

**BURLINGTON SCHOOL DISTRICT RE-6J  
BURLINGTON, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended  
June 30, 2018**

**BURLINGTON SCHOOL DISTRICT RE-6J  
BURLINGTON, COLORADO**

**ROSTER OF SCHOOL OFFICIALS**

**JUNE 30, 20182018**

**BOARD OF EDUCATION**

Pauline Durham – President

Sean Brenner – Vice President

Wade Wollert – Secretary

Mark Weber – Treasurer

Amy Barnes – BOCES Representative

Mark Hillman – CASB Representative

Dustin Skarphol – Member

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## **FINANCIAL SECTION**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Required Supplementary Information - Unaudited)

**BURLINGTON SCHOOL DISTRICT RE-6J  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

This document provides an overview and analysis of the financial performance of the District for the fiscal year ending June 30, 2018.

**Financial Highlights**

- The total net position of the district decreased to \$(5,146,501) during the fiscal year of July 1, 2017 to June 30, 2018. Total unrestricted net position is \$(10,173,132). This is due to adding the PERA net pension liability of \$21,349,467 as described in Note 9 and OPEB net liability of \$487,005 as described in Note 11.
- The total salaries and benefits of our district employees decreased from \$4,622,048 in 2017 to \$4,619,824 in 2018 on the accrual basis, a decrease of .6%.
- Instructional salaries have decreased from \$3,380,282 in 2017 to \$3,494,758 in 2018 on the accrual basis, a decrease of 4.75%.
- Revenues from local and intermediate sources accounted for 45.7% of total revenues.
- Revenues from state sources accounted for 51.8% of total revenues.
- Revenues from federal sources accounted for 2.4% of total revenues.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Burlington School District RE-6J basic financial statements. The basic financial statements consist of these components: The Management Discussion and Analysis (this section), the audit opinion, financial statements and the footnotes. Comparisons with prior years' statements provide the district with information useful in future financial planning.

The district revenues come from different allocations within the classifications Local Sources, State Sources, and Federal Sources. The total revenues are used as a basis for determining the district's budget. Within the Local Sources of revenue are property taxes, specific ownership taxes, interest on invested funds, and other sources. State Sources include state equalization payments, transportation payments, and other sources such as grants. Federal Sources include payments for Title I and special education programming.

**Government-Wide Financial Statements**

These statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net positions 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 two government-wide statements report the District's net positions and how they have changed. Net positions, the difference between the District's assets, deferred outflows, and liabilities, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net positions are an indication of whether its financial health is improving or deteriorating.

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018**

The government-wide statements are divided into two categories:

Governmental activities - all of the District's basic services are included here, such as instruction, administration, operation of the buildings and grounds, food service and pupil transportation. Property taxes and state and federal subsidies and grants finance these activities.

**Fund Financial Statements**

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds - used to account for the District activities that are similar to business operations in the private sector: or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of the funding is through user charges. When the District charges customers for services it provides, these services are generally reported in proprietary funds.

Fiduciary Funds - acts as a trustee, or fiduciary for student activities. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

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

Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information regarding budgetary comparison schedule.

Other statements on individual funds are presented immediately following the required supplementary information. These represent budgetary comparison schedules not required by generally accepted accounting principles, but are required by Colorado statutes.

**BURLINGTON SCHOOL DISTRICT RE-6J  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Government-Wide Financial Statements**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position.

In the case of the Burlington School District, liabilities exceeded assets by approximately \$(5,146,501).

**TABLE 1 - CONDENSED STATEMENT OF NET POSITION**

	<b><u>Governmental Activities</u></b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Current Assets	\$ 9,148,854	\$ 4,208,695
Non Current Assets	<u>9,780,759</u>	<u>8,798,209</u>
Total Assets	<u>18,929,613</u>	<u>13,006,904</u>
Deferred Outflows of Financial Resources		
Deferred Charge on Refunding	<u>6,871,865</u>	<u>8,038,516</u>
Current Liabilities	901,949	1,054,798
Long-Term Liabilities	<u>28,218,832</u>	<u>22,041,212</u>
Total Liabilities	<u>29,120,781</u>	<u>23,096,010</u>
Deferred Inflows of Financial Resources	<u>1,827,198</u>	<u>383,824</u>
Net Position		
Net Investment in Capital Assets	3,482,759	7,548,209
Restricted Net Position	1,543,872	1,075,606
Unrestricted Net Position	<u>(10,173,132)</u>	<u>(11,058,229)</u>
<b>Total Net Position</b>	<b><u>\$ (5,146,501)</u></b>	<b><u>\$ (2,434,414)</u></b>

Of the District's \$18,929,613 in total assets, \$9,780,759 reflects investment in capital assets, (e.g. land, buildings, equipment, and transportation equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. The unrestricted net position of \$(10,173,132) may be used to meet the District's ongoing financial obligations.

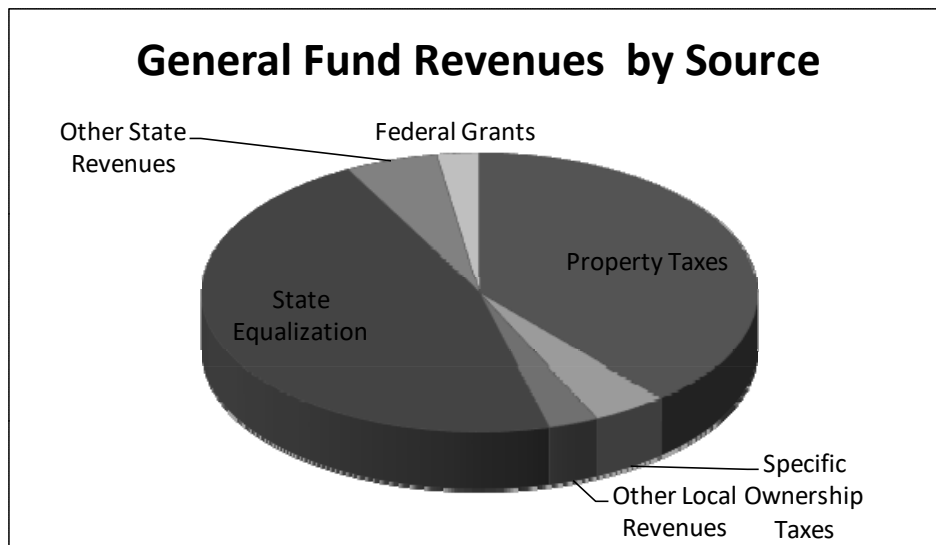
The results of this year's operations as a whole are reported in the Statement of Activities on Page 5. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the equalization provided by the State of Colorado Department of Education and the property taxes assessed to District taxpayers.

**BURLINGTON SCHOOL DISTRICT RE-6J  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<b>Program Revenues:</b>		
Charges for Services	\$ 80,827	\$ 102,596
Operating Grants	1,013,978	767,415
Capital Grants	677,649	519,692
Total Program Revenues	<u>1,772,454</u>	<u>1,389,703</u>
<b>General Revenues:</b>		
Taxes	3,166,707	2,757,620
State Equalization	2,919,129	2,958,846
Investment Income	49,811	39,064
Miscellaneous	59,689	90,556
Total General Revenues	<u>6,195,336</u>	<u>5,846,086</u>
<b>Total Revenues</b>	<u>7,967,790</u>	<u>7,235,789</u>
<b>Expenses</b>		
Instruction	5,816,474	5,681,456
Supporting Services	4,371,031	4,003,689
<b>Total Expenses</b>	<u>10,187,505</u>	<u>9,685,145</u>
<b>Change in Net Position</b>	<u>(2,219,715)</u>	<u>(2,449,356)</u>
<b>Net Position - Beginning</b>	(2,434,414)	14,942
<b>Prior Period Restatement</b>	<u>(492,372)</u>	-
<b>Net Position - Beginning (As Restated)</b>	<u>(2,926,786)</u>	<u>14,942</u>
<b>Net Position - Ending</b>	<u><b>\$ (5,146,501)</b></u>	<u><b>\$ (2,434,414)</b></u>

Table 2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.



