

\$18,103 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	4,941
2020	4,977
2021	4,941
2022	4,979
2023	7,061
Thereafter	651

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

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:

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **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 Huerfano School District Number RE-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	493,073	507,023	523,825

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	570,054	507,023	453,225

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 **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 11 **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.

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	<u>42,273,940</u>
Total Liabilities	<u>11,655,251</u>
Total Equity	<u>30,618,689</u>
Revenue	7,429,394
Underwriting Expenses	<u>4,126,717</u>
Underwriting Gain (Loss)	3,302,677
Net Investment Income	276,653
Other Income	-
Net Income (Loss) Before Dividend	<u>3,579,330</u>
Dividend	-
Net Income	<u>3,579,330</u>
Change in Non Admitted Assets	<u>253,606</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>30,618,689</u>

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 **LITIGATION**

None.

NOTE 13 **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.

NOTE 14 **JOINT VENTURES**

South-Central Board of Cooperative Educational Services

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 District has one member on the Board. The 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 unaudited financial information as of June 30, 2017 is as follows:

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

The BOCES has no long term debt.

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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 **ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2018, are estimated to be \$459,845 and will be paid during the 2017-2018 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 16 **INVENTORIES**

Food Service Fund inventories at June 30, 2018, consisted of purchased food, commodities and non-food amounting to \$4,299, \$1,782 and \$728 respectively. 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 17 **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 \$823,066 has been changed by the net OPEB liability at June 30, 2017 of \$(465,585) and related deferred flows of \$55,946, resulting in a restated beginning net position of \$413,427.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFIT 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.

HUERFANO SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Taxes	1,881,722	2,465,154	583,432
Specific Ownership Taxes	244,245	335,497	91,252
Earnings on Investments	6,950	20,971	14,021
Delinquent Taxes & Interest	18,500	11,353	(7,147)
Transportation	-	-	-
Rental Income	29,600	25,000	(4,600)
Local Grants BOCES	29,000	30,161	1,161
Other	15,000	4,420	(10,580)
<u>Total Local Sources</u>	<u>2,225,017</u>	<u>2,892,556</u>	<u>667,539</u>
<u>Intermediary Sources</u>			
Mineral Leases	-	1,795	1,795
Cash in Lieu of Land Deduction	-	7,288	7,288
Secure Rural Funding Authority	-	68,300	68,300
<u>Total Intermediary Sources</u>	<u>-</u>	<u>77,383</u>	<u>77,383</u>
<u>State Sources</u>			
Equalization	2,341,459	2,401,389	59,930
Vocational Education	-	9,249	9,249
Small Rural School Add'l Funding	190,562	190,855	293
State ELPA	-	1,854	1,854
ELPA	-	1,393	1,393
Small Attendance Center	95,000	101,396	6,396
Transportation	75,000	42,021	(32,979)
Read Act	20,000	25,234	5,234
Library Grant	-	3,500	3,500
At Risk Supplemental	-	6,317	6,317
State Grants BOCES	-	4,937	4,937
<u>Total State Sources</u>	<u>2,722,021</u>	<u>2,788,145</u>	<u>66,124</u>
<u>TOTAL REVENUES</u>	<u>4,947,038</u>	<u>5,758,084</u>	<u>811,046</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>3,060,696</u>	<u>3,007,250</u>	<u>53,446</u>
<u>Supporting Services:</u>			
Students	168,020	165,826	2,194
Instructional Staff	69,032	73,560	(4,528)
General Administration	240,850	211,993	28,857
School Administration	433,501	433,402	99
Business Services	228,275	226,269	2,006
Operations and Maintenance	624,862	642,813	(17,951)
Student Transportation	267,263	281,826	(14,563)
Central Support	304,050	332,343	(28,293)
Other Support	100	-	100
Community Service	-	-	-
<u>Total Supporting Services</u>	<u>2,335,953</u>	<u>2,368,032</u>	<u>(32,079)</u>
 <u>Appropriated Reserves</u>	 <u>1,505,222</u>	 <u>-</u>	 <u>1,505,222</u>
 <u>TOTAL EXPENDITURES</u>	 <u>6,901,871</u>	 <u>5,375,282</u>	 <u>1,526,589</u>
 <u>REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	<u>(1,954,833)</u>	<u>382,802</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>(300,000)</u>	<u>(300,000)</u>	-
<u>Total Other Financing Sources</u>			
<u>(Uses)</u>	<u>(300,000)</u>	<u>(300,000)</u>	-
 <u>Revenues and Other Financing Sources</u>			
<u>Over (Under) Expenditures and Other Uses</u>	<u>(2,254,833)</u>	<u>82,802</u>	
 <u>FUND BALANCE, Beginning</u>	 <u>-</u>	 <u>2,254,833</u>	
 <u>FUND BALANCE, Ending</u>	 <u>(2,254,833)</u>	 <u>2,337,635</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
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)	0.0687%	0.0632%	0.0648%	0.0693%	0.0711%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$22,203,031	\$18,809,938	\$9,903,932	\$9,393,782	\$9,064,806	-	-	-	-	-
District's covered-employee payroll	\$3,402,518	\$2,936,339	\$2,825,918	\$2,901,147	\$2,746,805	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	653%	641%	350%	324%	330%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.80%	64.06%	-	-	-	-	-

