

**KIT CARSON COUNTY  
SCHOOL DISTRICT R-5**  
Bethune, Colorado

Financial Statements  
For the Year Ended June 30, 2018



***“The Best Little School in Colorado”***

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
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June 30, 2018

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Auditor's Integrity Report

# WINFREY, COUNTY & HAYS, PC

## Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

Board of Education  
Kit Carson County School District R-5  
Bethune, Colorado 80805

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kit Carson County School District R-5 (the "District"), as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinions**

In our opinion, based on our audit, 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 Kit Carson County School District R-5, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages a-g and 29-33 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. For the management discussion and analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kit Carson County School District R-5's basic financial statements. The combining and individual nonmajor fund financial statements and the Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Winfrey, County & Hays, PC*

Winfrey, County & Hays, PC

October 29, 2018

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2018

Management of Bethune School District R-5 offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. The focus of the information is on the primary government-general fund.

In accordance with GASB Statement No. 34, *Basic Financial Statement and Management Discussion and Analysis for State and Local Governments*, the District is providing a comparative analysis of the government wide information.

Financial Highlights:

The net position for the fiscal year was (\$4,089,607), which includes a prior year adjustment of \$164,564, making a net increase of \$1,371,152 from the previous year. At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$575,081 a decrease of \$83,030 from the prior year.

Overview of Financial Statements

This discussion is intended as an introduction to the District's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided is other supplementary information.

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 position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating.

The District only has governmental activities.

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

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2018  
(Continued)

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 between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

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.

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2018  
(Continued)

Financial Analysis of the District as a Whole:

Table 1  
Fiscal Year Ended June 30, 2018  
Net Position

	<u>Governmental Activities</u>	
	<u>6/30/2018</u>	<u>6/30/2017</u>
Current and other assets	764,069	804,241
Capital assets	<u>997,816</u>	<u>1,032,700</u>
Total assets	1,761,885	1,836,941
Deferred Outflows	2,069,602	2,706,716
Current and other liabilities	7,405,934	7,096,315
Deferred Inflows	515,160	165,796
Net Assets		
Invested in capital assets	997,816	1,032,700
Restricted for Preschool	79	1,107
Restricted for Capital Projects	299	299
Restricted for Tabor	52,992	51,802
Unrestricted	<u>(5,140,793)</u>	<u>(3,804,362)</u>
Total Net Position	<u>(4,089,607)</u>	<u>(2,718,455)</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the Bethune School District, liabilities exceed assets by approximately \$4,089,607, a decrease of \$1,371,152 from the prior year.

The District has \$997,816 invested in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. 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.

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2018  
(Continued)

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

Table 2  
Fiscal Year Ended June 30, 2018  
Change in Net Position

	<u>Governmental Activities</u>	
REVENUES	<u>6/30/2018</u>	<u>6/30/2017</u>
Program Revenues		
Charges for service	15,095	20,747
Operating grants	225,912	222,711
Capital grants	11,283	9,757
General Revenues		
Property taxes	435,512	364,450
Auto taxes	42,541	42,358
State Equalization	1,103,867	1,152,542
Other	<u>35,697</u>	<u>36,953</u>
Total Revenues	1,869,906	1,849,518
EXPENSES		
Instruction	1,843,668	1,914,987
Pupil services	10,024	5,971
Instructional services	55,886	49,481
General administration	561,634	514,377
School administration	3,687	3,657
Business	1,086	2,403
Operations & maintenance	329,214	349,482
Pupil transportation	70,396	64,305
Central services	34,593	43,783
Non Instructional	17,950	19,940
Food Services	<u>148,357</u>	<u>139,723</u>
Total Expenses	<u>3,076,495</u>	<u>3,108,110</u>
Increase (decrease) in net position	<u>(1,206,588)</u>	<u>(1,258,592)</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2018  
(Continued)

Table 3 shows the District's functions. It also shows the net costs (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants and subsidies to show the remaining financial needs supported by local taxes and other revenues.

Table 3  
Fiscal Year Ended June 30, 2018  
Government Activities

Functions/Programs	<u>Total Cost of Programs</u>	<u>Net Cost of Services</u>	<u>Prior Year</u>
Instruction	1,843,668	1,699,392	1,760,768
Pupil services	10,024	10,024	5,971
Instructional services	55,886	55,886	49,481
General administration	561,634	561,634	514,377
School administration	3,687	3,687	3,657
Business	1,086	1,086	2,403
Operations & maintenance	329,214	329,214	349,482
Pupil transportation	70,396	56,834	51,046
Central services	34,593	34,593	43,783
Non Instructional	17,950	11,939	10,742
Food Services	<u>148,357</u>	<u>59,915</u>	<u>63,183</u>
Total Governmental Activities	3,076,495	2,824,205	2,854,895
Less State Equalization		<u>1,103,867</u>	<u>1,152,542</u>
Total needs from local taxes and other revenue		<u>1,720,338</u>	<u>1,702,353</u>

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2018  
(Continued)

The District Funds

At June 30, 2018, the District's governmental funds reported a combined fund balance of \$575,081 which is a decrease of \$83,030.

In the General Fund, revenues for the District increased by \$11,674 while expenses decreased by \$48,370. The District continues to lose funding as the Negative Factor increases each year. There is still a responsibility of the District to staff highly qualified teachers and to continue to offer competitive programing.

Financial Analysis of the District's Funds:

Revenues in governmental activities increased by \$20,344. The District continues to strive to balance the budget on less funding each year. The State has decreased funding to Districts for the last six years. The Board of Directors has committed to spend the reserves to maintain the staff and programs currently in place.

General Fund Budget

No revisions were made to the original budget.

Capital Assets and Debt Administration

At June 30, 2018, the District had \$997,816 invested in capital assets. This represents a net decrease (including additions and depreciation) of \$34,884.

	Governmental <u>Activities</u>	Prior <u>Year</u>
Sites	22,719	22,719
Site Improvements	44,516	44,516
Buildings	1,873,238	1,873,237
Transportation	355,204	355,203
Equipment	<u>280,872</u>	<u>259,664</u>
Total	2,576,549	2,555,339
Accumulated Depreciation	<u>(1,578,733)</u>	<u>(1,522,639)</u>
Net capital assets	<u>997,816</u>	<u>1,032,700</u>

The District purchased a dishwasher and a copier in the current year.