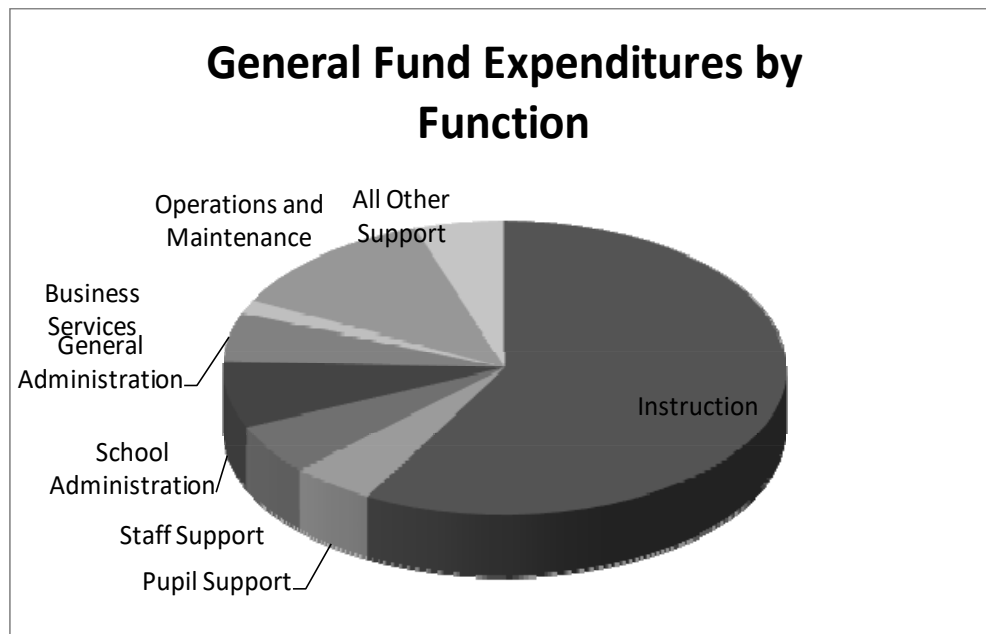
**BURLINGTON SCHOOL DISTRICT RE-6J  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The district revenues come from different allocations within the classifications Local Sources, State Sources, and Federal Sources. The total revenues are used as a basis for determining the district's budget. Within the Local Sources of revenue are property taxes, specific ownership taxes, interest on banked funds, and other sources. State Sources include state equalization payments, transportation payments, and other sources such as grants. Federal Sources include payments for Title I and special education programming.

**Fund Level Financial Statements**

The General Fund is the main operating fund of the District. The general fund reports an ending fund balance of \$3,250,153 which is an increase of \$274,443 from the prior year.

General Fund expenditures increased \$138,824 from the prior year to \$5,962,634. The following represents the allocation of General Fund expenditures:



**Food Service Fund**

The Food Service Fund reported an increase in expenditures of \$2,066 to \$349,329 as of June 30, 2018. Revenues decreased from \$313,712 in 2017, to \$341,625 in 2018.

**General Fund Budget**

Total revenues exceeded the final budget amounts by \$721,127, with the differences spread among numerous categories. Expenditures came in \$2,222,231 under budgeted line item appropriations, without reserves and debt service.

**BURLINGTON SCHOOL DISTRICT RE-6J  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Capital Assets**

At June 30, 2018, the District had \$9,780,759 total invested in capital assets, net of accumulated depreciation. This represents a total net increase (including additions and depreciation) of \$982,550. The following table summarizes the governmental activities capital asset activity:

	<b>Balance</b>			<b>Balance</b>
	<b>7/1/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>6/30/2018</b>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Sites	\$ 41,987	\$ -	\$ -	\$ 41,987
Construction in Progress	479,346	901,782	-	1,381,128
Total Capital Assets Not Being Depreciated	<u>521,333</u>	<u>901,782</u>	<u>-</u>	<u>1,423,115</u>
Capital Assets Being Depreciated				
Buildings	12,870,488	-	-	12,870,488
Site Improvements	952,997	445,487	-	1,398,484
Equipment	1,222,043	-	-	1,222,043
Vehicles	1,005,375	-	-	1,005,375
Total Capital Assets Being Depreciated	<u>16,050,903</u>	<u>445,487</u>	<u>-</u>	<u>16,496,390</u>
Total Capital Assets	<u>16,572,236</u>	<u>1,347,269</u>	<u>-</u>	<u>17,919,505</u>
Accumulated Depreciation				
Buildings	(5,414,174)	(243,616)	-	(5,657,790)
Site Improvements	(581,178)	(46,366)	-	(627,544)
Equipment	(962,546)	(45,322)	-	(1,007,868)
Vehicles	(816,129)	(29,415)	-	(845,544)
Total Accumulated Depreciation	<u>(7,774,027)</u>	<u>(364,719)</u>	<u>-</u>	<u>(8,138,746)</u>
<b>Net Capital Assets</b>	<b><u>\$ 8,798,209</u></b>	<b><u>\$ 982,550</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,780,759</u></b>

Major capital asset additions were the completed renovation of the roof at the High School.

**BURLINGTON SCHOOL DISTRICT RE-6J  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Long Term Debt**

The district has one long-term debt obligations.

The district has entered into a sale/repurchase of district property under the Quality Zone Academy Bonds Act. The district sold the bus barn and old gym on the elementary grounds to QZAB for \$1,250,000. The District funded the escrow reserve in the amount of \$68,000 during the year and presently has \$1,068,045 in escrow for future repayment. These properties will be repurchased with a one-time lump sum payment of \$1,250,000 on August 7, 2018.

On December 20, 2017, the District entered into a sale/lease purchase to comply with a Qualified Zone Academy Bond (QZAB) through the State of Colorado which is interest free. The amount of the lease was for \$5,048,000 and calls for annual escrow payments of \$296,941 for seventeen years through final maturity in December 2034. Payments are scheduled to be made by the Building Fund.

	<b>As Restated</b>			<b>Balance</b>	<b>Current</b>
	<b>7/1/17</b>	<b>Advances</b>	<b>Payments</b>	<b>6/30/18</b>	<b>Portion</b>
2003 Leases Payable (QZAB)	\$ 1,250,000	\$ -	\$ -	\$ 1,250,000	\$ 68,874
2017 Leases Payable (QZAB)	-	5,048,000	-	5,048,000	296,941
PERA Net Pension Liability	20,706,852	642,615	-	21,349,467	-
Net OPEB Liability	512,538		25,533	487,005	-
Accrued Compensated Absences	84,360	-	13,187	71,173	-
<b>Total Long Term Obligations</b>	<b>\$ 22,553,750</b>	<b>\$ 5,690,615</b>	<b>\$ 38,720</b>	<b>\$ 28,205,645</b>	<b>\$ 365,815</b>

**Economic Factors**

Burlington School District has seen the assessed valuation of the property within the district grow from \$33,349,680 in fiscal year 1993 to the 2016 valuation of \$89,583,912. The district's enrollment has shown a slow and steady decline from a K-12 enrollment of 899 in the 1999-2000 school year to 775 for the 2017-2018 school year.

**Contacting the Financial Management Office of Burlington School District RE-6J**

This report is designed to provide Board members, citizens, and patrons of Burlington School District RE-6J with an overview of the district's financial condition. Questions can be taken to the district office at 2600 Rose, Burlington, Colorado, during working hours.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

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Board of Education  
Burlington School District RE-6J  
Burlington, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Burlington School District RE-6J, Colorado, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Burlington School District RE-6J, Colorado, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Burlington School District RE-6J's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Emphasis of Matter**

As discussed in Note 11 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 44-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 48-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining and individual fund schedules on pages 51-56 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors Integrity and Bolded Balance Sheet reports on pages 57-60 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Holscher, Mayberry + Company, LLC*

Englewood, CO  
December 13, 2018

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## **BASIC FINANCIAL STATEMENTS**