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 642,463	\$ 537,922	\$ 501,438	\$ 496,814	\$ 448,202	\$ 439,287	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (642,463)</u>	<u>\$ (537,922)</u>	<u>\$ (501,438)</u>	<u>\$ (489,859)</u>	<u>\$ (439,669)</u>	<u>\$ (422,197)</u>	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,955</u>	<u>\$ 8,533</u>	<u>\$ 17,090</u>	-	-	-	-
District's covered-employee payroll	\$3,402,518	\$2,936,339	\$2,825,918	\$2,901,147	\$2,746,805	\$2,799,714	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.88%	18.32%	17.74%	16.89%	16.01%	15.08%	-	-	-	-

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net OPEB liability (asset)	0.0390%	0.0359%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$507,023	\$465,585	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$3,402,518	\$2,936,339	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	14.90%	15.86%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.71%	-	-	-	-	-	-	-	-

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$34,706	\$29,951	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(34,706)</u>	<u>\$(29,951)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$3,402,518	\$2,936,339	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Bond Redemption Debt Service Fund

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

Capital Reserve – Capital Projects Fund – This fund accounts for the acquisition of sites, buildings, equipment and vehicles.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Student Activity Fund – This fund accounts for the transactions and district expenditures for co-curricular areas of student organizations and clubs.

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

**HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
BOND REDEMPTION DEBT SERVICE FUND
For the Year Ended June 30, 2018**

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>REVENUES</u>			
Property Taxes	430,000	450,442	20,442
Interest Earnings	100	2,804	2,704
<u>Total Revenues</u>	<u>430,100</u>	<u>453,246</u>	<u>23,146</u>
<u>EXPENDITURES:</u>			
Debt Service:			
Principal Retirement	360,000	360,000	-
Interest and Fiscal Charges	70,000	70,000	-
Appropriated Reserves	677,513	-	677,513
<u>Total Expenditures</u>	<u>1,107,513</u>	<u>430,000</u>	<u>677,513</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	(677,413)	23,246	
<u>FUND BALANCES, Beginning</u>	<u>677,413</u>	<u>677,413</u>	
<u>FUND BALANCES, Ending</u>	<u>-</u>	<u>700,659</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
CAPITAL RESERVE – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2018