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Management Discussion and Analysis  
For the Year Ended June 30, 2018  
(Continued)

Economic Factors and Next Year's Budget and Rates:

The factors that will continue to affect next year's budget are the concerns with the negative funding projections, the adjustments in funding in regards to state and property taxes, and the emphasis from legislature initiatives. The legislative forecast is uncertain at this time as to where the political drive will be placed to help rectify the overall state budget not being sufficient to uphold K-12 Education.

The prediction is that the current state of the economic recession will continue to impact the rural community and local economics. The district's declining enrollment further requires that reserves are utilized to maintain a balanced budget. The Board of Directors will continue to prioritize programs and expenditures to support making financial decisions that are best for the students of the district. The District is seeking a Mill Levy Override to be presented to voters this election in hopes of attaining additional revenue. There is also a hopeful attitude that the State measure of Amendment 73 will be passed by voters providing additional relief from many years of financial struggle.

Contacting the District Financial Management

Our financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Superintendent of the School at Kit Carson County School District R-5, P O Box 127, Bethune, CO 80805.



*“The Best Little School in Colorado”*

## BASIC FINANCIAL STATEMENTS

## KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

Statement of Net Position

June 30, 2018

Governmental  
Activities

ASSETS	
Current Assets	
Cash and cash equivalents	523,829
Certificates of deposit	215,245
Accounts/grants receivable	11,851
Inventory	4,214
Accrued property taxes receivable	<u>8,931</u>
Total Current Assets	764,069
Capital assets, net of accumulated depreciation	<u>997,816</u>
Total Assets	1,761,885
DEFERRED OUTFLOWS	2,069,602
LIABILITIES	
Current Liabilities	
Accounts payable	44,518
Accrued salaries payable	144,339
Unearned Revenue	<u>131</u>
Total Current Liabilities	188,989
Noncurrent Liabilities	
Compensated Absences due within one year	5,780
Compensated Absences due in more than one year	36,764
Net Health Care Trust Fund Liability	160,175
Net Pension Liability	<u>7,014,227</u>
Total Noncurrent Liabilities	<u>7,216,946</u>
Total Liabilities	7,405,934
DEFERRED INFLOWS	515,160
NET POSITION	
Invested in capital assets	997,816
Restricted for Preschool	79
Restricted for Capital Projects	299
Restricted for Tabor	52,992
Unrestricted	<u>(5,140,793)</u>
Total Net Position	<u>(4,089,607)</u>

See auditor's report and notes to the financial statements.

## KIT CARSON SCHOOL DISTRICT R-5

Bethune, Colorado

## Statement of Activities

For the Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
Governmental Activities				
Instructional	1,843,668		144,276	
Support Services				
Pupil services	10,024			
Instructional services	55,886			
General administration	561,634			
School administration	3,687			
Business	1,086			
Operations & maintenance	329,214			
Pupil transportation	70,396		13,562	
Central services	34,593			
Food Services	148,357	9,085	68,074	11,283
Non Instructional	<u>17,950</u>	<u>6,011</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	3,076,495	15,095	225,912	11,283

## General revenues:

## Taxes

Property taxes, levied for general purposes

Specific ownership taxes

State Equalization

Miscellaneous

Investment earnings

Total General Revenues

## Change in Net Position

Net Position - Beginning

Prior Year Adjustment

Net Position - Ending

Net (Expense) Revenue  
and Changes in Net Position

Governmental  
Activities

(1,699,392)

(10,024)

(55,886)

(561,634)

(3,687)

(1,086)

(329,214)

(56,834)

(34,593)

(59,915)

(11,939)

(2,824,205)

435,512

42,541

1,103,867

32,890

2,807

1,617,617

(1,206,588)

(2,718,455)

(164,564)

(4,089,607)

## KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

Balance Sheet

Governmental Funds

June 30, 2018

	<u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	463,747	60,082	523,829
Certificates of deposit	215,245	0	215,245
Accounts/grants receivable	0	11,851	11,851
Inventory	0	4,214	4,214
Accrued property taxes receivable	<u>8,931</u>	<u>0</u>	<u>8,931</u>
Total Assets	<u>687,923</u>	<u>76,147</u>	<u>764,069</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	33,495	11,023	44,518
Accrued salaries payable	134,522	9,817	144,339
Unearned Revenue	<u>0</u>	<u>131</u>	<u>131</u>
Total Liabilities	168,017	20,971	188,989
 Fund Balances			
Nonspendable	0	4,214	4,214
Restricted for			
Tabor Emergencies	52,992	0	52,992
Preschool	79	0	79
Capital Projects	0	299	299
Committed	0	25,000	25,000
Assigned	0	25,663	25,663
Unassigned	<u>466,834</u>	<u>0</u>	<u>466,834</u>
Total Fund Balances	<u>519,905</u>	<u>50,961</u>	<u>575,081</u>
 Total Liabilities and Fund Balances	 <u>687,923</u>	 <u>71,932</u>	 <u>764,069</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Balance Sheet  
Governmental Funds  
June 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

Total Governmental Fund Balances	575,081
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	997,816
Deferred outflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	2,069,602
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(7,216,946)
Deferred inflows of resources, report as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	<u>(515,160)</u>
Net Position of Governmental Activities	<u>(4,089,607)</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018

	<u>General</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>			
Local Sources			
Property Taxes	435,156		435,156
Specific Ownership Taxes	42,541		42,541
Delinquent Taxes & Penalties	355		355
Interest	2,807	0	2,807
Charges for Service	0	9,085	9,085
Other	33,390	6,011	39,401
Intergovernmental			
State Sources			
Equalization	1,103,867		1,103,867
Other	105,008	2,115	107,123
Federal Sources	<u>52,330</u>	<u>71,095</u>	<u>123,425</u>
Total Revenues	1,775,454	88,305	1,863,760
<b>EXPENDITURES</b>			
Current			
Instruction	1,091,449		1,091,449
Supporting Services			
Students	10,024		10,024
Instructional staff services	39,349		39,349
General administration	354,999		354,999
School administration	3,687		3,687
Business	1,086		1,086
Operations & maintenance	221,093		221,093
Pupil transportation	44,929		44,929
Central services	34,593		34,593
Non Instructional	4,353	17,950	22,303
Food Service	0	118,190	118,190
Capital Outlay	<u>11,234</u>	<u>0</u>	<u>11,234</u>
Total Expenditures	<u>1,816,797</u>	<u>136,140</u>	<u>1,952,937</u>
Excess of Revenues over (under) Expenditures	(41,343)	(47,834)	(89,177)