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

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental</b>
	<b>Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments - Unrestricted	\$ 8,458,279
Cash with Fiscal Agent	27,666
Taxes Receivable	71,657
Grants Receivable	82,764
Other Accounts Receivable	505,540
Inventory	2,948
<b>Total Current Assets</b>	<u>9,148,854</u>
<b>Noncurrent Assets</b>	
Capital Assets, not being depreciated	1,423,115
Capital Assets, being depreciated	8,357,644
<b>Total Noncurrent Assets</b>	<u>9,780,759</u>
<b>TOTAL ASSETS</b>	<u>18,929,613</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	
Net Pension Deferred Outflows	6,851,459
Net OPEB Deferred Outflows	20,406
<b>TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>	<u>6,871,865</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 25,801,478</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 298,246
Accrued Salaries & Benefits	603,703
<b>Total Current Liabilities</b>	<u>901,949</u>
<b>Non-Current Liabilities</b>	
Due Within One Year	68,874
Net OPEB Liability	487,005
PERA Net Pension Liability	21,349,467
Due In More Than One Year	28,149,958
<b>Total Noncurrent Liabilities</b>	<u>28,218,832</u>
<b>TOTAL LIABILITIES</b>	<u>29,120,781</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	
Net Pension Deferred Inflows	1,759,556
Grant Deferred Revenue	30,179
Deferred Inflows Other	2,866
<b>TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>	<u>1,827,198</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,482,759
Restricted Net Position	1,543,872
Unrestricted Net Position	(10,173,132)
<b>TOTAL NET POSITION</b>	<u>(5,146,501)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 25,801,478</u>

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

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Change in Net Position</b>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Instruction	\$ 5,816,474	\$ 11,115	\$ 678,058	\$ -	\$ (5,127,301)
Supporting Services	4,371,031	69,712	335,920	677,649	(3,287,750)
<b>Total Primary Government</b>	<u>\$ 10,187,505</u>	<u>\$ 80,827</u>	<u>\$ 1,013,978</u>	<u>\$ 677,649</u>	<u>(8,415,051)</u>
<b>General Revenues</b>					
Property Taxes					2,876,440
Specific Ownership Taxes					290,267
State Equalization					2,919,129
Investment Earnings					49,811
Insurance Proceeds					18,572
Other Revenues					41,117
<b>Total General Revenues and Transfers</b>					<u>6,195,336</u>
<b>Change in Net Position</b>					<u>(2,219,715)</u>
<b>Beginning Net Position</b>					(2,434,414)
Prior Period Restatement					(492,372)
<b>Beginning Net Position (As Restated)</b>					<u>(2,926,786)</u>
<b>Ending Net Position</b>					<u>\$ (5,146,501)</u>

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

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**  
**(With Comparative Totals for June 30, 2017)**

	<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Totals</u>	
	<u>General Fund</u>	<u>Building Fund</u>		<u>2018</u>	<u>2017</u>
<b>ASSETS</b>					
Cash and Investments - Unrestricted	\$ 3,200,286	\$ 5,091,900	\$ 166,093	\$ 8,458,279	\$ 3,570,837
Cash with Fiscal Agent	27,666	-	-	27,666	147,449
Taxes Receivable	71,657	-	-	71,657	75,727
Grants Receivable	82,764	-	-	82,764	407,794
Other Accounts Receivable	503,043	-	2,497	505,540	3,846
Inventory	-	-	2,948	2,948	3,043
<b>TOTAL ASSETS</b>	<b>\$ 3,885,416</b>	<b>\$ 5,091,900</b>	<b>\$ 171,538</b>	<b>\$ 9,148,854</b>	<b>\$ 4,208,696</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 18,255	279,991	\$ -	\$ 298,246	\$ 448,721
Construction Contract Payable	-	-	-	-	20,404
Accrued Salaries & Benefits	582,411	-	21,292	603,703	585,673
<b>Total Liabilities</b>	<b>600,666</b>	<b>279,991</b>	<b>21,292</b>	<b>901,949</b>	<b>1,054,798</b>
<b>Deferred Inflows of Financial Resources</b>					
Deferred Inflows Other	-	-	2,866	2,866	3,448
Grant Deferred Revenue	34,597	-	-	34,597	-
<b>Total Deferred Inflows of Financial Resources</b>	<b>34,597</b>	<b>-</b>	<b>2,866</b>	<b>37,463</b>	<b>3,448</b>
<b>Fund Balance</b>					
Nonspendable Fund Balance	-	-	2,948	2,948	3,043
Restricted Fund Balance					
Restricted for Debt Service	1,166,872	-	-	1,166,872	1,068,045
Restricted for TABOR Emergencies	377,000	-	-	377,000	194,000
Restricted for Colorado Preschool Program	-	-	-	-	52,059
Committed Fund Balance					
Committed for Food Service	-	-	945	945	-
Assigned Fund Balance					
Assigned for Fund Purposes	-	4,811,909	143,487	4,955,396	362,104
Unassigned Fund Balance	1,706,281	-	-	1,706,281	1,471,199
<b>Total Fund Balance</b>	<b>3,250,153</b>	<b>4,811,909</b>	<b>147,380</b>	<b>8,209,442</b>	<b>3,150,450</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 3,885,416</b>	<b>\$ 5,091,900</b>	<b>\$ 171,538</b>	<b>\$ 9,148,854</b>	<b>\$ 4,208,696</b>

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

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Reconciliation of Governmental Fund Balances**  
**to Governmental Activities Net Position**  
**June 30, 2018**

Fund Balance - Governmental Funds		\$	8,209,442
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	1,423,115		
Capital assets, being depreciated	16,496,390		
Accumulated depreciation	<u>(8,138,746)</u>		9,780,759
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds			
<b>Pension Liability</b>			
Net pension deferred outflows	6,851,459		
Net pension liability	(21,349,467)		
Net pension deferred inflows	<u>(1,759,556)</u>		(16,257,564)
<b>OPEB Liability</b>			
Net OPEB deferred outflows	20,406		
Net OPEB Liability	(487,005)		
Net OPEB deferred inflows	<u>(30,179)</u>		(496,778)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds			
Capital leases payable	(6,298,000)		
Accrued compensated absences	<u>(84,360)</u>		(6,382,360)
Total Net Position - Governmental Activities		\$	<u>(5,146,501)</u>

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

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	Capital Projects			Totals	
	General Fund	Building Fund	Other Governmental	2018	2017
			Funds		
<b>REVENUES</b>					
Local Sources	\$ 3,297,757	\$ -	\$ 60,172	\$ 3,357,929	\$ 2,989,835
Intermediate Sources	3,246	-	-	3,246	-
State Sources	3,485,362	677,649	7,178	4,170,189	3,832,482
Federal Sources	162,152	-	274,274	436,426	413,471
<b>TOTAL REVENUES</b>	<u>6,948,517</u>	<u>677,649</u>	<u>341,624</u>	<u>7,967,790</u>	<u>7,235,788</u>
<b>EXPENDITURES</b>					
Instruction	3,494,758	-	-	3,494,758	3,380,282
Pupil Support	278,886	-	-	278,886	282,793
Staff Support	300,854	-	-	300,854	321,074
General Administration	298,369	252,415	-	550,784	305,636
School Administration	441,186	-	-	441,186	423,257
Business Services	99,760	-	-	99,760	90,257
Operations and Maintenance	729,058	-	-	729,058	722,139
Transportation	261,675	-	-	261,675	256,944
Other Central Support	14,111	-	-	14,111	1,008
Risk Management	43,977	-	-	43,977	40,419
Food Service	-	-	349,328	349,328	347,262
Facilities	-	1,349,718	42,703	1,392,421	998,887
<b>TOTAL EXPENDITURES</b>	<u>5,962,634</u>	<u>1,602,133</u>	<u>392,031</u>	<u>7,956,798</u>	<u>7,169,958</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	985,883	(924,484)	(50,407)	10,992	65,830
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Proceeds	-	5,048,000	-	5,048,000	-
Transfer In (Out) - net	(711,440)	485,440	226,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(711,440)</u>	<u>5,533,440</u>	<u>226,000</u>	<u>5,048,000</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	274,443	4,608,956	175,593	5,058,992	65,830
<b>BEGINNING FUND BALANCE</b>	<u>2,975,710</u>	<u>202,953</u>	<u>(28,213)</u>	<u>3,150,450</u>	<u>3,084,620</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 3,250,153</u>	<u>\$ 4,811,909</u>	<u>\$ 147,380</u>	<u>\$ 8,209,442</u>	<u>\$ 3,150,450</u>

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

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Reconciliation of Governmental Changes in Fund Balance**  
**to Governmental Activities Change in Net Position**  
**For the Year Ended June 30, 2018**