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES:</u>			
Earnings on Investments	<u>950</u>	<u>1,783</u>	<u>833</u>
<u>Total Revenues</u>	<u>950</u>	<u>1,783</u>	<u>833</u>
<u>EXPENDITURES:</u>			
Facilities and Acquisitions	-	46	(46)
Equipment & Vehicles	201,000	43,711	157,289
Appropriated Reserve	<u>332,953</u>	<u>-</u>	<u>332,953</u>
<u>Total Expenditures</u>	<u>533,953</u>	<u>43,757</u>	<u>490,196</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(533,003)</u>	<u>(41,974)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<u>REVENUES OVER (UNDER) OTHER</u> <u>FINANCING SOURCES (USES)</u>	<u>(383,003)</u>	<u>108,026</u>	
<u>FUND BALANCE, Beginning</u>	<u>383,003</u>	<u>383,003</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>491,029</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Student Activity</u>	<u>Food Services</u>	<u>Grants</u>	
<u>ASSETS</u>				
Cash	76,140	82,740	14,869	173,749
Investments	-	-	-	-
Accounts Receivable	-	5,336	-	5,336
Due From Other Governments	-	31,903	-	31,903
Due From Other Funds	78	9,284	46,524	55,886
Inventories	-	6,809	-	6,809
<u>Total Assets</u>	<u>76,218</u>	<u>136,072</u>	<u>61,393</u>	<u>273,683</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts Payable	-	-	-	-
Accrued Salaries	-	-	45,759	45,759
Due To Other Funds	33,903	26,057	9,222	69,182
Deferred Revenue	-	-	6,412	6,412
<u>Total Liabilities</u>	<u>33,903</u>	<u>26,057</u>	<u>61,393</u>	<u>121,353</u>
<u>Fund Balances:</u>				
<u>Nonspendable:</u>				
Inventories	-	6,809	-	6,809
<u>Restricted:</u>				
Food Services	-	103,206	-	103,206
<u>Committed:</u>				
Capital Outlay	-	-	-	-
<u>Assigned:</u>				
Pupil Activity	42,315	-	-	42,315
<u>Unassigned</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Fund Balance</u>	<u>42,315</u>	<u>110,015</u>	<u>-</u>	<u>152,330</u>
<u>TOTAL LIABILITIES & FUND BALANCES</u>	<u>76,218</u>	<u>136,072</u>	<u>61,393</u>	<u>273,683</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Student Activity</u>	<u>Food Services</u>	<u>Grants</u>	
<u>REVENUES</u>				
Other Local Sources	132,628	32,771	2,659	168,058
State Sources	-	2,515	30,000	32,515
Federal Sources	-	<u>291,404</u>	<u>362,014</u>	<u>653,418</u>
<u>Total Revenues</u>	<u>132,628</u>	<u>326,690</u>	<u>394,673</u>	<u>853,991</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	199,200	-	302,611	501,811
Support Services:				
Instructional Staff	-	-	90,000	90,000
Capital Outlay	-	-	-	-
Food Service	-	369,314	2,062	371,376
Debt Service	-	-	-	-
<u>Total Expenditures</u>	<u>199,200</u>	<u>369,314</u>	<u>394,673</u>	<u>963,187</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(66,572)</u>	<u>(42,624)</u>	<u>-</u>	<u>(109,196)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Fixed Assets	-	-	-	-
Transfer In (Out)	<u>100,000</u>	<u>50,000</u>	<u>-</u>	<u>150,000</u>
<u>Total Other Financing Sources (Uses)</u>	<u>100,000</u>	<u>50,000</u>	<u>-</u>	<u>150,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>33,428</u>	<u>7,376</u>	<u>-</u>	<u>40,804</u>
<u>FUND BALANCES, Beginning</u>	<u>8,887</u>	<u>102,639</u>	<u>-</u>	<u>111,526</u>
<u>FUND BALANCES, Ending</u>	<u>42,315</u>	<u>110,015</u>	<u>-</u>	<u>152,330</u>

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
PUPIL ACTIVITY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2018