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018  
(continued)

Other Financing Sources (Uses)	<u>(31,063)</u>	<u>37,210</u>	<u>6,147</u>
Excess of Revenues and Other Sources over (Under) Expenditures	(72,406)	(10,625)	(83,030)
Fund Balance - Beginning	<u>592,311</u>	<u>65,800</u>	<u>658,111</u>
Fund Balance - Ending	<u>519,905</u>	<u>55,176</u>	<u>575,081</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds (83,030)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	21,207	
Depreciation expense	<u>(56,091)</u>	(34,884)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expenses	(1,137,446)	
Other post-employment benefit expenses	(573)	
Compensated absences	<u>49,345</u>	<u>(1,088,674)</u>

Change in net position of government activities (1,206,588)

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Statement of Fiduciary Net Position  
Student Activity Agency Fund  
June 30, 2018

	Student Activity Fund
<b>ASSETS</b>	
Cash in bank	38,323
<b>LIABILITIES</b>	
Due to student activities	<u>38,323</u>
<b>NET POSITION</b>	<u>0</u>

## Notes to the Financial Statements

KIT CARSON COUNTY SCHOOL DISTRICT R-5  
Bethune, Colorado  
Notes to Financial Statements  
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Kit Carson County School District R-5 (the "District") is a political subdivision of the State of Colorado which is governed by an elected board of 5 members. A summary of the District's significant accounting policies applied in the preparation of these financial statements follows.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be a primary government because it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

This report includes all funds of the District.

B. Basis of Presentation

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

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

Fund financial statements are also provided in the report for all of the governmental funds, and the fiduciary funds of the District. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund.

Additionally, the District reports the Student Activity Agency Fund which accounts for cash held by the District for related organizations. It is custodial in nature and does not involve measurement of results of operations.

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C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Revenues from federal, state, and other grants designated for payment of specific school District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

All funds must have budgets to be allowed expenditures. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end.

Budget Calendar -

Submission of a proposed budget to the Board of Education is due by May 31. On June 10, or within ten days after submission of the proposed budget, a notice shall be published stating the proposed budget is on file and available for inspection. The last date for final adoption of the budget and appropriation resolution is June 30. January 31 is last date to change adopted budget. By December 15, the Board of Education certifies to County Commissioners the mill levy against the assessed valuation for the general fund.

The legal level of budgetary control is at the individual fund level.

E. Encumbrances

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

F. Assets, Liabilities, Fund Balances and Net Position

1. Deposits

The District'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.

State statutes authorize the District to deposit funds in institutions who are members of the Federal Deposit Insurance Corporation to the extent that the deposit is insured or is secured by pledge of eligible collateral as required by CRS 11-10.5-107.

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2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.”

Accounts receivable and property taxes receivables are shown at gross. Uncollectibles have not been material.

3. Inventories

The purchase method is used to account for inventories in the governmental funds. Under this method, inventories are recorded as expenditures when purchased.

A physical inventory was taken as of June 30, 2018 for the Food Services special revenue fund. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies were both valued at cost using the first-in, first-out (FIFO) method.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	10-20
Buildings	10-50
Equipment	7-25
Vehicles	7-10

The District does not have any infrastructure assets.

5. Compensated Absences

Year-round staff is allotted 10 days per year, extended contract employees 8 days per year, and certified staff 7 days per year. There is no limit to the accumulation of days. Employees may be paid at the end of the school year if not used at the per diem rate of an uncertified substitute teacher. As of June 30, 2018, the accrued sick leave payable was \$42,544.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds issuance costs are reported as deferred charges and amortized over the term of the debt.

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

7. Estimates

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

8. Fund Balances and Net Position

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

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – indicates that portion of net position which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Position – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When both restricted and unrestricted funds are available, restricted funds are deemed first spent.

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

Nonspendable – amounts that cannot be spent because they are either in a nonspendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources are either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's Board of Directors. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Superintendent who has been delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, or unassigned funds are available, committed is first spent, then assigned.

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At June 30, 2018 the amounts restricted were \$52,992 for the TABOR Reserve, \$79 for preschool, and \$299 for capital projects. Within the governmental fund financial statements, amounts committed include \$25,000 for capital projects; the amount nonspendable for food service is \$4,214; the amount assigned for food services is \$23,518; and the amount assigned for student activities is \$2,145.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

In November of 1997, the voters of the District approved a ballot issue which allows the District to receive and spend all revenues received. Based upon this approval, the District considers the revenue and spending limits imposed by the Amendment to no longer apply to the District.

- B. The District is in compliance with Financial Policies and Procedures Handbook prepared by the Colorado Department of Education.
- C. Expenditures in the Food Service Fund of \$118,190 exceeds the budgeted amount of \$116,693. This may be a violation of the State Budget Laws.
- D. For the fiscal year ended June 30, 2018, the District implemented GASB 75, reporting for Other Post-Employment Benefits (OPEB) associated with the PERA Health Care Trust Fund (HCTF). As a result, a prior year adjustment was required that included the amount \$169,757 of net HCTF liability for the District as computed by HCTF, less the amount the District submitted to HCTF of \$5,193 after HCTF's year end. The net prior year adjustment is \$164,564.

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits and Investments - all are in two financial institutions. Deposits are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit". They are carried at cost.