Change in Fund Balance - Governmental Funds		\$	5,058,992
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	1,347,269		
Depreciation Expense	<u>(364,719)</u>		982,550
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
<b>Pension Liability</b>			
Current year change in net pension deferred outflows	(1,187,057)		
Change in net pension liability	(642,615)		
Current year change in net pension deferred inflows	<u>(1,379,180)</u>		(3,208,852)
<b>OPEB Liability</b>			
Current year change in net OPEB deferred outflows	241		
Change in net OPEB liability	25,533		
Current year change in net OPEB deferred inflows	<u>(30,179)</u>		(4,405)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Proceeds from debt issuances			<u>(5,048,000)</u>
Total Net Position - Governmental Activities		\$	<u>(2,219,715)</u>

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

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**Pupil Activity Agency Fund**  
**June 30, 2018**  
**(With Comparative Totals for June 30, 2017)**

	<u>Totals</u>		
	<u>Pupil Activity</u>		
	<u>Agency Fund</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash and Investments	\$ 182,273	\$ 182,273	\$ 166,337
<b>NET POSITION</b>			
Restricted Net Position	<u>\$ 182,273</u>	<u>\$ 182,273</u>	<u>\$ 166,337</u>

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

# BURLINGTON SCHOOL DISTRICT RE-6J

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Burlington School District RE-6J (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

#### **Reporting Entity**

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

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

#### **Basis of Presentation**

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

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

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

#### **Fund Financial Statements**

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

# BURLINGTON SCHOOL DISTRICT RE-6J

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Basis of Presentation** (Continued)

##### Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

Capital Project – (Building) Fund – This fund is used to account for BEST Grant funded capital improvements.

The District reports the following nonmajor governmental funds:

Special Revenue Funds – Food Service Fund – This fund is used to account for the lunch services provided to students at the District.

Capital Projects (Capital Reserve Project) Fund – This fund was established to account for the acquisition and construction of capital facilities and equipment other than those financed by trust funds or through bond proceeds.

The District reports the following fiduciary fund:

Pupil Activity (Agency) Fund – This fund is used to account for the money held in trust by the District for student organizations. This fund is custodial and does not measure the results of operations.

#### **Measurement Focus and Basis of Accounting**

##### Government-Wide Financial Statements

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

##### Governmental Fund Financial Statements

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

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

##### **Budgets and Budgetary Accounting**

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

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

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

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

Cash and Investments – The District pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized. Investments are stated at fair value.

Cash and Cash Equivalents – The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

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

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

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide presentation.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. The District capitalizes all assets with a value of at least \$2,500 and a useful life in excess of one year.

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

Buildings and Site Improvements	10-50 years
Vehicles	7-10 years
Other Equipment	5-25 years

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category, all related to outstanding pension and OPEB obligations and further described in Notes 9 and 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows for prepaid student balances and pension and OPEB related deferrals as further described in Notes 9 and 11.

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

Long-Term Debt –The District’s capital leases are paid through the General Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

# BURLINGTON SCHOOL DISTRICT RE-6J

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

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

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

#### **Net Position/Fund Equity Flow Assumptions**

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

# BURLINGTON SCHOOL DISTRICT RE-6J

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues that are directly attributable to a program are shown as program revenues for the statement of activities. These revenues consist of, but are not limited to grants, fees and other charges for services. Expenditures, where eligible, are first charged to restricted net position prior to being charged against unrestricted net position. Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting.

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on October 1. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer. Due to the nature of Colorado school district funding, uncollected property taxes levied in the current fiscal year for collection in the subsequent fiscal year are identified as property taxes receivable at June 30, and are presented net of an estimated allowance for uncollectible taxes.

#### Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

### NOTE 2: CASH AND INVESTMENTS

A summary of deposits and investments at June 30, 2018, follows:

Cash & Equivalents	\$ 6,307,606
Investments	<u>2,332,798</u>
<b>Total Cash &amp; Investments</b>	<b><u>\$ 8,640,404</u></b>

These balances are allocated as follows in the financial statements:

Governmental Activities - Unrestricted	\$ 7,291,408
Governmental Activities - Restricted	1,166,872
Fiduciary Funds	<u>182,124</u>
<b>Total Cash &amp; Investments</b>	<b><u>\$ 8,640,404</u></b>

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

Cash is restricted for the following purposes:

Restricted for 2003 QZAB Lease Repayment	\$ 1,166,872
Restricted for 2017 QZAB Capital Projects	<u>3,870,499</u>
<b>Total Restricted Cash</b>	<b><u>\$ 5,037,371</u></b>

**Deposits**

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2018, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 564,806	\$ 564,806
PDPA Collateralized (Not held in District's name)	<u>1,891,125</u>	<u>5,742,800</u>
<b>Total Cash Balances</b>	<b><u>\$ 2,455,931</u></b>	<b><u>\$ 6,307,606</u></b>

**Investments**

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2018 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Avg. Mat. in Years</u>	<u>of Portfolio</u>	<u>Rating</u>
Mutual Funds	\$ -	\$ 1,165,556	\$ -	\$ 1,165,556	\$ -	100.00%	N/A

# BURLINGTON SCHOOL DISTRICT RE-6J

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 2: CASH AND INVESTMENTS (Continued)

#### **Investments** (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

**Mutual Funds:** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2018, there was no changes in methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

#### Credit Risk

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

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

During the year ended June 30, 2018, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similarly to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

#### Concentration of Credit Risk

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

#### Interest Rate Risk

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

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2018, the District did not have any investments requiring safekeeping.

**NOTE 3: INVENTORIES**

Food Service Fund inventory as of June 30, 2018 of \$2,948 consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

**NOTE 4: CAPITAL ASSETS**

Activity for governmental activity capital assets which are capitalized by the District is summarized below:

	<u>Balance</u>			<u>Balance</u>
	<u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2018</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Sites	\$ 41,987	\$ -	\$ -	\$ 41,987
Construction in Progress	479,346	901,782	-	1,381,128
Total Capital Assets Not Being Depreciated	<u>521,333</u>	<u>901,782</u>	<u>-</u>	<u>1,423,115</u>
Capital Assets Being Depreciated				
Buildings	12,870,488	-	-	12,870,488
Site Improvements	952,997	445,487	-	1,398,484
Equipment	1,222,043	-	-	1,222,043
Vehicles	1,005,375	-	-	1,005,375
Total Capital Assets Being Depreciated	<u>16,050,903</u>	<u>445,487</u>	<u>-</u>	<u>16,496,390</u>
Total Capital Assets	<u>16,572,236</u>	<u>1,347,269</u>	<u>-</u>	<u>17,919,505</u>
Accumulated Depreciation				
Buildings	(5,414,174)	(243,616)	-	(5,657,790)
Site Improvements	(581,178)	(46,366)	-	(627,544)
Equipment	(962,546)	(45,322)	-	(1,007,868)
Vehicles	(816,129)	(29,415)	-	(845,544)
Total Accumulated Depreciation	<u>(7,774,027)</u>	<u>(364,719)</u>	<u>-</u>	<u>(8,138,746)</u>
<b>Net Capital Assets</b>	<b><u>\$ 8,798,209</u></b>	<b><u>\$ 982,550</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,780,759</u></b>

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 4: CAPITAL ASSETS (Continued)**

Governmental activity depreciation is allocated for the statement of activities as follows:

Instruction	\$ 161,083
Supporting Services	<u>203,636</u>
Total Depreciation	<u><b>\$ 364,719</b></u>

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

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

General Fund	\$ 582,411
Food Service Fund	<u>21,292</u>
<b>Total Accrued Salaries and Benefits</b>	<u><b>\$ 603,703</b></u>

**NOTE 6: LONG-TERM DEBT**

Changes in the District's long-term debt for the year ended June 30, 2018, were as follows:

	Balance			Balance 6/30/18	Current Portion	Interest Expense
	As Restated 7/1/17	Advances	Payments			
2003 Leases Payable (QZAB)	\$ 1,250,000	\$ -	\$ -	\$ 1,250,000	\$ 68,874	\$ -
2017 Leases Payable (QZAB)	-	5,048,000	-	5,048,000	296,941	-
PERA Net Pension Liability	20,706,852	642,615	-	21,349,467	-	-
Net OPEB Liability	512,538	-	25,533	487,005	-	-
Accrued Compensated Absences	<u>84,360</u>	<u>-</u>	<u>13,187</u>	<u>71,173</u>	<u>-</u>	<u>-</u>
<b>Total Long Term Obligations</b>	<u><b>\$ 22,553,750</b></u>	<u><b>\$ 5,690,615</b></u>	<u><b>\$ 38,720</b></u>	<u><b>\$ 28,205,645</b></u>	<u><b>\$ 365,815</b></u>	<u><b>\$ -</b></u>

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 6: LONG-TERM DEBT (Continued)**

**Capital Leases**

On August 7, 2003, the District entered into a sale/lease purchase to comply with a Qualified Zone Academy Bond (QZAB) through the State of Colorado which is interest free. The amount of the lease was for \$1,250,000 and calls for annual escrow payments of \$68,874 for fifteen years through final maturity in August, 2018. Payments are scheduled to be made by the General Fund.