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES:</u>			
Pupil Activity Revenues	-	87,974	87,974
Gate Receipts	96,500	15,217	(81,283)
Fees Revenues	-	6,408	6,408
Fund Raisers	-	11,877	11,877
Gifts and Contributions Income	-	3,427	3,427
Other Pupil Activity Income	-	7,725	7,725
<u>Total Revenues</u>	<u>96,500</u>	<u>132,628</u>	<u>36,128</u>
<u>EXPENDITURES:</u>			
<u>Instruction:</u>			
Salaries	66,500	61,744	4,756
Benefits	13,887	12,686	1,201
PS Professional	30,000	63	29,937
PS Other	-	34,311	(34,311)
Supplies and Materials	84,500	79,647	4,853
Property	4,500	4,732	(232)
Other	6,000	6,017	(17)
<u>Total Expenditures</u>	<u>205,387</u>	<u>199,200</u>	<u>6,187</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(108,887)</u>	<u>(66,572)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	100,000	100,000	-
<u>Total Other Financing Sources (Uses)</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<u>REVENUES OVER (UNDER) OTHER FINANCING</u> <u>SOURCES (USES) AND EXPENDITURES</u>	<u>(8,887)</u>	<u>33,428</u>	
<u>FUND BALANCE, Beginning</u>	<u>8,887</u>	<u>8,887</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>42,315</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2018

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	<u>19,000</u>	<u>32,771</u>	<u>13,771</u>
<u>Total Local Sources</u>	<u>19,000</u>	<u>32,771</u>	<u>13,771</u>
<u>State Sources</u>			
State Match	<u>2,400</u>	<u>2,515</u>	<u>115</u>
<u>Total State Sources</u>	<u>2,400</u>	<u>2,515</u>	<u>115</u>
<u>Federal Sources</u>			
School Lunches	<u>250,000</u>	<u>273,157</u>	<u>23,157</u>
Commodities	<u>15,000</u>	<u>18,247</u>	<u>3,247</u>
<u>Total Federal Sources</u>	<u>265,000</u>	<u>291,404</u>	<u>26,404</u>
<u>TOTAL REVENUES</u>	<u>286,400</u>	<u>326,690</u>	<u>40,290</u>
<u>EXPENDITURES</u>			
Salaries	<u>155,000</u>	<u>156,495</u>	<u>(1,495)</u>
Employee Benefits	<u>66,650</u>	<u>67,683</u>	<u>(1,033)</u>
Purchased Services	<u>1,500</u>	<u>862</u>	<u>638</u>
Food and Milk	<u>153,000</u>	<u>141,690</u>	<u>11,310</u>
Other Supplies	<u>6,500</u>	<u>2,584</u>	<u>3,916</u>
Reserve	<u>56,389</u>	<u>-</u>	<u>56,389</u>
<u>TOTAL EXPENDITURES</u>	<u>439,039</u>	<u>369,314</u>	<u>69,725</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(152,639)</u>	<u>(42,624)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<u>REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES) AND EXPENDITURES</u>	<u>(102,639)</u>	<u>7,376</u>	
<u>FUND BALANCE, Beginning</u>	<u>102,639</u>	<u>102,639</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>110,015</u>	

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

HUERFANO SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
GRANTS – SPECIAL REVENUE FUND
For the Year Ended June 30, 2018