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The Colorado Division of Banking 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, the District's cash deposits had a bank balance and carrying balance as follows:

	Bank <u>Balance</u>	Carrying <u>Balance</u>
Insured (FDIC)	\$497,115	\$481,794
In ColoTrust	4,271	4,271
Deposits uncollateralized in one institution pool	<u>294,153</u>	<u>291,332</u>
Total Cash	\$795,539	\$777,397
Amount of certificates of deposit		(215,245)
Amount with agency fund		<u>(38,323)</u>
Net cash		523,829

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As presented above, deposits with a bank balance of \$294,153 and a carrying balance of \$291,332 as of June 30, 2018, are uninsured, are exposed to custodial credit risk, and are collateralized with securities held by the pledging financial institution.

#### Investments

The district has deposits in COLOTRUST accounts, in the amount \$4,271, which are invested in overnight investment accounts and are rated AAAM by Standard & Poor's.

Investments are subject to many different types of risk, including credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The district's COLOTRUST account is highly rated by Standard & Poor's, an indication of low credit risk. The district has no foreign currency risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. 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.

Overall credit risk is the chance that an issuer of an investment will not fulfill its obligations. To minimize overall credit risk, state law requires that the district limit its investments to issuers which have received one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers.

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. None of the District's investments are subject to custodial risk.

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The District's only investments with recurring measurements are its investments at COLOTRUST in the amount of \$4,271. These investments were valued using Level 2 inputs.

- B. Accrued Property Taxes Receivable - the amount budgeted for the current year, not yet collected.

Property Tax Calendar - taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notice of delinquencies are mailed in September, and tax sales scheduled for November.

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C. Changes in General Fixed Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Sites & improvements	67,235	-0-	-0-	67,235
Buildings & improvements	1,873,238	-0-	-0-	1,873,238
Equipment	259,664	21,207	-0-	280,872
Transportation	<u>355,204</u>	<u>-0-</u>	<u>-0-</u>	<u>355,204</u>
Total	2,555,341	21,207	-0-	2,576,549
Less accumulated depreciation				
Site improvements	44,042	258	-0-	44,300
Buildings & improvements	900,654	42,589	-0-	943,243
Equipment	236,391	6,419	-0-	242,810
Transportation	<u>341,555</u>	<u>6,825</u>	<u>-0-</u>	<u>348,380</u>
Total	<u>1,522,642</u>	<u>56,091</u>	<u>-0-</u>	<u>1,578,733</u>
Government activities capital assets, net	<u>1,032,699</u>	<u>(34,883)</u>	<u>-0-</u>	<u>997,816</u>

Depreciation expense for the governmental activities was allocated \$48,767 to instruction, \$6,825 to transportation, and \$499 to food services.

E. Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2018, was as follows:

<u>Issue</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Compensated Absences	<u>91,889</u>	<u>31,728</u>	<u>81,073</u>	<u>42,544</u>
Net Health Care Trust Fund Liability	<u>169,757</u>	<u>13,309</u>	<u>22,891</u>	<u>160,175</u>
Net Pension Liability	<u>6,858,296</u>	<u>1,472,256</u>	<u>1,316,325</u>	<u>7,014,227</u>

(4) OTHER INFORMATION

A. 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. The District has joined Colorado School District Self Insurance Pool (CSDSIP), a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to CSDSIP for its property and casualty and workers' compensation insurance coverage. The intergovernmental agreement of formation of CSDSIP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for member's claims in excess of a specified self-insured retention, which is determined each policy year.

The District carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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- B. Accrued Salaries and Benefits Payable - teachers and certain other instructional employees are budgeted and paid over a twelve month period from September 1 to August 31 but such wages are earned over a school year of approximately nine months. The salaries earned but not paid at June 30 are shown as an accrued liability.
- C. Operating Transfers In (Out) - The General Fund transferred \$21,796 to the Food Services Fund and \$9,267 to the Student Activity Special Revenue Fund for operating purposes.
- D. Defined Benefit Pension Plan

**Summary of Significant Accounting Policies**

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

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

**General Information about the Pension Plan**

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

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

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

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

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.

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

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

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

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

*Contributions provisions as 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:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer contribution rate <sup>1</sup>	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) <sup>1</sup>	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	5.00%	5.50%
<b>Total employer contribution rate to the SCHDTF<sup>1</sup></b>	<b>18.63%</b>	<b>19.13%</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 the District were \$192,562 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$7,014,227 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the 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 0.0216913968 percent, which was a decrease of 0.0013432202 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized pension expense of \$1,137,446. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	128,962	-0-
Changes of assumptions or other inputs	1,790,993	11,365
Net difference between projected and actual earnings on pension plan investments	-0-	275,455
Changes in proportion and differences between contributions recognized and proportionate share of contributions	42,511	217,236
Contributions subsequent to the measurement date	100,993	N/A
Total	2,063,459	504,056

There is \$100,993 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	(83,457)
2020	(60,776)
2021	(30,491)
2022	-0-
2023	-0-
Thereafter	-0-

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

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

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

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

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

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

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

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

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.

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

*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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	8,860,161	7,014,227	5,510,001

*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).

**Payables to the pension plan**

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

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

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

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- 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 \$7,014,227 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.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 3,168,967

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$3,168,967 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

E. Other Post-Employment Benefits

Health Care Trust Fund

**Summary of Significant Accounting Policies**

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

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**General Information about the OPEB Plan**

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

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*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 the District were \$10,398 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$160,175 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 Districts 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 0.0123249754 percent, which was a decrease of 0.0007681697 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$573. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	757	-0-
Changes of assumptions or other inputs	-0-	-0-
Net difference between projected and actual earnings on OPEB plan investments	-0-	2,680
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-0-	8,424
Contributions subsequent to the measurement date	5,385	N/A
Total	6,142	11,104

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There is \$5,385 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:	
2019	(1,655)
2020	(1,655)
2021	(1,655)
2022	(1,655)
2023	(1,655)
Thereafter	( 149)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	155,768	160,175	165,483

*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.

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*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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	180,087	160,175	143,180

*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).

- F. Joint Venture - The District participates in the East Central Board of Cooperative Educational Services which is not reflected in these financial statements. One member of the board is from the District. The Board has final authority for all budgeting and financing of the joint venture. Each member pays a \$2,500 membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members. At June 30, 2017, total assets were \$2,759,621, deferred outflows were \$6,370,494, total liabilities were \$17,087,255, deferred inflows were \$423,405, net position was (\$8,380,545), revenues were \$8,591,775, and expenses were \$10,871,227.