<u>Fiscal Year</u>	<u>Payments</u>
2019	\$ 68,874
Less: Interest Portion (0%)	-
Present Value of Future Payments	-
Projected Future Investment Earnings	83,128
Restricted Cash in Escrow (Note 2)	1,166,872
<b>Total</b>	<b>\$ 1,250,000</b>

On December 20, 2017, the District entered into a sale/lease purchase to comply with a Qualified Zone Academy Bond (QZAB) through the State of Colorado which is interest free. The amount of the lease was for \$5,048,000 and calls for annual escrow payments of \$296,941 for seventeen years through final maturity in December 2034. Payments are scheduled to be made by the General Fund.

<u>Fiscal Year</u>	<u>Payments</u>
2019	\$ 296,941
2020	296,941
2021	296,941
2022	296,941
2023	296,941
2024-2028	1,484,706
2029-2033	1,484,706
2034-2035	593,883
Total Future Payments	5,048,000
Less: Interest Portion (0%)	-
Present Value of Future Payments	<b>\$ 5,048,000</b>

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 6: LONG-TERM DEBT (Continued)**

##### **Accrued Compensated Absences**

The District allows eligible employees to carryover unused vacation of up to 30 days. Certified employees earn 10 days per year, while classified staff earn between 5 and 12 days per year dependent on employment status. During the third year of employment and thereafter, any unused leave over 30 days will be paid at \$50 per day at the end of the school year. Upon termination, the full accumulation is paid. The estimated liability is reflected as a long term liability. Payments for unused leave are typically funded through the General Fund.

#### **NOTE 7: JOINTLY GOVERNED ORGANIZATION**

The District is a participant among fourteen districts in a jointly governed organization to operate the East Central Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 820 2nd Street, P.O. Box 910, Limon, CO 80828-0910. The District paid total assessments of \$267,948 to the BOCES for the year ended June 30, 2018.

#### **NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

##### Colorado School Districts Self Insurance Pool

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts.

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool.

##### Other Insurance

The District carries commercial insurance for other risks of loss, including workers compensation.

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 9: DEFINED BENEFIT PENSION PLAN**

##### **Summary of Significant Accounting Policies**

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

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

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

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

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

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

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

##### **General Information about the Pension Plan**

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

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

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

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

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

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

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.

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

<b>January 1<sup>st</sup> through December 31<sup>st</sup></b>	<b>2014<sup>1</sup></b>	<b>2015<sup>1</sup></b>	<b>2016<sup>1</sup></b>	<b>2017<sup>1</sup></b>
Employer contribution rate	10.15%	10.15%	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%	5.00%
<b>Total employer contribution rate to the SCHDTF</b>	<b>16.43%</b>	<b>17.33%</b>	<b>18.13%</b>	<b>18.63%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$567,388 for the plan year ended December 31, 2017 and \$549,619, for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$21,349,467 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was .06602%, which was a decrease of .00352% from its proportion measured as of December 31, 2016.

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

For the year ended June 30, 2018 the District recognized pension expense of \$4,202,300. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 400,268	\$ -
Changes of assumptions or other inputs	\$ 5,653,938	\$ (37,340)
Net difference between projected and actual earnings on pension plan investments	\$ 457,742	\$ (1,261,656)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (885,316)
Contributions subsequent to the measurement date	\$ 339,511	\$ -
<b>Total</b>	<b>\$ 6,851,459</b>	<b>\$ (2,184,312)</b>

\$339,511 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:	Fiscal Year Totals
2019	3,102,900
2020	1,648,440
2021	(108,290)
2022	(315,414)
<b>Total</b>	<b>\$ 4,327,636</b>

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

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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

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

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

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

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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.

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

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

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

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

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

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

As of the most recent analysis of the long-term expected rate of return, adopted by the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Rate of Return</b>
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%.

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 16, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based on a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increase financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

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

Based on the above assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF’s fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on or after 2014 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.

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension asset (liability)	\$ (26,968,007)	\$ (21,349,467)	\$ (16,770,997)

*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](http://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.

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes between the measurement date of the net pension liability and June 30, 2018**  
(Continued)

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](http://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.

At June 30, 2018, the District reported a liability of \$21,349,467 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

<b>Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)</b>	<b>Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18- 200 (pro forma)</b>
7.25%	\$9,645,504

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 \$9,966,064 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 10: DEFINED CONTRIBUTION PENSION PLAN**

##### Voluntary Investment Program

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

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2018 program members contributed \$26,512.

#### **NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

##### Health Care Trust Fund

##### **Summary of Significant Accounting Policies**

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

##### **General Information about the OPEB Plan**

*Plan Description* – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://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).

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

##### **General Information about the OPEB Plan (Continued)**

The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

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

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

##### **General Information about the OPEB Plan (Continued)**

*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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$31,031 for the plan year ended December 31, 2017 and \$33,780 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$487,005 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.03747%, which was a decrease of .00206% from its proportion measured as of December 31, 2016.

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$35,272. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 2,303	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (8,148)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (22,301)
Contributions subsequent to the measurement date	\$ 18,103	\$ -
<b>Total</b>	<b>\$ 20,406</b>	<b>\$ (30,449)</b>

\$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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Fiscal Year Totals
2019	\$ (5,966)
2020	(5,966)
2021	(5,966)
2022	(5,965)
2023	(3,929)
2024	(354)
<b>Total</b>	<b>\$ (28,146)</b>

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

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

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

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

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

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

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

# BURLINGTON SCHOOL DISTRICT RE-6J

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

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

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

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

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in 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 School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capital health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

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

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
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 District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

<b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b>			
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (473,606)	\$ (487,005)	\$ (503,144)

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

**BURLINGTON SCHOOL DISTRICT RE-6J**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

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

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b>			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (547,547)	\$ (487,005)	\$ (435,331)

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 12: INTERFUND ACTIVITY**

The District has recorded annual operating transfers from the General Fund to the Food Service Fund in the amounts of \$26,000. The District also transferred \$485,440 from the General Fund to the Building Fund, \$200,000 from General Fund to the Capital Projects Fund to provide matching contributions towards the District's BEST Grant and to fund other capital projects.

**NOTE 13: 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 but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Tabor Amendment – In November 1992, Colorado voters passed Article X, Section 20, (the Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. In November 1997, voters within the District passed a ballot issue which allows the District to collect, retain, and expend all revenues collected or received for the 1996-97 fiscal year and each subsequent year thereafter.

## BURLINGTON SCHOOL DISTRICT RE-6J

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 13: COMMITMENTS AND CONTINGENCIES** (Continued)

The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$377,000, as required by the Amendment.

#### **NOTE 14: PRIOR PERIOD RESTATEMENT**

For the fiscal year, the District adopted GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$492,372.