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES:</u>			
Local Sources	5,000	2,659	(2,341)
State Sources	50,000	30,000	(20,000)
Federal Sources	428,233	362,014	(66,219)
<u>Total Revenues</u>	<u>483,233</u>	<u>394,673</u>	<u>(88,560)</u>
<u>EXPENDITURES:</u>			
Instruction	483,233	302,611	180,622
Support Services			
Instructional Staff	-	90,000	(90,000)
Food Services	-	2,062	(2,062)
<u>Total Expenditures</u>	<u>483,233</u>	<u>394,673</u>	<u>88,560</u>
<u>REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	-	-	
<u>FUND BALANCE, Beginning</u>	<u>-</u>	<u>-</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>-</u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
District 1390 - HUEFANO RE-1
Fiscal Year 2017-18
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	2,234,075	5,288,134	5,206,259	2,315,950
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	20,757	169,950	169,022	21,685
Sub-Totals	2,254,832	5,458,084	5,375,281	2,337,635
11 Charter School Fund	0	0	0	0
20-26-29 Special Revenue Fund	0	0	0	0
36 Supplemental Cap Const Tech Main Fund	0	0	0	0
21 Food Service Spec Revenue Fund	102,639	376,690	369,314	110,015
22 Govt Designated-Purpose Grants Fund	0	394,673	394,673	0
23 Pupil Activity Special Revenue Fund	8,887	232,628	199,200	42,315
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	677,413	453,246	430,000	700,659
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	383,003	151,783	43,757	491,029
46 Supplemental Cap Const Tech Main Fund	0	0	0	0
Totals	3,406,773	7,057,104	6,812,235	3,691,652
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60-65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0
FINAL				



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1390 - HUERFANO RE-1
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental					Proprietary					Fiduciary				
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Cash and Investments (8100-8104,8111)	2,814,011	0	30,089	91,009	0	82,740	676,313	413,963	0	0	0	0	0	0	4,108,125
Taxes Receivable (8121,8122)	180,264	0	0	0	0	0	32,700	0	0	0	0	0	0	0	212,964
Interfund Loans Receivable (8131,8132)	33,903	0	0	46,603	0	9,284	10,716	77,066	0	0	0	0	0	0	177,572
Grants Accounts Receivable (8142)	15,905	0	0	0	0	31,903	0	0	0	0	0	0	0	0	47,807
Other Receivables (8151-8154,8161)	1,274	0	0	0	0	5,335	0	0	0	0	0	0	0	0	6,609
Inventories (8171,8172,8173)	0	0	0	0	0	6,809	0	0	0	0	0	0	0	0	6,809
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	3,045,357	0	30,089	137,611	0	136,071	719,730	491,029	0	0	0	0	0	0	4,559,887

	Governmental						Proprietary				Fiduciary				
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	108,390	0	0	43,125	0	26,057	0	0	0	0	0	0	0	0	177,572
Intergovernmental Payables (7411)	34,716	0	0	0	0	0	0	0	0	0	0	0	0	0	34,716
Other Payables (7421-7423)	65,741	0	0	0	0	0	0	0	0	0	0	0	0	0	65,741
Accrued Expenses (7461)	405,682	0	8,403	45,759	0	0	0	0	0	0	0	0	0	0	459,844
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	114,878	0	0	0	0	0	19,071	0	0	0	0	0	0	0	133,949
Grants Deferred Revenue (7482)	0	0	0	6,412	0	0	0	0	0	0	0	0	0	0	6,412
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	729,407	0	8,403	95,296	0	26,057	19,071	0	0	0	0	0	0	0	878,234

FUND EQUITY

Governmental

Proprietary

Fiduciary

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	6,809	0	0	0	0	0	0	0	0	6,809
Restricted Fund Balance 6720	0	0	0	0	0	103,205	700,659	0	0	0	0	0	0	0	803,864
TABOR 3% Emergency Reserve 6721	178,900	0	0	0	0	0	0	0	0	0	0	0	0	0	178,900
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	21,685	0	0	0	0	0	0	0	0	0	0	0	21,685
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	491,029	0	0	0	0	0	0	491,029
Assigned Fund Balance 6760	0	0	0	42,315	0	0	0	0	0	0	0	0	0	0	42,315
Unassigned Fund Balance 6770	2,137,050	0	0	0	0	0	0	0	0	0	0	0	0	0	2,137,050
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,315,950	0	21,685	42,315	0	110,015	700,659	491,029	0	0	0	0	0	0	3,681,652

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	3,045,357	0	30,089	137,611	0	136,071	719,730	491,029	0	0	0	0	0	0	4,559,887

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