Complete financial statements may be obtained from the BOCES office at 820 Second Street, Limon, CO 80828.

REQUIRED SUPPLEMENTARY INFORMATION

## KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

## Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2017

	General Fund			Variance With Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	428,072	428,072	514,250	86,178
State Sources	1,239,240	1,239,240	1,208,874	(30,366)
Federal Sources	<u>37,801</u>	<u>37,801</u>	<u>52,330</u>	<u>14,529</u>
Total Revenues	1,705,113	1,705,113	1,775,454	70,341
<b>EXPENDITURES</b>				
Current				
Instruction	1,109,602	1,109,602	1,091,449	18,153
Supporting Services				
Pupils	1,350	1,350	10,024	(8,674)
Instructional Staff - Library	34,396	34,396	39,349	(4,953)
General Administration	349,770	349,770	354,999	(5,229)
School Administration	4,400	4,400	3,687	713
Business Services	1,500	1,500	1,086	414
Operations & Maintenance	219,072	219,072	221,093	(2,021)
Pupil Transportation	40,166	40,166	44,929	(4,763)
Central Support	31,842	31,842	34,593	(2,751)
Non Instructional	1,110	1,110	4,353	(3,243)
Capital Outlay	47,200	47,200	11,234	35,966
Appropriated reserves	<u>382,425</u>	<u>382,425</u>	<u>0</u>	<u>382,425</u>
Total Expenditures	<u>2,222,833</u>	<u>2,222,833</u>	<u>1,816,797</u>	<u>406,036</u>
Excess of revenues over (under)				
Expenditures	(517,720)	(517,720)	(41,343)	476,377
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(31,063)</u>	<u>(31,063)</u>	<u>(31,063)</u>	<u>0</u>
Excess of revenues and other sources over				
(under) expenditures and other uses	(548,783)	(548,783)	(72,406)	476,377
Fund Balance - Beginning	<u>548,783</u>	<u>548,783</u>	<u>592,311</u>	<u>43,528</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>519,905</u>	<u>519,905</u>

See auditor's report and notes to the financial statements.

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KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado

Schedule of District's Proportionate Share of the Net Pension Liability-PERA School Division Trust Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the collective net pension liability	0.0216913968%	0.0230346170%	0.0223182609%	0.0239506838%	0.0255009817%
Proportionate share of the collective net pension liability	7,014,227	6,858,296	3,413,420	3,246,122	3,252,643
Covered payroll	1,000,599	1,033,834	962,066	1,028,030	1,003,356.00
Proportionate share of the net pension liability as a percentage of its covered employee payroll	701.00%	663.38%	354.80%	315.76%	324.18%
Plan fiduciary net position of the total pension liability	43.96%	43.10%	59.20%	62.80%	64.06%

Note 1: The amounts presented for each year were determined as of December 31

Note 2: Information is not currently available for years prior to 2013; additional years will be displayed as they become available

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Schedule of Contributions and Related Ratios-PERA School Division Trust Fund  
Last 10 Fiscal Years

<u>As of June 30,</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Statutorily required contributions	192,562	188,232	177,176	166,606	155,307	148,158	140,804	130,303	121,865	115,353
Contributions in relation to the Statutorily Required Contributions	<u>192,562</u>	<u>188,232</u>	<u>177,176</u>	<u>166,606</u>	<u>155,307</u>	<u>148,158</u>	<u>140,804</u>	<u>130,303</u>	<u>121,865</u>	<u>115,353</u>
Contribution Deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	1,019,441	1,024,195	998,421	961,372	971,733	954,013	962,436	981,067	1,006,408	1,003,978
Contributions as a percentage of covered-employee payroll	18.89%	18.38%	17.75%	17.33%	15.98%	15.53%	14.63%	13.28%	12.11%	11.49%

Note 1: Information above is presented as of the District's fiscal year

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Schedule of District's Proportionate Share of the other post-employment Benefit  
Liability-Health Care Trust Fund

	<u>2017</u>	<u>2016</u>
Proportion (percentage) of the collective net pension liability	0.0123249754%	0.0130931451%
Proportionate share of the collective net pension liability	160,175	169,757
Covered payroll	10,206	10,578
Proportionate share of the net pension liability as a percentage of its covered employee payroll	1569%	1605%
Plan fiduciary net position of the total pension liability	17.53%	N/A

Note 1: The amounts presented for each year were determined as of December 31

Note 2: Information is not currently available for years prior to 2016; additional years will be displayed as they become available

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KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Schedule of Contributions and Related Ratios-Health Care Trust Fund

As of June 30,	<u>2018</u>	<u>2017</u>
Statutorily required contributions	10,398	10,347
Contributions in relation to the statutorily required contributions	<u>10,398</u>	<u>10,347</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>
Covered-employee payroll	1,019,441	1,014,418
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

Note 1: Information above is presented as of the District's fiscal year

Note 2: Information is not currently available for years prior to 2016; additional years will be displayed as they become available



*“The Best Little School in Colorado”*

## OTHER INFORMATION

## COMBINING STATEMENTS

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Non-Major Governmental Funds  
Combining Balance Sheet  
At June 30, 2018

	<u>Food Service</u>	<u>Capital Projects</u>	<u>Student Activity</u>	<u>Total</u>
<b>ASSETS</b>				
Cash in Bank	32,638	25,299	2,145	60,082
Accounts/Grants Receivable	11,851	0	0	11,851
Inventory	<u>4,214</u>	<u>0</u>	<u>0</u>	<u>4,214</u>
Total Assets	<u>48,703</u>	<u>25,299</u>	<u>2,145</u>	<u>76,147</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	11,023	0	0	11,023
Accrued Salaries & Benefits	9,817	0	0	9,817
Unearned Revenue	<u>131</u>	<u>0</u>	<u>0</u>	<u>131</u>
Total Liabilities	20,971	0	0	20,971
<b>FUND BALANCE</b>				
Nonspendable	4,214	0	0	4,214
Restricted for Capital Projects	0	299	0	299
Committed for Capital Projects	0	25,000	0	25,000
Assigned	<u>23,518</u>	<u>0</u>	<u>2,145</u>	<u>25,663</u>
Total Fund Balance	<u>27,732</u>	<u>25,299</u>	<u>2,145</u>	<u>55,176</u>
Total Liabilities and Fund Balance	<u>48,703</u>	<u>25,299</u>	<u>2,145</u>	<u>76,147</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2018