#### **NOTE 15: DEFICIT NET POSITION**

The Governmental Activities has an unrestricted net position deficit of \$10,173,132, primarily due to the PERA net pension liability of \$21,349,467, as further described in Note 9 and the net OPEB liability of \$487,005 as further described in Note 11. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

#### **NOTE 16: BUDGET VIOLATION**

For the year ended June 30, 2018, the District had a budget violation in the Building Fund in the amount of \$818,133 and did not adopt a budget for the Pupil Activity Fund, which may be a violation of state statutes.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
(Pension Schedules - Unaudited)

**BURLINGTON SCHOOL DISTRICT RE-6J**

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

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
District's proportion of the net pension asset (liability)	0.066023%	0.069547%	0.071267%
District's proportionate share of the net pension asset (liability)	\$ (21,349,467)	\$ (20,706,852)	\$ (10,899,714)
District's covered payroll	\$ 3,045,559	\$ 3,087,339	\$ 3,105,780
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	701.00%	670.70%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
0.073062%	0.073410%
\$ (9,902,369)	\$ (9,363,438)
\$ 3,060,778	\$ 2,959,395
323.52%	316.40%
62.84%	64.07%

**BURLINGTON SCHOOL DISTRICT RE-6J**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERA Pension Plan**

**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>
Contractually required contributions	\$ 567,388	\$ 559,735	\$ 538,232
Actual contributions	<u>(567,388)</u>	<u>(559,735)</u>	<u>(538,232)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,045,559	\$ 3,087,339	\$ 3,105,780
Contributions as a percentage of covered payroll	18.63%	18.13%	17.33%

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

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

See the accompanying Independent Auditors' Report.

<u>6/30/15</u>	<u>6/30/14</u>
\$ 502,886	\$ 459,595
<u>(502,886)</u>	<u>(459,595)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 3,060,778	\$ 2,959,395
16.43%	15.53%

**BURLINGTON SCHOOL DISTRICT RE-6J**

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

	<u>06/30/18</u>	<u>06/30/17</u>
District's proportion of the net pension asset (liability)	0.037473%	0.039531%
District's proportionate share of the net pension asset (liability)	\$ (487,005)	\$ (512,538)
District's covered payroll	\$ 3,042,270	\$ 875,137
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	16.01%	58.57%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.70%

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

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

See the accompanying Independent Auditors' Report.

**BURLINGTON SCHOOL DISTRICT RE-6J**

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

	<u>06/30/18</u>	<u>06/30/17</u>
Contractually required contributions	\$ 31,031	\$ 8,926
Actual contributions	<u>(31,031)</u>	<u>(8,926)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,042,270	\$ 875,137
Contributions as a percentage of covered payroll	1.02%	1.02%

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

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

See the accompanying Independent Auditors' Report.

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**BUDGETARY COMPARISON SCHEDULES**  
(Required Supplementary Information)

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018				
	Original	Final	Actual	Variance	2017
	Budget	Budget		with Final	Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 1,900,000	\$ 1,900,000	\$ 2,871,504	\$ 971,504	\$ 2,472,606
Specific Ownership Taxes	252,000	252,000	290,267	38,267	280,881
Delinquent Taxes	10,000	10,000	4,936	(5,064)	4,134
Tuition From Individuals	10,000	10,000	11,115	1,115	10,685
Investment Earnings	12,000	12,000	49,811	37,811	39,064
Donations	-	-	894	894	-
Sale of Fixed Assets	-	-	-	-	600
Nursing Services	-	-	-	-	39,090
Local BOCES Passthrough	-	-	3,527	3,527	-
Overhead Cost Revenue	-	-	6,013	6,013	3,809
Insurance Proceeds	-	-	18,572	18,572	-
Other Local	27,000	30,000	41,118	11,118	89,955
<b>Total Local Sources</b>	<u>2,211,000</u>	<u>2,214,000</u>	<u>3,297,757</u>	<u>1,083,757</u>	<u>2,940,824</u>
<b>Intermediate Sources</b>					
Mineral Leases	450	450	-	(450)	-
Other Intermediate Source Revenue	10,000	10,000	3,246	(6,754)	-
<b>Total Intermediate Sources</b>	<u>10,450</u>	<u>10,450</u>	<u>3,246</u>	<u>(7,204)</u>	<u>-</u>
<b>State Sources</b>					
State Equalization	3,100,000	3,100,000	2,919,129	(180,871)	2,958,846
Hold Harmless Kindergarten	44,000	44,000	49,729	5,729	48,011
Transportation	42,000	42,000	43,235	1,235	44,402
State Grants from CDE					
State ELPA	52,000	52,000	68,236	16,236	55,854
Early Literacy Grant	-	-	-	-	25,536
Read Act	45,000	45,000	26,048	(18,952)	29,647
Library Grant	3,000	6,000	3,500	(2,500)	3,500
Small Rural Schools	-	50,000	256,423	206,423	-
Additional At Risk	-	-	6,302	6,302	6,059
State Grants from Other Agencies					
State Vocational Education	15,000	15,000	16,756	1,756	44,360
State Grants Provided through BOCES	83,000	83,000	96,004	13,004	88,969
<b>Total State Sources</b>	<u>3,384,000</u>	<u>3,437,000</u>	<u>3,485,362</u>	<u>48,362</u>	<u>3,305,184</u>
<b>Federal Sources</b>					
Federal Grants from CDE					
RTTT Early Childhood	-	-	537	537	-
Direct Federal Revenue					
NCLB Title VI, Part B - REAP/Rural Education	-	24,000	17,946	(6,054)	21,505
Federal Provided through BOCES	98,000	98,000	143,669	45,669	134,874
<b>Total Federal Sources</b>	<u>98,000</u>	<u>122,000</u>	<u>162,152</u>	<u>40,152</u>	<u>156,379</u>
<b>TOTAL REVENUES</b>	<u>5,703,450</u>	<u>5,783,450</u>	<u>6,948,517</u>	<u>1,165,067</u>	<u>6,402,387</u>

See the accompanying Independent Auditors' Report

(Continued)

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2017 Actual
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	2,189,124	2,189,124	2,268,348	(79,224)	2,258,732
Benefits	917,011	924,161	838,799	85,362	786,088
PS - Professional	-	24,000	17,946	6,054	21,528
PS - Property	17,500	17,500	13,063	4,437	14,647
PS - Other	173,829	173,829	252,700	(78,871)	188,314
Supplies	77,500	77,500	84,229	(6,729)	88,096
Property	4,800	4,800	4,673	127	7,877
Other Expenses	-	-	15,000	(15,000)	15,000
Total Instruction	<u>3,379,764</u>	<u>3,410,914</u>	<u>3,494,758</u>	<u>(83,844)</u>	<u>3,380,282</u>
<b>Supporting Services</b>					
<b>Pupil Support</b>					
Salaries	149,274	149,274	151,573	(2,299)	146,904
Benefits	53,880	53,880	45,292	8,588	48,515
PS - Professional	4,000	4,000	1,993	2,007	9,347
PS - Other	78,048	78,048	77,473	575	76,183
Supplies	2,200	2,200	2,555	(355)	1,844
Total Pupil Support	<u>287,402</u>	<u>287,402</u>	<u>278,886</u>	<u>8,516</u>	<u>282,793</u>
<b>Staff Support</b>					
Salaries	74,770	74,770	76,735	(1,965)	80,570
Benefits	43,910	44,240	45,708	(1,468)	36,525
PS - Professional	76,000	76,000	56,785	19,215	78,156
PS - Property	-	-	305	(305)	-
PS - Other	4,950	47,688	50,580	(2,892)	4,501
Supplies	53,930	56,930	56,424	506	56,850
Property	50,000	50,000	14,317	35,683	64,472
Total Staff Support	<u>303,560</u>	<u>349,628</u>	<u>300,854</u>	<u>48,774</u>	<u>321,074</u>
<b>General Administration</b>					
Salaries	130,600	130,600	131,773	(1,173)	129,900
Benefits	68,965	68,965	61,080	7,885	70,286
PS - Professional	31,670	31,670	38,772	(7,102)	23,189
PS - Property	150	150	-	150	-
PS - Other	24,525	24,525	18,045	6,480	19,784
Supplies	31,250	31,250	30,056	1,194	42,541
Property	3,500	3,500	-	3,500	860
Other Expenses	17,800	17,800	18,643	(843)	19,076
Total General Administration	<u>308,460</u>	<u>308,460</u>	<u>298,369</u>	<u>10,091</u>	<u>305,636</u>
<b>School Administration</b>					
Salaries	274,278	274,278	284,194	(9,916)	268,022
Benefits	152,835	152,835	147,341	5,494	143,874
PS - Other	7,450	7,450	5,113	2,337	6,813
Supplies	2,500	2,500	873	1,627	1,376
Property	3,600	3,600	3,665	(65)	3,172
Total School Administration	<u>440,663</u>	<u>440,663</u>	<u>441,186</u>	<u>(523)</u>	<u>423,257</u>