	<u>Food Service</u>	<u>Capital Projects</u>	<u>Student Activity</u>	<u>Total</u>
<b>REVENUES</b>				
Local Sources	9,085	0	6,011	15,095
State Sources	2,115	0	0	2,115
Federal Sources	<u>71,095</u>	<u>0</u>	<u>0</u>	<u>71,095</u>
Total Revenues	82,295	0	6,011	88,305
<b>EXPENDITURES</b>				
Current				
Salaries & Benefits	57,887	0	0	57,887
Purchased services	3,012	0	12,570	15,583
Supplies	46,128	0	2,466	48,595
Other	103	0	2,913	3,016
Non capital equipment	<u>11,059</u>	<u>0</u>	<u>0</u>	<u>11,059</u>
Total Expenditures	<u>118,190</u>	<u>0</u>	<u>17,950</u>	<u>136,140</u>
Excess of Revenues over (under) Expenditures	(35,895)	0	(11,939)	(47,834)
Other Financing Sources				
Operating Transfers	21,796	0	9,267	31,063
Commodities	<u>6,147</u>	<u>0</u>	<u>0</u>	<u>6,147</u>
Total Other Financing Sources	<u>27,943</u>	<u>0</u>	<u>9,267</u>	<u>37,210</u>
Excess of Revenues and Other Sources over (under) Expenditures	(7,953)	0	(2,672)	(10,625)
Fund Balance - Beginning	<u>35,684</u>	<u>25,299</u>	<u>4,817</u>	<u>65,800</u>
Fund Balance - Ending	<u>27,732</u>	<u>25,299</u>	<u>2,145</u>	<u>55,176</u>

See auditor's report and notes to the financial statements.

## GENERAL FUND

The General Fund is used to account for resources traditionally associated with the government which are not required legally or by sound financial management to be accounted for in another fund.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
General Fund  
Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
<b>ASSETS</b>			
Cash In Bank	463,747	220,220	243,527
Certificates of Deposit	215,245	501,160	(285,916)
Accounts/Grants Receivable	0	0	0
Accrued Property Tax Receivable	<u>8,931</u>	<u>7,828</u>	<u>1,103</u>
 Total Assets	 <u>687,923</u>	 <u>729,208</u>	 <u>(41,285)</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	33,495	0	33,495
Accrued Salaries and Benefits Payable	<u>134,522</u>	<u>136,897</u>	<u>(2,374)</u>
 Total Liabilities	 168,017	 136,897	 31,121
 Fund Balance			
Restricted for TABOR Reserve	52,992	51,802	1,191
Restricted for Preschool	79	1,107	(1,028)
Committed for Paid Time Off	0	(5,313)	5,313
Unassigned	<u>466,834</u>	<u>544,715</u>	<u>(77,881)</u>
 Total Fund Balance	 <u>519,905</u>	 <u>592,311</u>	 <u>(72,406)</u>
 Total Liabilities and Fund Balance	 <u>687,923</u>	 <u>729,208</u>	 <u>(41,285)</u>

## KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Local Sources				
Property Taxes	364,118	435,156	71,038	364,131
Specific Ownership Taxes	46,804	42,541	(4,263)	42,358
Delinquent Taxes & Penalties	250	355	105	319
Investment Interest	900	2,807	1,907	2,968
Indirect Costs From Preschool	0	0	0	1,031
Other	<u>16,000</u>	<u>33,390</u>	<u>17,390</u>	<u>42,711</u>
Total Local Sources	428,072	514,250	86,178	453,518
State Sources				
Equalization	1,150,107	1,103,867	(46,240)	1,152,542
Transportation	13,000	13,562	562	13,259
BOCES Flowthrough	10,000	15,701	5,701	14,134
Other	<u>66,133</u>	<u>75,745</u>	<u>9,612</u>	<u>83,320</u>
Total State Sources	1,239,240	1,208,874	(30,366)	1,263,255
Federal Sources				
Grants	15,000	19,725	4,725	17,795
BOCES Flowthrough	<u>22,801</u>	<u>32,605</u>	<u>9,804</u>	<u>29,212</u>
Total Federal Source	<u>37,801</u>	<u>52,330</u>	<u>14,529</u>	<u>47,007</u>
Total Revenues	1,705,113	1,775,454	70,341	1,763,780
Expenditures				
	<u>2,222,833</u>	<u>1,816,797</u>	<u>406,036</u>	<u>1,865,167</u>
Excess of Revenues over				
(under) Expenditures	(517,720)	(41,343)	476,377	(101,387)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(31,063)</u>	<u>(31,063)</u>	<u>0</u>	<u>(30,102)</u>
Excess of Revenues and Other Sources over				
(under) Expenditures & Other Uses	(548,783)	(72,406)	476,377	(131,489)
Fund Balance - Beginning				
	<u>548,783</u>	<u>592,311</u>	<u>43,528</u>	<u>723,800</u>
Fund Balance - Ending				
	<u>0</u>	<u>519,905</u>	<u>519,905</u>	<u>592,311</u>

See auditor's report and notes to the financial statements.

## KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

General Fund

Statement of Expenditures - Budget and Actual

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

			Variance Favorable (Unfavorable)	Actual Prior Year
INSTRUCTION	<u>Budget</u>	<u>Actual</u>		<u>Year</u>
Current				
Salaries	665,293	677,163	(11,870)	683,408
Employee Benefits	300,299	312,772	(12,473)	303,301
Purchased Services	75,748	58,249	17,499	85,209
Supplies and Material	61,862	43,180	18,682	57,051
Other	6,400	85	6,315	498
Capital Outlay	<u>6,950</u>	<u>1,051</u>	<u>5,899</u>	<u>21,975</u>
Total Instruction	1,116,552	1,092,500	24,052	1,151,442
SUPPORTING SERVICES				
Pupil				
Current				
Salaries	0	0	0	0
Benefits	0	0	0	0
Purchased Services	0	10,024	(10,024)	5,971
Supplies and Material	1,250	0	1,250	0
Other	100	0	100	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Pupil	1,350	10,024	(8,674)	5,971
Instructional Staff Services				
Current				
Salaries	15,500	14,983	517	13,635
Employee Benefits	3,396	3,238	158	2,746
Purchased Services	10,700	11,910	(1,210)	16,045
Supplies and Material	4,800	9,218	(4,418)	5,741
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instructional Staff	34,396	39,349	(4,953)	38,168

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
General Fund  
Statement of Expenditures - Budget and Actual  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017  
(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
SUPPORTING SERVICES (continued)				
General Administration				
Current				
Salaries	174,805	187,218	(12,413)	172,675
Employee Benefits	86,778	84,438	2,340	77,947
Purchased Services	41,187	42,165	(978)	37,532
Supplies and Material	17,000	16,326	674	26,057
Other	30,000	24,853	5,147	23,105
Capital Outlay	<u>12,500</u>	<u>10,184</u>	<u>2,316</u>	<u>4,721</u>
Total General Administration	362,270	365,183	(2,913)	342,036
School Administration				
Current				
Purchased Services	4,000	3,302	698	3,272
Other	<u>400</u>	<u>385</u>	<u>15</u>	<u>385</u>
Total School Administration	4,400	3,687	713	3,657
Business				
Current				
Purchased Services	1,500	1,086	414	909
Operations and Maintenance				
Current				
Salaries	97,047	97,961	(914)	110,999
Employee Benefits	44,994	46,999	(2,005)	46,183
Purchased Services	32,931	28,757	4,174	35,100
Supplies and Material	44,000	47,377	(3,377)	45,457
Other	100	0	100	0
Capital Outlay	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
Total Operations & Maintenance	224,072	221,093	2,979	237,738

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
General Fund  
Statement of Expenditures - Budget and Actual  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017  
(continued)

SUPPORTING SERVICES (continued)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Pupil Transportation				
Current				
Salaries	16,433	16,890	(457)	16,297
Employee Benefits	3,542	3,771	(229)	3,730
Purchased Services	10,366	11,530	(1,164)	11,841
Supplies and Material	9,750	12,623	(2,873)	9,205
Other	75	115	(40)	2
Capital Outlay	<u>250</u>	<u>0</u>	<u>250</u>	<u>0</u>
Total Transportation	40,416	44,929	(4,513)	41,075
Central Support Services				
Current				
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Purchased Services	25,642	30,849	(5,207)	24,718
Supplies and Material	6,200	3,744	2,456	4,285
Other	0	0	0	0
Capital Outlay	<u>22,500</u>	<u>0</u>	<u>22,500</u>	<u>14,780</u>
Total Central Support	54,342	34,593	19,749	43,783
Non Instructional Services				
Current				
Salaries	1,000	3,580	(2,580)	320
Employee Benefits	<u>110</u>	<u>773</u>	<u>(663)</u>	<u>68</u>
Total Non Instructional Services	1,110	4,353	(3,243)	388
TOTAL SUPPORTING SERVICES	723,856	724,298	(442)	713,725
Appropriated Reserves	<u>382,425</u>	<u>0</u>	<u>382,425</u>	<u>0</u>
TOTAL EXPENDITURES	<u>2,222,833</u>	<u>1,816,797</u>	<u>406,036</u>	<u>1,865,167</u>



*“The Best Little School in Colorado”*

## SPECIAL REVENUE FUNDS

Food Services Fund - to account for revenues and expenditures associated with providing hot meals to students, teachers, and visitors.

Student Activity Fund - to account for expenditures for non-instructional costs such as athletics. Financing is provided by gate admissions and transfers from the General Fund.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Food Services Special Revenue Fund  
Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets			
Cash In Bank	32,638	40,614	(7,976)
Accounts/Grants Receivable	11,851	0	11,851
Inventory	<u>4,214</u>	<u>4,304</u>	<u>(90)</u>
Total Current Assets	<u>48,703</u>	<u>44,918</u>	<u>3,785</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	11,023	0	11,023
Accrued Salaries & Benefits	9,817	9,061	756
Unearned Revenue	<u>131</u>	<u>172</u>	<u>(41)</u>
Total Liabilities	20,971	9,233	11,738
 <b>FUND BALANCE</b>			
Nonspendable	4,214	4,304	(90)
Assigned	<u>23,518</u>	<u>31,380</u>	<u>(7,863)</u>
Total Fund Balance	<u>27,732</u>	<u>35,684</u>	<u>(7,953)</u>
 Total Liabilities and Fund Balance	 <u>48,703</u>	 <u>44,918</u>	 <u>3,785</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Food Services Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Local Sources				
Charges for Service				
Student Meals	3,500	4,573	1,073	4,657
Adult Meals	2,500	4,511	2,011	6,892
State Sources	1,600	2,115	515	1,648
Federal Sources	<u>48,500</u>	<u>71,095</u>	<u>22,595</u>	<u>57,241</u>
Total Revenues	56,100	82,295	26,195	70,438
<b>EXPENDITURES</b>				
Salaries	32,288	33,287	(999)	33,039
Benefits	24,203	24,599	(396)	23,288
Food & Milk	42,750	36,976	5,774	36,288
Commodities	6,602	6,542	60	6,598
Purchased Services	2,350	3,012	(662)	2,092
Non-Food	5,300	2,611	2,689	3,851
Dues & Fees	200	103	97	83
Capital Equipment	<u>3,000</u>	<u>11,059</u>	<u>(8,059)</u>	<u>0</u>
Total Expenditures	<u>116,693</u>	<u>118,190</u>	<u>(1,497)</u>	<u>105,240</u>
Revenues over (under) Expenditures	(60,593)	(35,895)	24,698	(34,802)
Other Operating Sources				
Operating Transfer In	21,796	21,796	0	24,790
Commodities	<u>6,102</u>	<u>6,147</u>	<u>45</u>	<u>6,102</u>
Excess of Revenues and Other Sources over (under) Expenditures	(32,695)	(7,953)	24,742	(3,910)
Fund Balance - Beginning	<u>32,695</u>	<u>35,684</u>	<u>2,989</u>	<u>39,594</u>
Fund Balance - Ending	<u>0</u>	<u>27,732</u>	<u>27,732</u>	<u>35,684</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Student Activity Special Revenue Fund  
Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
<b>ASSETS</b>			
Cash In Bank	<u>2,145</u>	<u>4,817</u>	<u>(2,672)</u>
ASSIGNED FUND BALANCE	<u>2,145</u>	<u>4,817</u>	<u>(2,672)</u>

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Charges for service	9,200	6,011	(3,189)	9,198
 <b>EXPENDITURES</b>				
Purchased services	16,550	12,570	3,980	16,068
Supplies	3,150	2,466	684	1,527
Other	3,000	2,913	87	2,345
Non capital equipment	<u>2,000</u>	<u>0</u>	<u>2,000</u>	<u>0</u>
Total Expenditures	<u>24,700</u>	<u>17,950</u>	<u>6,750</u>	<u>19,940</u>
Excess of Revenues over (under) Expenditures	(15,500)	(11,939)	3,561	(10,742)
Operating Transfers	<u>9,267</u>	<u>9,267</u>	<u>0</u>	<u>5,312</u>
Excess of Revenues and Other Sources over (under) Expenditures	(6,233)	(2,672)	3,561	(5,430)
Fund Balance - Beginning	<u>6,233</u>	<u>4,817</u>	<u>(1,416)</u>	<u>10,247</u>
Fund Balance - Ending	<u>0</u>	<u>2,145</u>	<u>2,145</u>	<u>4,817</u>

See auditor's report and notes to the financial statements.

## CAPITAL PROJECTS FUND

Capital Projects Fund - to account for acquisition of land and construction of structures thereon, or acquisition of land with existing structures thereon and equipment and furnishing therein; construction of additions to existing structures; procurement of equipment for new buildings and additions to existing buildings and installation thereof; alterations and improvements to existing structures; and acquisition of school buses or other equipment, including any necessary installations. Lease agreements with option to purchase for a period of one year or less, including lease agreements consisting of a series of one-year terms renewable at the option of the District. Financing is provided by an allocation from the General Fund.

## KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5

Bethune, Colorado

Capital Reserve Capital Projects Fund

Comparative Balance Sheet

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
ASSETS			
Cash			
In Bank	<u>25,299</u>	<u>25,299</u>	<u>0</u>
FUND BALANCE			
Committed	25,000	25,000	0
Restricted	<u>299</u>	<u>299</u>	<u>0</u>
Total Fund Balance	<u>25,299</u>	<u>25,299</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>25,299</u>	<u>25,299</u>	<u>0</u>

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Capital Reserve Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Budget and Actual  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

			Variance Favorable <u>Actual Unfavorable)</u>	Actual Prior <u>Year</u>
Local Sources				
Investment Earnings	0	0	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Local Sources	0	0	0	0
EXPENDITURES				
Capital Outlay	0	0	0	0
Appropriated Reserves	<u>25,298</u>	<u>0</u>	<u>25,298</u>	<u>0</u>
Total Expenditures	<u>25,298</u>	<u>0</u>	<u>25,298</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	(25,298)	0	25,298	0
Other Financing Sources				
Operating Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (Under) Expenditures and Other Uses	(25,298)	0	25,298	0
Fund Balance - Beginning	<u>25,298</u>	<u>25,299</u>	<u>1</u>	<u>25,299</u>
Fund Balance - Ending	<u>0</u>	<u>25,299</u>	<u>25,299</u>	<u>25,299</u>

## AGENCY FUND

Student Activity Fund – to act as custodian for the classes and activities of the District.

KIT CARSON COUNTY SCHOOL DISTRICT NUMBER R-5  
Bethune, Colorado  
Student Activity Agency Fund  
Statement of Changes in Assets and Liabilities - Budget and Actual  
For the Year Ended June 30, 2018

	Balance			Balance
	<u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30</u>
Board of Education	3,239	19,086	19,032	3,293
Checking interest	1,965	10	0	1,975
Class of 2015	468	0	0	468
Class of 2016	689	0	0	689
Class of 2017	0	0	0	0
Class of 2018	7,718	218	7,594	342
Class of 2019	332	12,825	6,676	6,481
Class of 2020	0	293	0	293
FBLA	1,045	0	0	1,045
FFA	1,140	0	0	1,140
SLAC	0	0	0	0
Drama	1,937	320	25	2,232
Cheerleaders	90	82	0	172
SADD	6	0	0	6
Student Council	4,006	131	421	3,716
Athletics	4,372	0	0	4,372
Volleyball	451	0	0	451
Football	288	0	0	288
Weight Room 2018 Usage	0	300	0	300
Book Fair	(511)	2,711	2,699	(499)
Recycling	158	0	0	158
Community Benefit Proceeds	0	1,889	1,889	0
Bethune Memorial Scholarship	9,631	194	0	9,825
N Leonard Scholarship	500	0	0	500
J Thiede Family Memorial Scholarship	<u>1,077</u>	<u>0</u>	<u>0</u>	<u>1,077</u>
Total	38,600	38,058	38,335	38,323
 Budget	 <u>36,977</u>	 <u>22,000</u>	 <u>58,977</u>	 <u>0</u>
 Variance - Favorable (Unfavorable)	 <u>1,623</u>	 <u>16,058</u>	 <u>20,642</u>	 <u>38,323</u>

## AUDITOR'S INTEGRITY REPORT



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1490 - BETHUNE R-5  
 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	591,204		1,719,915		1,791,293		519,826
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	1,107		24,476		25,504		79
<b>Sub-Total</b>	<b>592,311</b>		<b>1,744,391</b>		<b>1,816,797</b>		<b>519,905</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	35,684		110,237		118,190		27,732
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	4,817		15,278		17,950		2,145
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	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	25,299		0		0		25,299
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>658,111</b>		<b>1,869,906</b>		<b>1,952,937</b>		<b>575,081</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	38,600		38,058		38,335		38,323
79 GASB 34-Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>38,600</b>		<b>38,058</b>		<b>38,335</b>		<b>38,323</b>
<b>FINAL</b>							

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