See the accompanying Independent Auditors' Report

(Continued)

BURLINGTON SCHOOL DISTRICT RE-6J  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2018  
(With Comparative Totals for the Year Ended June 30, 2017)

	2018				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2017 Actual
<b>EXPENDITURES (Continued)</b>					
<b>Supporting Services (Continued)</b>					
<b>Business Services</b>					
Salaries	35,856	35,856	36,749	(893)	35,231
Benefits	21,085	21,085	26,560	(5,475)	18,895
PS - Professional	400	400	1,596	(1,196)	1,697
PS - Property	400	400	409	(9)	452
PS - Other	36,620	36,620	33,647	2,973	33,356
Supplies	1,000	1,000	799	201	626
Total Business Services	95,361	95,361	99,760	(4,399)	90,257
<b>Operations and Maintenance</b>					
Salaries	225,000	225,000	221,627	3,373	213,053
Benefits	98,315	98,315	104,495	(6,180)	90,875
PS - Property	114,900	114,900	113,739	1,161	92,898
PS - Other	54,525	54,525	46,342	8,183	50,148
Supplies	295,500	295,500	235,618	59,882	267,541
Property	10,500	10,500	7,237	3,263	7,625
Total Operations and Maintenance	798,740	798,740	729,058	69,682	722,140
<b>Transportation</b>					
Salaries	113,400	113,400	124,062	(10,662)	125,839
Benefits	50,666	51,510	55,488	(3,978)	45,579
PS - Professional	1,850	1,850	420	1,430	680
PS - Property	10,700	10,700	13,531	(2,831)	8,447
PS - Other	13,000	13,000	13,471	(471)	12,508
Supplies	80,500	80,500	54,703	25,797	63,039
Property	1,000	1,000	-	1,000	852
Total Transportation	271,116	271,960	261,675	10,285	256,944
<b>Other Central Support</b>					
PS - Other	15,000	15,000	14,111	889	1,008
<b>Risk Management</b>					
PS - Other	43,000	43,000	43,977	(977)	40,419
<b>Food Service</b>					
Benefits	-	400	-	400	-
<b>Debt Service</b>					
Principal	1,500	1,500	-	1,500	-
<b>Contingency</b>					
	2,160,299	2,161,837	-	2,161,837	-
<b>TOTAL EXPENDITURES</b>	<b>8,104,865</b>	<b>8,184,865</b>	<b>5,962,634</b>	<b>2,222,231</b>	<b>5,823,810</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(2,401,415)</b>	<b>(2,401,415)</b>	<b>985,883</b>	<b>3,387,298</b>	<b>578,577</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(267,500)	(267,500)	(711,440)	(443,940)	(452,500)
<b>CHANGE IN FUND BALANCE</b>	<b>(2,668,915)</b>	<b>(2,668,915)</b>	<b>274,443</b>	<b>2,943,358</b>	<b>126,077</b>
<b>BEGINNING FUND BALANCE</b>	<b>2,668,915</b>	<b>2,668,915</b>	<b>2,975,710</b>	<b>306,795</b>	<b>2,849,633</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,250,153</b>	<b>\$ 3,250,153</b>	<b>\$ 2,975,710</b>

See accompanying Independent Auditors' Report.

## **OTHER SUPPLEMENTARY INFORMATION**

BURLINGTON SCHOOL DISTRICT RE-6J  
 Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2018  
 (With Comparative Totals for June 30, 2017)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
	<u>Capital Reserve</u>			
	<u>Food Service Fund</u>	<u>Project Fund</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>				
Cash and Investments - Unrestricted	\$ 22,606	\$ 143,487	\$ 166,093	\$ (8,383)
Other Accounts Receivable	2,497	-	2,497	3,846
Inventory	2,948	-	2,948	3,043
<b>TOTAL ASSETS</b>	<u>\$ 28,051</u>	<u>\$ 143,487</u>	<u>\$ 171,538</u>	<u>\$ (1,494)</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 3,701
Accrued Salaries & Benefits	21,292	-	21,292	19,570
<b>Total Liabilities</b>	<u>21,292</u>	<u>-</u>	<u>21,292</u>	<u>23,271</u>
<b>Deferred Inflows of Financial Resources</b>				
Deferred Inflows Other	2,866	-	2,866	3,448
<b>Fund Balance</b>				
Nonspendable Fund Balance	2,948	-	2,948	3,043
Committed Fund Balance			-	-
Committed for Food Service	945	-	945	-
Assigned Fund Balance				
Assigned for Fund Purposes	-	143,487	143,487	-
Unassigned Fund Balance	-	-	-	(31,256)
<b>Total Fund Balance</b>	<u>3,893</u>	<u>143,487</u>	<u>147,380</u>	<u>(28,213)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 28,051</u>	<u>\$ 143,487</u>	<u>\$ 171,538</u>	<u>\$ (1,494)</u>

See accompanying Independent Auditors' Report.

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>Capital Reserve</u>	
	<u>Food Service Fund</u>	<u>Project Fund</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>				
Local Sources	\$ 60,172	\$ -	\$ 60,172	\$ 49,012
State Sources	7,178	-	7,178	7,606
Federal Sources	274,274	-	274,274	257,094
<b>TOTAL REVENUES</b>	<u>341,624</u>	<u>-</u>	<u>341,624</u>	<u>313,712</u>
<b>EXPENDITURES</b>				
Food Service	349,328	-	349,328	347,263
Facilities	-	42,703	42,703	297,442
<b>TOTAL EXPENDITURES</b>	<u>349,328</u>	<u>42,703</u>	<u>392,031</u>	<u>644,705</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(7,704)	(42,703)	(50,407)	(330,993)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In (Out) - net	26,000	200,000	226,000	202,500
<b>CHANGE IN FUND BALANCE</b>	18,296	157,297	175,593	(128,493)
<b>BEGINNING FUND BALANCE</b>	(14,403)	(13,810)	(28,213)	100,280
<b>ENDING FUND BALANCE</b>	<u>\$ 3,893</u>	<u>\$ 143,487</u>	<u>\$ 147,380</u>	<u>\$ (28,213)</u>

See accompanying Independent Auditors' Report.

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## **SPECIAL REVENUE FUNDS**

### Food Service Fund

This fund accounts for all financial activities associated with the District school lunch program.

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Food Service Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018			2017 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
<b>REVENUES</b>				
<b>Local Sources</b>				
Food Service Revenue	\$ 40,100	\$ 60,172	\$ 20,072	\$ 49,012
<b>State Sources</b>				
State Grants from CDE				
State Match - Child Nutrition	3,000	2,663	(337)	3,092
Smart Start Nutrition	3,800	2,730	(1,070)	2,361
State K-2 Reduced Lunch	3,500	1,785	(1,715)	2,153
Total State Sources	10,300	7,178	(3,122)	7,606
<b>Federal Sources</b>				
Federal Grants from CDE				
School Breakfast Program	92,000	92,688	688	85,741
Special Milk Program	50	-	(50)	-
National School Lunch Program	152,000	159,138	7,138	146,163
Federal Grants from Other State Agencies				
Commodities	14,000	22,449	8,449	25,190
Total Federal Sources	258,050	274,275	16,225	257,094
<b>TOTAL REVENUES</b>	<b>308,450</b>	<b>341,625</b>	<b>33,175</b>	<b>313,712</b>
<b>EXPENDITURES</b>				
<b>Food Service</b>				
Salaries	76,415	77,403	(988)	72,850
Benefits	52,995	55,316	(2,321)	44,700
PS - Property	-	21,663	(21,663)	312
Supplies	8,650	6,375	2,275	8,067
Food	233,000	166,040	66,960	195,953
Commodities	7,000	22,532	(15,532)	25,254
Property	2,500	-	2,500	127
<b>TOTAL EXPENDITURES</b>	<b>380,560</b>	<b>349,329</b>	<b>31,231</b>	<b>347,263</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(72,110)</b>	<b>(7,704)</b>	<b>64,406</b>	<b>(33,551)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	2,500	26,000	23,500	2,500
<b>CHANGE IN FUND BALANCE</b>	<b>(69,610)</b>	<b>18,296</b>	<b>87,906</b>	<b>(31,051)</b>
<b>BEGINNING FUND BALANCE</b>	<b>69,610</b>	<b>(14,403)</b>	<b>(84,013)</b>	<b>16,648</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 3,893</b>	<b>\$ 3,893</b>	<b>\$ (14,403)</b>

See accompanying Independent Auditors' Report.

## **CAPITAL PROJECTS FUNDS**

### Building and Capital Reserve Projects Funds

These funds account for the District's major capital improvement and acquisition activities.

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Building Fund**  
**For the Year Ended June 30, 2018**

	2018		Variance with Final Budget	2017 Actual
	Original & Final Budget	Actual		
<b>REVENUES</b>				
<b>State Sources</b>				
Best Capital Construction Program	\$ -	\$ 677,649	\$ 677,649	\$ 519,692
Other CDE State Grants	450,000	-	(450,000)	-
Total State Sources	450,000	677,649	227,649	519,692
<b>EXPENDITURES</b>				
<b>General Administration</b>				
Other Expenses	-	252,415	(252,415)	-
<b>Facilities/Capital Outlay</b>				
Buildings	700,000	1,324,049	(624,049)	624,956
Non-Capitalized Equipment	-	25,669	(25,669)	76,490
Total Facilities/Capital Outlay	700,000	1,349,718	(649,718)	701,446
<b>TOTAL EXPENDITURES</b>	<b>784,000</b>	<b>1,602,133</b>	<b>(818,133)</b>	<b>701,446</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(334,000)</b>	<b>(924,484)</b>	<b>(590,484)</b>	<b>(181,754)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	334,000	485,440	151,440	250,000
Capital Lease Proceeds	-	5,048,000	5,048,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>334,000</b>	<b>5,533,440</b>	<b>5,199,440</b>	<b>250,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>4,608,956</b>	<b>4,608,956</b>	<b>68,246</b>
<b>BEGINNING FUND BALANCE</b>	<b>-</b>	<b>202,953</b>	<b>202,953</b>	<b>134,707</b>
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 4,811,909</b>	<b>\$ 4,811,909</b>	<b>\$ 202,953</b>

See accompanying Independent Auditors' Report.

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Capital Reserve Project Fund**  
**For the Year Ended June 30, 2018**

	2018		Variance with Final Budget	2017 Actual
	Original & Final Budget	Actual		
<b>EXPENDITURES</b>				
<b>Facilities/Capital Outlay</b>				
Equipment	\$ -	\$ 7,079	\$ (7,079)	\$ 275,977
Non-Capitalized Equipment	158,757	35,624	123,133	21,465
<b>TOTAL EXPENDITURES</b>	<u>158,757</u>	<u>42,703</u>	<u>116,054</u>	<u>297,442</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(158,757)	(42,703)	116,054	(297,442)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	200,000	200,000	-	200,000
<b>CHANGE IN FUND BALANCE</b>	41,243	157,297	116,054	(97,442)
<b>BEGINNING FUND BALANCE</b>	(41,243)	(13,810)	27,433	83,632
<b>ENDING FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 143,487</u>	<u>\$ 143,487</u>	<u>\$ (13,810)</u>

See accompanying Independent Auditors' Report.

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## **FIDUCIARY FUNDS**

The District has established an agency fund to account for various student activity groups and contributions from private organizations. The agency funds are custodial in nature and do not involve measurement of results of operations. This fund is the Pupil Activity Agency Fund.

**BURLINGTON SCHOOL DISTRICT RE-6J**  
**Schedule of Revenues, Expenses and Changes in Fiduciary Net Position**  
**Budget and Actual**  
**Fiduciary Funds**  
**Pupil Activity Agency Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	<b>2018</b>		<b>Variance with Final Budget</b>	<b>2017 Actual</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>ADDITIONS</b>				
Local Sources	\$ -	\$ 279,666	\$ 279,666	\$ 306,775
<b>DEDUCTIONS</b>				
Instruction	-	263,729	(263,729)	293,033
<b>CHANGE IN NET POSITION</b>	-	15,937	15,937	13,742
<b>BEGINNING NET POSITION</b>	-	166,337	166,337	152,595
<b>ENDING NET POSITION</b>	<u>\$ -</u>	<u>\$ 182,274</u>	<u>\$ 182,274</u>	<u>\$ 166,337</u>

See accompanying Independent Auditors' Report.

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1500 - BURLINGTON RE-6J  
 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
	+		-	=
<b>Governmental</b>				
10 General Fund	2,923,652	6,146,340	5,819,838	3,250,153
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	52,059	90,737	142,796	0
<b>Sub- Total</b>	<b>2,975,710</b>	<b>6,237,077</b>	<b>5,962,634</b>	<b>3,250,153</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	-14,402	367,624	349,328	3,893
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	202,953	6,211,089	1,602,132	4,811,909
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	-13,810	200,000	42,702	143,487
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>3,150,451</b>	<b>13,015,790</b>	<b>7,956,797</b>	<b>8,209,443</b>
<b>Proprietary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
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	166,337	279,666	263,729	182,274
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>166,337</b>	<b>279,666</b>	<b>263,729</b>	<b>182,274</b>

FINAL



**Colorado Department of Education**

**Bolded Balance Sheet Report**

District: 1500 - BURLINGTON RE-6J

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)	3,200,286	0	0	0	0	22,606	0	5,235,388	0	0	0	182,274	0	8,640,554	
Cash with Fiscal Agent (8105)	27,666	0	0	0	0	0	0	0	0	0	0	0	0	27,666	
Taxes Receivable (8121,8122)	71,657	0	0	0	0	0	0	0	0	0	0	0	0	71,657	
Grants Accounts Receivable (8142)	82,764	0	0	0	0	0	0	0	0	0	0	0	0	82,764	
Other Receivables (8151-8154,8161)	503,043	0	0	0	0	2,497	0	0	0	0	0	0	0	505,539	
Inventories (8171,8172,8173)	0	0	0	0	0	2,948	0	0	0	0	0	0	0	2,948	
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Assets</b>	<b>3,885,417</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,050</b>	<b>0</b>	<b>5,235,388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>182,274</b>	<b>0</b>	<b>9,331,129</b>	

Proprietary

Governmental

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
<b>LIABILITIES &amp; FUND EQUITY</b>															
<b>LIABILITIES</b>															
Other Payables (7421-7423)	18,256	0	0	0	0	0	0	279,991	0	0	0	0	0	0	298,247
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	582,411	0	0	0	0	21,292	0	0	0	0	0	0	0	0	603,702
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	2,866	0	0	0	0	0	0	0	0	2,866
Deferred Inflow Grants (7801)	34,597	0	0	0	0	0	0	0	0	0	0	0	0	0	34,597
<b>Total Liabilities</b>	<b>635,263</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,158</b>	<b>0</b>	<b>279,991</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>939,412</b>

**Governmental**

**Proprietary**

**Fiduciary**

<b>FUND EQUITY</b>	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	2,948	0	0	0	0	0	0	0	0	2,948
Restricted Fund Balance 6720	1,166,872	0	0	0	0	0	0	0	0	0	0	0	0	0	1,166,872
TABOR 3% Emergency Reserve 6721	377,000	0	0	0	0	0	0	0	0	0	0	0	0	0	377,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	945	0	0	0	0	0	0	0	0	945
Assigned Fund Balance 6760	0	0	0	0	0	0	0	4,955,397	0	0	0	0	0	0	4,955,397
Unassigned Fund Balance 6770	1,706,281	0	0	0	0	0	0	0	0	0	0	0	182,274	0	1,888,555
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
<b>Total Fund Equity</b>	<b>3,250,153</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,893</b>	<b>0</b>	<b>4,955,397</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>182,274</b>	<b>0</b>	<b>8,391,717</b>

	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
<b>Total Liabilities &amp; Fund Equity</b>	<b>3,885,417</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,050</b>	<b>0</b>	<b>5,235,388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>182,274</b>	<b>0</b>	<b>9,331,129</b>

	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
<b>For Each Fund Type: Do Assets=Liability+Fund Equity</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes