

cPa DIXON, WALLER & CO., INC.

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LIMON PUBLIC SCHOOLS RE-4J

LIMON, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

**DIXON, WALLER & CO., INC.**

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LIMON PUBLIC SCHOOLS RE-4J

FINANCIAL STATEMENTS

June 30, 2018

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LIMON PUBLIC SCHOOLS RE-4J  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2018

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BOARD OF EDUCATION

Craig Bailey	President
Mike Hines	Vice - President
Wendy Pottorff	Secretary
Theron Perry	Treasurer
Troy Jaklich	Member

SCHOOL OFFICIAL

John McCleary	Superintendent
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Limon Public Schools RE-4J  
Limon, Colorado 80828

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Limon Public Schools RE-4J, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Limon Public Schools RE-4J, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post employment benefits trend data on pages i through x and 44 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Limon Public Schools RE-4J's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

  
Trinidad, Colorado  
November 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIMON PUBLIC SCHOOLS RE-4J  
912 Badger Way  
PO Box 249  
Limon, CO 80828

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

This Management's Discussion and Analysis (MD&A) of Limon School District RE-4J is an element of the new reporting for the Governmental Accounting Standard Board (GASB) in their Statement no. 34, Basic Financial Statements for State and Local Governments, issued June 1999. This discussion provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this report is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the District's financial statements following this section.

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$361,851. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund, administered by the Public Employees Retirement Association, is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$321,200 to \$13,058,747 from \$13,379,947 at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available

#### FINANCIAL HIGHLIGHTS

The District's total combined assets and deferred flows (for governmental activities) exceeded the total liabilities by \$11,328,368 at June 30, 2018.

The General Fund reported a fund balance of \$1,993,713 at the close of the fiscal year 2018 which was higher than the previous year balance of \$1,780,165 for an increase of \$213,548. The district strives to limit the spending of the reserves; which will eventually deplete the reserves.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Limon School District RE-4J's basic financial statements. The basic financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities that the district operates like businesses. As of July 1, 2014 the Food Service Fund is presented as a special revenue fund in the governmental activities. In accordance with instructions from the Colorado Department of Education the District was also required to change its Food Service Fund from a proprietary fund in 2014 to a special revenue governmental fund in 2015. As a special revenue fund certain assets and liabilities had to be reclassified to fund balance. Prior to this it was presented in the business type activities. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and how they relate to one another.

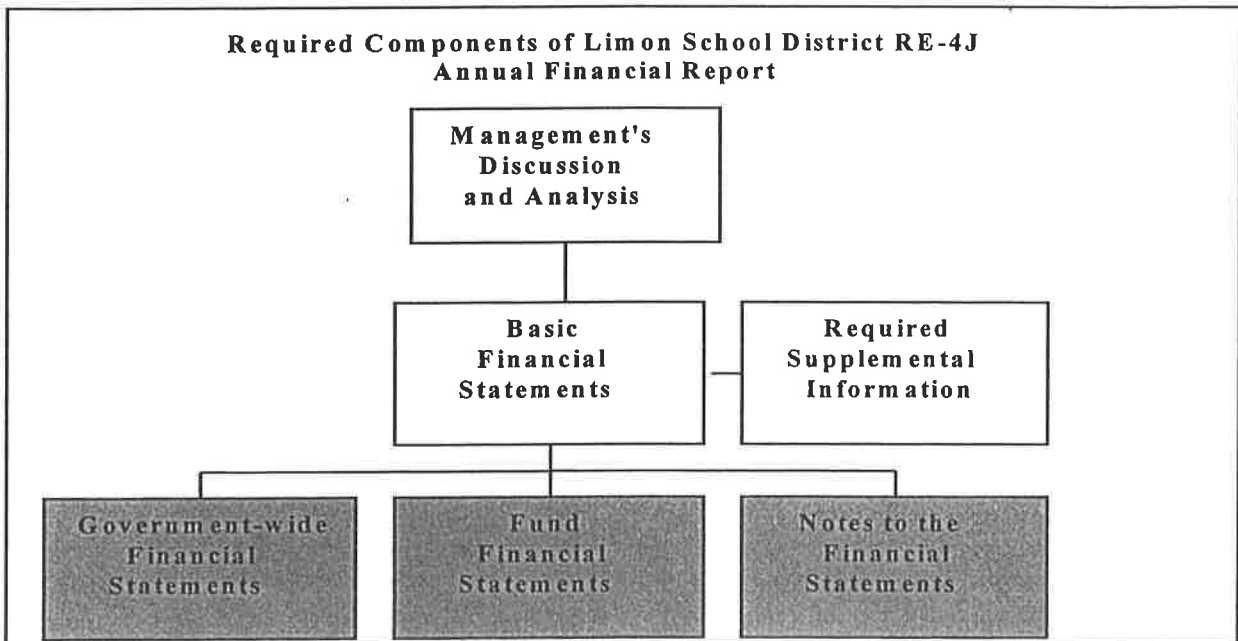


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2**  
**Major Features of Limon Public Schools RE-4J Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire District government (except fiduciary funds and the districts component units)	The activities of the District that are not proprietary or fiduciary such as elementary and high school education programs	Activities the District operate similar to private businesses	Instances in which the District is the trustee or agent for someone else’s resources.
<b>Required Financial Statements</b>	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Fund Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability Information</b>	All assets, liabilities and deferred flows, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the Districts funds do not currently contain capital assets although they can
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

### Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. They consist of two statements:

The statement of net position presents information on all of the District’s assets, liabilities and deferred flows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of the District.

The statement of activities presents information reporting how the District's net position changed during the fiscal year 2017-2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

The government-wide financial statements of the District are reported in two categories:

**Governmental Activities** - This category includes the District's basic instructional services, such as elementary, junior high, and high school educational programs, support services (executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, speech, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.

**Business-type Activities** - The district currently has no business-type activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

Limon School District RE-4J maintains five individual governmental funds. Information is presented separately in the governmental fund - balance sheet and in the governmental fund - statement of revenues, expenditures and changes in fund balances for the (1) General Fund (2) Bond Redemption fund (3) Special Revenue funds and (4) Capital Project funds. Also included in the supplementary information section is budget-to-actual information as required by law.

**Proprietary Funds** – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The district has no proprietary funds maintained by the District.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as scholarship funds and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The district maintains several fiduciary funds for scholarships and one, which is categorized

as an agency fund. This is the student activity fund so there will be no statement of changes in fiduciary net assets as it is not required for agency funds.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements. Information includes combining statements mentioned earlier in connection with non-major governmental funds as well as budget-to-actual information for all funds as dictated by state law. A budgetary comparison schedule has been provided for the General, Capital Reserve, Insurance Reserve, Student Activity and Bond Redemption funds to demonstrate compliance.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The statement of net position reports all financial and capital resources. The statement presents the assets, liabilities and deferred flows in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the district, consisting of compensated absences payable, early retirement benefits payable and capital outlay certificates payable have been reported in this manner on the statement of net position. The difference between the district's assets, liabilities and deferred flows is its net position.

Table A-1 on the next page provides a statement of the district's net position as of June 30, 2017 and June 30, 2018. A comparison between the two years highlights a few items:

- The total liabilities increased in 2018 by \$1,448,113 compared to the year 2017.
- The total assets increased by \$181,411 in 2018.
- Ending net position decreased by \$2,051,578 in 2018 from 2017.

Table A-1  
Limon Public Schools RE-4J  
STATEMENT OF NET POSTITION

	June 30, 2017 Governmental Activities	June 30,2018 Governmental Activities
Assets:		
Cash	3,657,637	3,713,447
Investments		
Accounts receivable	304,437	222,484
Accrued revenue	18,247	22,668
Property taxes receivable	47,500	64,000
Inventories	8,337	10,200
Capital assets	30,150,793	31,010,388
Accumulated depreciation	(3,543,487)	(4,218,132)
	<hr/>	<hr/>
Total Assets	30,643,464	30,824,875
Deferred Outflows of Resources		
Deferred Refunding - Debt	85,074	67,417
Deferred Pension Cost – Plan	5,190,655	5,343,400
Deferred Pension Cost - Entity	13,278	25,474
Deferred Pension Cost – Contributions Subsequent to Pension Measurement Date	210,073	-
	<hr/>	<hr/>
Total Deferred Outflows	5,499,080	5,436,291
Liabilities :		
Accounts payable	465,425	160,981
Accrued salaries and benefits	317,812	323,011
Other-Intergovernmental Payable		
Accrued interest payable	25,153	24,247
Noncurrent liabilities:		
Compensated absences	129,125	126,674
Lease Payments due within one year	49,503	25,027
Bond payments due within one year	394,482	405,349
Leases due in more than one year	25,028	-
Bonds payments due in more than one year	7,044,776	6,639,427
Net Pension Liability	14,012,943	15,845,793
Net OPEB Liability	-	361,851
	<hr/>	<hr/>
Total Liabilities	22,464,247	23,912,360
Deferred Inflow of Resources:		
Pension	63,315	1,014,384
Other Post-Employment Benefits	235,036	6,054
	<hr/>	<hr/>
Total Deferred Inflows	298,351	1,020,438
Net Position:		
Invested in capital assets	19,093,517	19,722,453
Restricted for:		
Tabor Reserve	153,000	175,000
Food Service	20,716	40,221
Preschool	7,015	990
Debt Service	1,336,736	1,367,583
Unrestricted	(7,231,038)	(9,977,879)
	<hr/>	<hr/>
Total Net Position	13,379,946	11,328,368

## Changes in Net Position

This section will show condensed financial comparison of revenues and expenses and provide explanations for significant differences.

Some of the highlights comparing the two years are:

Revenues increased in 2018 from 2017 by \$768,803. Expenses increased by \$451,751 in 2018.

### Financial Comparison of Revenues and Expenses

Table A-3

	June 30, 2017 Governmental Activities	June 30, 2018 Governmental Activities
<b>Revenues</b>		
Charges for Services	267,074	270,393
Operating Grants	466,612	798,817
Property/Ownership Taxes	2,454,978	2,562,636
Capital Grants	448,955	799,870
Earnings on investments	8,484	15,910
Other local sources	49,502	76,535
State Equalization	2,169,619	2,297,551
Transfers		
Total Revenues	6,052,909	6,821,712
<b>Expenses</b>		
Instructional Services	3,473,080	3,523,527
Supporting Services	1,664,938	1,843,288
Interest, amortization	304,569	265,165
Food Service	180,435	176,920
Pension Cost	2,440,768	2,619,489
OPEB Cost	-	21,231
Capital Outlay	36,550	102,471
Total Expenses	8,100,340	8,552,091
Increase (Decrease) in net position	(2,047,431)	(1,730,379)
Beginning net position	15,427,376	13,058,747
Total Net Position	13,379,946	11,328,368

The District's revenues totaled \$6,821,712 in 2018 (See Table A-3). Approximately 37 percent of the District's revenue came from property and other taxes, with 34 percent coming from state equalization.

The total cost of all programs and services in 2018 was \$8,552,091, an increase of \$451,751 from 2017. The District's expenses cover a range of services, encompassing instruction, support services and food services.

## Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$8,424.01 per funded student. In fiscal year 2017-2018, the funded pupil count was 472.2. Funding for the School Finance act comes from property taxes, specific ownership taxes and state equalization.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

### Governmental Funds

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

#### General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. The School Board approves a budget in June based on enrollment projections for the following school year.

Actual revenues for the General fund totaled \$5,011,311 which was \$228,112 more than the final budget. The actual expenditures of \$4,637,763 were below budget by \$1,454,360. The District increased the General Fund's fund balance from the previous year by \$213,548. The \$1,993,713 fund balance as of June 30, 2018 includes \$175,000 reserved for TABOR. The budgetary basis differs from generally accepted accounting principles (GAAP) in the treatment of accrued salaries, benefits and related liabilities. According to state statutes, the accrued salaries and related benefits do not need to be "funded" and, therefore, are not subtracted from budgetary basis fund balance.

#### Bond Redemption Fund

A General Obligation Refunding issue in the amount of \$1,575,000 was issued in 2014. The corresponding activity was recorded in this fund as well as the levy and receipt of taxes to pay principal and interest on this debt as well as Matching Money Bonds.

#### Food Service Fund

This fund is used to account for all activity in the school lunch and breakfast program. Revenues come from meal charges as well as federal and state grants. The ending fund balance was \$50,241.

#### Capital Reserve Capital Project Fund.

This fund replaces the Capital Reserve Fund. The revenue is primarily from funds allocated from the general fund or from any grants designated specifically for building projects. The ending fund balance was \$97,147.

#### Insurance Reserve Funds (combined with General Fund)

The Insurance Reserve fund includes revenues and expenses relating to property, general liability, and workers' compensation insurance. Employee insurance programs and unemployment is expensed throughout the General Fund. The District allocated \$96,000 to the Insurance Reserve fund. Insurance policies cost \$96,081 leaving a fund balance of \$1,219. This fund is combined with the General Fund for financial statement reporting.

### Student Activity Fund

The Student Activity Fund is established to account for monies related to student clubs, class monies and athletics. The deposits held for this fund for the various clubs at the close of the year was \$260,324.

## BUDGETARY HIGHLIGHTS

The final fiscal year 2017-2018 budget adopted by the Board of Education for the District as a whole totaled appropriation of \$10.6 million including: General Fund appropriations of \$6.4 million, Insurance Reserve Fund appropriations of \$97,300, Bond Redemption Fund appropriations of \$2.2 million and Capital Building Project appropriations of \$1.7 million.

### CAPITAL ASSET ADMINISTRATION

By the end of 2018, the District had invested \$31 million in a broad range of government-wide capital assets, including, land, buildings, various machinery and equipment. This year's capital activity includes the construction in progress for remodeling of the locker rooms. Assets are shown before accumulated depreciation of \$4,218,132.

#### Limon School District RE-4J

#### Capital Assets – Governmental Activities

	June 30, 2017	June 30, 2018
Land	90,000	90,000
Buildings	28,070,641	29,289,830
Site Improvements	577,192	577,192
Construction in Progress	390,309	-
Vehicles	753,755	753,755
Equipment	268,896	299,611
Total Funds Capital Assets	<u>30,150,793</u>	<u>31,010,388</u>

## GENERAL OBLIGATION DEBT

The District issued \$1,575,000 in General Obligation Refunding Bonds to defease outstanding Limited Tax Certificates of Participation. Additionally, \$6,973,015 of Matching Money Bonds were issued to provide the District's match in a \$31,992,337 BEST construction project. Outstanding General Obligation debt at June 30, 2018 was \$7,044,776.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

Information from the 2017-2018 student enrollment "October count" shows that Limon School District RE-4J has increased slightly over the last year. The district's enrollment for the last five years has been as follows:

	17/18 FY	16/17 FY	15/16 FY	14/15 FY	13/14 FY
At Risk Count	199	171	147	133	168
Oct. 1 FTE Count	468	467.5	481	464	449.5
Average Funded Pupil Count	472.2	474.3	482	464	449.5

The United States and the State of Colorado have experienced slowing economic conditions in the past several years. One impact of this economic slowing is the reduction in the State of Colorado's general fund revenues, which are expected to continue to decline. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District anticipates its revenues may be adversely impacted. The District may also have to reduce its future expenditures to maintain its fund balance.

Colorado issues School Performance Frame Works for every public school in the state. The report rates each school based upon student performance on the Transitional Colorado Assessment Program (TCAP). The TCAP is administered to all three through tenth grade students. The elementary, middle schools and the high school of the District received the highest performance rating. Schools placed on a turnaround plan for three straight years face a possible state take over and/or conversion to a charter school. The district was accredited by the state.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent, Limon Public Schools RE-4J, PO Box 249, 912 Badger Way, Limon, CO 80828

Respectfully submitted,

*Kimberly Steinhart*  
Director of Business Services

BASIC FINANCIAL STATEMENTS

LIMON PUBLIC SCHOOLS RE-4J  
STATEMENT OF NET POSITION  
June 30, 2018

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	3,713,447	3,713,447
Accounts Receivable	222,484	222,484
Accrued Revenue	22,668	22,668
Property Taxes Receivable	64,000	64,000
Inventories	10,020	10,020
Capital Assets	31,010,388	31,010,388
Accumulated Depreciation	<u>(4,218,132)</u>	<u>(4,218,132)</u>
<u>Total Assets</u>	<u>30,824,875</u>	<u>30,824,875</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Refunding – Debt	67,417	67,417
Pension	5,343,400	5,343,400
Other Post Employment Benefits	<u>25,474</u>	<u>25,474</u>
<u>Total Deferred Outflows of Resources</u>	<u>5,436,291</u>	<u>5,436,291</u>
<u>LIABILITIES</u>		
Accounts Payable	160,981	160,981
Accrued Salaries and Benefits	323,011	323,011
Accrued Interest Payable	24,247	24,247
NonCurrent Liabilities:		
Compensated Absences	126,674	126,674
Lease Payments Due Within One Year	25,027	25,027
Bonds Due Within One Year	405,349	405,349
Leases Due In More Than One Year	-	-
Bonds Due in More than One Year	6,639,427	6,639,427
Net Pension Liability	15,845,793	15,845,793
Net OPEB Liability	<u>361,851</u>	<u>361,851</u>
<u>Total Liabilities</u>	<u>23,912,360</u>	<u>23,912,360</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	1,014,384	1,014,384
Other Post Employment Benefits	<u>6,054</u>	<u>6,054</u>
<u>Total Deferred Inflows</u>	<u>1,020,438</u>	<u>1,020,438</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	19,722,453	19,722,453
Restricted for:		
TABOR Reserve	175,000	175,000
Preschool	990	990
Food Service	40,221	40,221
Debt Service	1,367,583	1,367,583
Unrestricted	<u>(9,977,879)</u>	<u>(9,977,879)</u>
<u>TOTAL NET POSITION</u>	<u>11,328,368</u>	<u>11,328,368</u>

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



LIMON PUBLIC SCHOOLS RE-4J  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	<u>General</u>	<u>Capital Reserve Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Equivalents	2,186,066	97,147	1,352,082	78,152	3,713,447
Investments	-	-	-	-	-
Accounts Receivable	222,484	-	-	-	222,484
Accrued Revenue	22,668	-	-	-	22,668
Due From Other Funds	-	-	-	-	-
Property Taxes Receivable	44,000	-	20,000	-	64,000
Inventories	-	-	-	10,020	10,020
<b>Total Assets</b>	<u>2,475,218</u>	<u>97,147</u>	<u>1,372,082</u>	<u>88,172</u>	<u>4,032,619</u>
<b>LIABILITIES:</b>					
Accounts Payable	160,981	-	-	-	160,981
Accrued Salaries and Benefits	310,667	-	-	12,344	323,011
Due To Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>471,648</u>	<u>-</u>	<u>-</u>	<u>12,344</u>	<u>483,992</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Property Tax	9,857	-	4,499	-	14,356
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventories	-	-	-	10,020	10,020
Restricted:					
Emergencies	175,000	-	-	-	175,000
Debt Service	-	-	1,367,583	-	1,367,583
Preschool	990	-	-	-	990
Food Service	-	-	-	40,221	40,221
Committed:					
Capital Outlay	-	97,147	-	-	97,147
Insurance	1,219	-	-	-	1,219
Assigned:					
Student Activities	-	-	-	25,587	25,587
Unassigned	1,816,504	-	-	-	1,816,504
<b>Total Fund Balances</b>	<u>1,993,713</u>	<u>97,147</u>	<u>1,367,583</u>	<u>75,828</u>	<u>3,534,271</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>2,475,218</u>	<u>97,147</u>	<u>1,372,082</u>	<u>88,172</u>	<u>4,032,619</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2018

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

<u>Total Fund Balance – Governmental Funds</u>	3,534,271
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$31,010,388 and the accumulated depreciation is \$4,218,132.	26,792,256
Property tax revenue is recognized when earned (claim to resources established) rather than when “available” in the entity-wide financial statements.	14,356
Interest is recognized when paid in the funds. This is accrued interest payable to year end.	(24,247)
For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This is the unamortized deferred refunding amount.	67,417
Long-term liabilities, including capital leases and general obligation bonds are not due and payable in the current period and therefore are not reported in funds.	(7,069,803)
Compensated absences are not reported as a liability in the funds.	(126,674)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(15,845,793)
Net Other Post employment Benefits Liability	(361,851)
Deferred Outflows	5,368,874
Deferred Inflows	<u>(1,020,438)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>11,328,368</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018

	<u>General</u>	<u>Capital Reserve Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	1,580,708	-	717,520	-	2,298,228
Specific Ownership Taxes	272,301	-	-	-	272,301
Earnings on Investments	10,551	-	5,359	-	15,910
Other Local Sources	141,779	-	968	156,743	299,490
State Aid	2,866,616	799,871	-	3,298	3,669,785
Federal Aid	139,356	-	-	115,707	255,063
<u>Total Revenues</u>	<u>5,011,311</u>	<u>799,871</u>	<u>723,847</u>	<u>275,748</u>	<u>6,810,777</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional Services	2,788,809	-	-	116,399	2,905,208
Supporting Services:					
Students	231,011	-	-	-	231,011
Instructional Staff	93,451	-	-	-	93,451
District Administration	191,566	-	-	-	191,566
School Administration	315,904	-	-	-	315,904
Business	115,016	-	-	-	115,016
Operation & Maintenance of Facilities	574,274	-	-	-	574,274
Transportation	152,603	-	-	-	152,603
Community Central	121,597	-	600	-	122,197
Food Service	-	-	-	170,311	170,311
Debt Service:					
Principal	-	49,503	394,482	-	443,985
Interest	-	1,323	297,918	-	299,241
Capital Outlay	53,532	838,880	-	-	892,412
<u>Total Expenditures</u>	<u>4,637,763</u>	<u>889,706</u>	<u>693,000</u>	<u>286,710</u>	<u>6,507,179</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>373,548</u>	<u>(89,835)</u>	<u>30,847</u>	<u>(10,962)</u>	<u>303,598</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(160,000)	150,000	-	10,000	-
<u>Total Other Financing Sources (Uses)</u>	<u>(160,000)</u>	<u>150,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	213,548	60,165	30,847	(962)	303,598
FUND BALANCE – Beginning	1,780,165	36,982	1,336,736	76,790	3,230,673
FUND BALANCES – Ending	<u>1,993,713</u>	<u>97,147</u>	<u>1,367,583</u>	<u>75,828</u>	<u>3,534,271</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

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

Net Change in Fund Balances – Total Governmental Funds 303,598

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Donated Equipment	18,828	
Capital Outlays more than \$5,000	840,767	
Depreciation Expense	<u>(674,645)</u>	184,950

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred inflows in the governmental funds. They are, however, recorded as revenues in the statement of activities. (7,893)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Repayment of Debt Principal	443,986	
Amortization of Deferred Refunding	(17,657)	
Interest Expense	<u>906</u>	427,235

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. 2,451

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:

Pension Cost		(2,619,489)
Other Post Employment Benefits Cost		<u>(21,231)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (1,730,379)

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

LIMON PUBLIC SCHOOLS RE-4J  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
June 30, 2018

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	<u>Student Activities Fund</u>
<u>ASSETS</u>	
Cash	260,324
Due From Other Funds	-
<u>Total Assets</u>	<u>260,324</u>
<u>LIABILITIES</u>	
Due To Student Groups	260,324
Accounts Payable	-
<u>Total Liabilities</u>	<u>260,324</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Limon Public Schools RE-4J (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

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

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Limon Public Schools RE-4J. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A.      Reporting Entity

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

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14.

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B.      Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D.      Fund Accounting

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

- Major Governmental Funds
  1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
  2. Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
  3. Capital Reserve Capital Project Fund – used to account for the acquisition of sites, buildings, equipment and vehicles.

Additionally, the District reports the following fund type: Fiduciary Fund

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

E.      Cash and Investments

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F.    Receivables

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

G.    Inventories

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

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

H.    Capital Assets

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

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

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-50 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

I.    Deferred Outflows/Inflows of Resources

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows/Inflows of Resources (continued)

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value.

K. Constitutional Amendment

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

In November of 1996 the registered voters approved a ballot resolution authorizing Limon Public Schools RE-4J to collect, retain and expend all revenues collected during 1995 and any subsequent year from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2018 the District reserved \$175,000 for this purpose.

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L.    Property Taxes

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

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

M.    Use of Estimates

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

N.    Interest Expense

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

O.    GASB Statement No. 54

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O.    GASB Statement No. 54 (Continued)

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Capital Reserve Capital Project Fund</u>	<u>Bond Redemption Fund</u>	<u>Pupil Activity Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>						
Inventories	-	-	-	-	10,020	10,020
<u>Restricted:</u>						
Emergencies	175,000	-	-	-	-	175,000
Preschool	990	-	-	-	-	990
Debt Service	-	-	1,367,583	-	-	1,367,583
Capital Outlay	-	-	-	-	-	-
Food Service	-	-	-	-	40,221	40,221
<u>Committed:</u>						
Insurance	1,219	-	-	-	-	1,219
Capital Outlay	-	97,147	-	-	-	97,147
<u>Assigned:</u>						
Pupil Activities	-	-	-	25,587	-	25,587
Unassigned	<u>1,816,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,816,504</u>
<u>Total Fund Balances</u>	<u>1,993,713</u>	<u>97,147</u>	<u>1,367,583</u>	<u>25,587</u>	<u>50,241</u>	<u>3,534,271</u>

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

	Items Eliminated		Items Eliminated	
	Transfers To Other Funds	Transfers From Other Funds	Due To Other Funds	Due From Other Funds
General Fund	160,000	-	-	-
Food Service	-	-	-	-
Capital Reserve- Capital Project	-	150,000	-	-
Student Activity - Special Revenue	-	10,000	-	-
	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>-</u>

NOTE 3 BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 3      BUDGETARY INFORMATION (Continued)

2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Debt Service, Capital Projects and Special Revenue Funds.
6. Budgets for the General, Debt Service, Capital Projects and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds.

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

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

NOTE 4      CASH AND INVESTMENTS

Deposits

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 4      CASH AND INVESTMENTS (Continued)

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	3,676,873	3,709,853
Cash Equivalents	-	-
Cash with County Treasurer	46,848	-
Cash on Hand	50	-
<u>Total Cash and Deposits</u>	<u>3,973,771</u>	<u>3,959,853</u>

As presented above, deposits with a bank balance of \$3,709,853 and a carrying balance of \$3,676,873 as of June 30, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Non-Depreciable Assets:</u>				
Land	90,000	-	-	90,000
<u>Depreciable Assets:</u>				
Construction in Progress	390,309	-	390,309	-
Buildings	28,070,641	1,219,189	-	29,289,830
Site Improvements	577,192	-	-	577,192
Vehicles	753,755	-	-	753,755
Equipment	268,896	30,715	-	299,611
<u>Total Assets</u>	<u>30,150,793</u>	<u>1,249,904</u>	<u>390,309</u>	<u>31,010,388</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Buildings	2,631,108	591,219	-	3,222,327
Site Improvements	205,726	28,109	-	233,835
Vehicles	602,669	36,886	-	639,555
Equipment	103,984	18,431	-	122,415
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>3,543,487</u>	<u>674,645</u>	<u>-</u>	<u>4,218,132</u>
<u>Total Capital Assets, Net</u>	<u>26,607,306</u>	<u>575,259</u>	<u>390,309</u>	<u>26,792,256</u>

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 5      CAPITAL ASSETS (Continued)

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

Governmental Activities:

Instruction	620,770
Operations and Maintenance	5,085
Transportation	42,181
Food Service	<u>6,609</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>674,645</u>

NOTE 6      ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, and June 30, 2018, are estimated to be \$323,011. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 7      INTERFUND TRANSACTIONS

	<u>Due To</u> <u>Other Funds</u>	<u>Due From</u> <u>Other Funds</u>	<u>Transfer To</u> <u>Other Funds</u>	<u>Transfer From</u> <u>Other Funds</u>
General Fund	-	-	160,000	-
Capital Reserve - Capital Project	-	-	-	150,000
Food Service	-	-	-	-
Student Activity – Special Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>160,000</u>

All interfund due to/from amounts were accumulated in the normal course of operations and represent amounts paid or settled between the General Fund and other operating funds of the District. All are expected to be repaid within the upcoming period. Transfers were to support normal operations.

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 8      PENSION PLAN

**Defined Benefit Pension Plan**

Summary of Significant Accounting Policies

Pensions. Limon Public Schools RE-4J 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 Limon Public Schools RE-4J are provided with pensions through the School Division Trust Fund (SCHDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investment/pera-financial-reports](http://www.copera.org/investment/pera-financial-reports).

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 8      PENSION PLAN (Continued)

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

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

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 8      PENSION PLAN (Continued)

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

*Contribution provisions as of June 30, 2018.* Eligible employees and Limon Public Schools RE-4J are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Limon Public Schools RE-4J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Limon Public Schools RE-4J were \$434,960 for the year ended June 30, 2018.

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

At June 30, 2018, the Limon Public Schools RE-4J reported a liability of \$15,845,793 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 Limon Public Schools RE-4J proportion of the net pension liability was based on Limon Public Schools RE-4J 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 Limon Public Schools RE-4J proportion was 0.0490 percent, which was an increase of 0.0019% to its proportion measured as of December 31, 2016.

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 8      PENSION PLAN (Continued)

For the year ended June 30, 2018, the Limon Public Schools RE-4J recognized pension expense of \$2,619,489. At June 30, 2018, the Limon Public Schools RE-4J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	291,337	-
Changes of assumptions or other inputs	4,046,020	(25,675)
Net difference between projected and actual earnings on pension plan investments	314,135	(936,414)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	467,998	(52,295)
Contributions subsequent to the measurement date	223,910	N/A
Total	5,343,400	(1,014,384)

\$223,910 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	2,652,239
2020	1,604,578
2021	82,392
2022	(234,103)
2023	-
Thereafter	-

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 8      PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 8**      **PENSION PLAN (Continued)**

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

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

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 8      PENSION PLAN (Continued)

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 8 PENSION PLAN (Continued)

*Sensitivity of the Limon Public Schools RE-4J proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (6.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	20,015,932	15,845,793	12,447,606

*Pension plan fiduciary net position.* Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

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

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 8**      **PENSION PLAN (Continued)**

At June 30 2018, the Limon Public Schools RE-4J reported a liability of \$15,845,793 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 Limon Public Schools RE-4J'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%	7,158,992

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 \$7,936,915 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

**Defined Contribution Pension Plan**

**Voluntary Investment Program**

*Plan Description* – Employees of the Limon Public Schools RE-4J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2018, program members contributed \$41,489.

NOTE 9      OTHER POST EMPLOYMENT BENEFITS

**Defined Benefit And Other Post Employment Benefit (OPEB) Plan**

Summary of Significant Accounting Policies

*OPEB.* Limon Public Schools RE-4J participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

*Plan Plan description.* Eligible employees of the Limon Public Schools RE-4J 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.

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Limon Public Schools RE-4J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Limon Public Schools RE-4J were \$23,493 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 Limon Public Schools RE-4J reported a liability of \$361,851 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 Limon Public Schools RE-4J proportion of the net OPEB liability was based on Limon Public Schools RE-4J 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 Limon Public Schools RE-4J proportion was 0.0278 percent, which was an increase of 0.0011 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Limon Public Schools RE-4J recognized OPEB expense of \$21,231. At June 30, 2018, the Limon Public Schools RE-4J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	1,711	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(6,054)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,825	-
Contributions subsequent to the measurement date	11,938	N/A
Total	25,474	(6,054)

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

\$11,938 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	1,146
2020	1,146
2021	1,146
2022	1,146
2023	2,659
Thereafter	239

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Limon Public Schools RE-4J 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	351,895	361,851	373,842

*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.

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 9      OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

*Sensitivity of the Limon Public Schools RE-4J 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	406,834	361,851	323,456

*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).

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

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NOTE 10    JOINT VENTURE

Not reflected in the accompanying financial statements is the District's participation in the East Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district.

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

Assets and Deferred Outflows	<u>9,130,115</u>
Liabilities and Deferred Inflows	17,510,660
Net Position	<u>(8,380,545)</u>
	<u>9,130,115</u>
Revenues	8,591,775
Expenses	<u>10,871,227</u>
Change in Net Position	<u>(2,279,452)</u>

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

NOTE 11    LONG-TERM DEBT – GENERAL OBLIGATION BONDS

General Obligation Refunding Bonds Taxable Series 2013

On November 12, 2013 the District issued \$1,575,000 in General Obligation Refunding Bonds bearing interest rates ranging from .78% to 4.5% to advance refund \$1,700,000 in Limon School District Public Building Authority Limited Tax Certificates of Participation (Series 2004) with an average interest rate of 5.5%. Refunding proceeds and District funds totaling \$1,797,040 were deposited with an escrow agent to provide debt service payments of \$1,700,000 principal and \$439,091 in interest on the 2004 certificates. As a result, the debt was considered to be defeased and the liability for the issue was removed from the financial statements. The remaining unpaid balance of the defeased debt at June 30, 2018 is \$1,195,000.

As a result of the reacquisition price and carrying amount of the old debt, a deferred refunding was recorded in the amount of \$153,511. It is being amortized against interest costs of the refunding issue.

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 11    LONG-TERM DEBT – GENERAL OBLIGATION BONDS (Continued)

General Obligation Refunding Bonds Taxable Series 2013 (Continued)

The District completed the advance refunding to reduce the total debt service over the next 11 years by \$47,678 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$52,542.

Following is a schedule of debt service to maturity:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	135,000	38,308
2020	140,000	34,286
2021	145,000	29,513
2022	150,000	24,002
2023	155,000	17,869
2024	160,000	11,180
2025	<u>170,000</u>	<u>3,842</u>
	<u>1,055,000</u>	<u>159,000</u>

Series 2013 Matching Money Bonds

These Matching Money Bonds were issued December 9, 2013 for the purpose of constructing District facilities. The Series 2013 Matching Money Bonds of \$6,973,015 were used to match \$25,019,362 in State of Colorado – BEST Program funds as required under the State of Colorado Building Excellent Schools Today Qualified School Construction Program. The Series 2013 Matching Money Bonds were issued at an interest rate of 4.18781%.

Below is a schedule of debt service requirements to maturity:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	270,349	245,180
2020	281,671	233,621
2021	293,467	221,578
2022	305,757	209,031
2023	318,561	195,958
2024-2028	1,804,448	763,719
2029-2033	2,215,282	344,282
2034	<u>500,241</u>	<u>10,475</u>
	<u>5,989,776</u>	<u>2,223,844</u>

NOTE 12    LONG-TERM DEBT – COMPENSATED ABSENCES

Compensated Absences

In accordance with generally accepted accounting principles for governmental entities, the District had accrued a liability for future compensated absences (sick leave, vacation allowance, etc.). The amount due as of June 30, 2018 is \$126,674.

LIMON PUBLIC SCHOOLS RE-4J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 13      CAPITAL LEASES

During 2015, the District entered into a capital lease agreement in the amount of \$96,884 to purchase a bus. The District paid off the lease in year ended 6-30-2018

During 2016, the District entered into a capital lease agreement in the amount of \$50,000 to support expenditures for construction of a new track. The District paid \$-0- in 2017 and will make two annual payments of \$25,660 in 2018 and 2019. The interest rate is 2.47%.

<u>Year</u>	<u>Future Minimum Payments</u>	<u>Principal</u>	<u>Interest</u>
2019	25,660	<u>25,027</u>	<u>633</u>
Less: Amount Representing Interest	<u>633</u>		
Present Value of Future Minimum Payments	<u>25,027</u>		

NOTE 14      SUMMARY OF LONG TERM DEBT

The following is a summary of the changes in Long-Term Debt for the year ended June 30, 2018:

<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Current Portion</u>
Compensated Absences	129,125	-	2,451	126,674	-
GO Refunding Bonds 2013	1,190,000	-	135,000	1,055,000	135,000
Matching Money Bonds 2013	6,249,258	-	259,482	5,989,776	270,349
Bus Lease 2015	24,531	-	24,531	-	-
Track Lease 2016	50,000	-	24,973	25,027	25,027
Deferred Refunding	<u>(85,074)</u>	<u>-</u>	<u>(17,657)</u>	<u>(67,417)</u>	<u>(16,243)</u>
<u>Total</u>	<u>7,557,840</u>	<u>-</u>	<u>428,780</u>	<u>7,129,060</u>	

NOTE 15      RISK MANAGEMENT

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

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

LIMON PUBLIC SCHOOLS RE-4J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 16     COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) in 1981 to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Employment Practices Liability, Automobile Liability, Auto Physical Damage, Real and Personal Property, Crime, and other coverages. The Board of Directors is composed of eight persons. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds, risk exposure and other factors touching on the status of the Pool or an individual participant.

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

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

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

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

NOTE 17     RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$13,379,947 has been changed by the net OPEB liability at June 30, 2017 of \$346,849 and related deferred flows of \$25,649, resulting in a restated beginning net position of \$13,058,747.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFITS TREND DATA

REQUIRED SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

General Fund

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

LIMON PUBLIC SCHOOLS RE-4J  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2018

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	1,564,553	1,564,553	1,580,708	16,155
Specific Ownership Taxes	202,642	202,642	272,301	69,659
Earnings on Investments	4,500	4,500	10,551	6,051
Delinquent Taxes & Interest	3,000	3,000	2,158	(842)
Other	170,494	162,350	139,621	(22,729)
<u>State Sources</u>				
Equalization	2,306,211	2,324,226	2,297,551	(26,675)
Transportation	46,309	46,750	29,509	(17,241)
Vocational Education	50,000	50,000	58,248	8,248
Special Education	80,000	80,000	258,980	178,980
Other	26,200	218,019	222,328	4,309
<u>Federal Sources</u>				
Designated Purpose Grants	-	-	-	-
Other	125,594	115,594	139,356	23,762
<u>TOTAL REVENUES</u>	<u>4,579,503</u>	<u>4,771,634</u>	<u>5,011,311</u>	<u>239,677</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
<u>Regular Programs</u>				
Salaries	1,632,110	1,632,110	1,571,467	60,643
Employee Benefits	635,861	635,861	577,433	58,428
Purchased Services - Professional	49,432	49,432	43,596	5,836
Purchased Services - Property	43,400	43,400	54,451	(11,051)
Purchased Services - Other	400,901	451,952	343,752	108,200
Supplies and Materials	223,875	215,875	183,476	32,399
Property	15,850	15,850	1,543	14,307
Other Objects	5,000	5,000	13,091	(8,091)
<u>Total Instruction</u>	<u>3,006,429</u>	<u>3,049,480</u>	<u>2,788,809</u>	<u>260,671</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	52,500	52,500	38,721	13,779
Employee Benefits	19,780	19,780	16,626	3,154
Purchased Services - Professional	19,000	19,000	18,771	229
Purchased Services - Property	-	-	-	-
Purchased Services - Other	115,800	115,800	150,380	(34,580)
Supplies and Materials	11,450	11,450	3,200	8,250
Property	-	-	-	-
Other Objects	-	4,200	3,313	887
<u>Total Student Services</u>	<u>218,530</u>	<u>222,730</u>	<u>231,011</u>	<u>(8,281)</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Instructional Staff</u>				
Salaries	28,750	29,000	29,077	(77)
Employee Benefits	13,365	13,465	13,801	(336)
Purchased Services – Professional	250	250	2,045	(1,795)
Purchased Services – Property	700	700	-	700
Purchased Services – Other	6,850	6,850	10,986	(4,136)
Supplies and Materials	46,550	46,550	36,492	10,058
Property	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>	<u>-</u>
<u>Total Instructional Staff</u>	<u>97,515</u>	<u>97,865</u>	<u>93,451</u>	<u>4,414</u>
<u>General Administration</u>				
Salaries	105,000	105,000	85,000	20,000
Employee Benefits	47,450	47,450	45,739	1,711
Purchased Services – Professional	26,200	26,450	26,722	(272)
Purchased Services – Other	3,500	3,500	1,950	1,550
Supplies and Materials	19,500	19,700	22,165	(2,465)
Property	-	-	-	-
Other Objects	<u>7,200</u>	<u>7,200</u>	<u>9,990</u>	<u>(2,790)</u>
<u>Total General Administration</u>	<u>208,850</u>	<u>209,300</u>	<u>191,566</u>	<u>17,734</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	223,500	224,000	228,747	(4,747)
Employee Benefits	78,703	79,153	78,889	264
Purchased Services – Other	5,000	5,000	2,997	2,003
Supplies and Materials	1,050	1,050	4,751	(3,701)
Property	1,300	1,300	-	1,300
Other Objects	<u>2,000</u>	<u>2,000</u>	<u>520</u>	<u>1,480</u>
<u>Total School Administration</u>	<u>311,553</u>	<u>312,503</u>	<u>315,904</u>	<u>(3,401)</u>
<u>Business Services</u>				
Salaries	49,600	49,600	49,962	(362)
Employee Benefits	20,622	20,622	33,012	(12,390)
Purchased Services – Professional	8,250	8,250	6,027	2,223
Purchased Services – Property	-	-	-	-
Purchased Services – Other	3,000	3,000	2,207	793
Supplies and Materials	7,500	7,500	9,561	(2,061)
Property	1,000	1,000	1,563	(563)
Other Objects	<u>7,200</u>	<u>3,000</u>	<u>12,684</u>	<u>(9,684)</u>
<u>Total Business Services</u>	<u>97,172</u>	<u>92,972</u>	<u>115,016</u>	<u>(22,044)</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Operations and Maintenance</u>				
Salaries	168,500	168,500	176,884	(8,384)
Employee Benefits	60,530	60,530	50,145	10,385
Purchased Services – Professional	2,000	2,000	50	1,950
Purchased Services – Property	70,000	70,000	79,145	(9,145)
Purchased Services – Other	78,500	81,500	80,218	1,282
Supplies and Materials	191,000	191,000	187,832	3,168
Property	2,000	2,000	-	2,000
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>572,530</u>	<u>575,530</u>	<u>574,274</u>	<u>1,256</u>
<u>Student Transportation</u>				
Salaries	99,200	99,200	86,258	12,942
Employee Benefits	30,135	30,135	20,832	9,303
Purchased Services – Professional	500	500	1,010	(510)
Purchased Services – Property	20,600	20,600	9,987	10,613
Purchased Services – Other	1,500	1,500	-	1,500
Supplies and Materials	45,100	45,100	33,890	11,210
Property	750	750	-	750
Other Objects	-	-	626	(626)
<u>Total Student Transportation</u>	<u>197,785</u>	<u>197,785</u>	<u>152,603</u>	<u>45,182</u>
<u>Central Support</u>				
Salaries	58,500	58,500	58,000	500
Employee Benefits	20,342	20,342	20,153	189
Purchased Services – Professional	-	-	100	(100)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	32,250	34,250	33,710	540
Supplies and Materials	9,000	9,000	9,204	(204)
Property	1,500	1,500	-	1,500
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>121,592</u>	<u>123,592</u>	<u>121,167</u>	<u>2,425</u>
<u>Community Services</u>				
Purchased Services – Other	450	450	430	20
<u>Total Community Services</u>	<u>450</u>	<u>450</u>	<u>430</u>	<u>20</u>
<u>Facilities Acquisition and Construction</u>				
Property	30,000	30,000	53,532	(23,532)
<u>Total Facilities Acquisition and Construction</u>	<u>30,000</u>	<u>30,000</u>	<u>53,532</u>	<u>(23,532)</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>1,855,977</u>	<u>1,862,727</u>	<u>1,848,954</u>	<u>13,773</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Appropriated Reserves</u>	<u>1,165,835</u>	<u>1,400,592</u>	-	<u>1,400,592</u>
<u>TOTAL EXPENDITURES</u>	<u>6,028,241</u>	<u>6,312,799</u>	<u>4,637,763</u>	<u>1,675,036</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(1,448,738)</u>	<u>(1,541,165)</u>	<u>373,548</u>	
<u>Other Financing Sources (Uses)</u>				
Transfers	<u>(139,381)</u>	<u>(239,000)</u>	<u>(160,000)</u>	<u>79,000</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(139,381)</u>	<u>(239,000)</u>	<u>(160,000)</u>	<u>79,000</u>
<u>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</u>	<u>(1,588,119)</u>	<u>(1,780,165)</u>	<u>213,548</u>	
<u>FUND BALANCE, July 1</u>	<u>1,588,119</u>	<u>1,780,165</u>	<u>1,780,165</u>	
<u>FUND BALANCE, June 30</u>	<u>-----</u> -	<u>-----</u> -	<u>1,993,713</u>	

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

LIMON PUBLIC SCHOOLS RE-4J  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0490%	0.0471%	0.0461%	0.0483%	0.0478%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$15,845,793	\$14,012,943	\$7,056,260	\$6,550,479	\$6,094,429	-	-	-	-	-
District's covered-employee payroll	\$2,303,311	\$2,191,616	\$2,058,864	\$2,003,098	\$1,984,206	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	688%	639%	343%	327%	307%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.2%	62.80%	64.06%	-	-	-	-	-

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

LIMON PUBLIC SCHOOLS RE-4J  
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION  
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 434,960	\$ 402,979	\$ 365,188	\$ 338,109	\$ 317,344	\$ 288,655	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (434,960)</u>	<u>\$ (402,979)</u>	<u>\$ (365,188)</u>	<u>\$ (338,109)</u>	<u>\$ (317,344)</u>	<u>\$ (288,655)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$2,303,311	\$2,191,616	\$2,058,864	\$2,003,098	\$1,984,206	\$1,913,750	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.88%	18.38%	17.74%	16.88%	15.99%	15.08%	-	-	-	-

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

LIMON PUBLIC SCHOOLS RE-4J  
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY  
 For The Last 10 Fiscal Years (As Available)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net OPEB liability (asset)	0.0278%	0.0268%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$361,851	\$346,849	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$2,303,311	\$2,191,616	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.71%	15.83%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.71%	-	-	-	-	-	-	-	-

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

LIMON PUBLIC SCHOOLS RE-4J  
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB  
 For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 23,493	\$ 22,354	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	\$ (23,493)	\$ (22,354)	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$2,303,311	\$2,191,616	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

### Capital Project Funds

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

### Bond Redemption – Debt Service Fund

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

## NON MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

Student Activities Fund – This fund is used to account for expenditures made in co-curricular instructional activities. It is funded by local reserves and transfers from the General Fund earmarked for that purpose.

### Fiduciary Fund Types

Agency Fund – used to account for assets held for others in a fiduciary capacity.

Student Activity Fund – This fund accounts for activities of student clubs and organizations.

LIMON PUBLIC SCHOOLS RE-4J  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2018

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food</u>	<u>Student</u>	<u>Non-Major</u>
	<u>Service</u>	<u>Activities</u>	<u>Governmental</u>
<u>ASSETS</u>			<u>Funds</u>
Cash	52,565	25,587	78,152
Investments	-	-	-
Accounts Receivable	-	-	-
Accrued Revenue	-	-	-
Due From Other Funds	-	-	-
Inventories	<u>10,020</u>	-	<u>10,020</u>
<u>Total Assets</u>	<u>62,585</u>	<u>25,587</u>	<u>88,172</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Accrued Salaries	12,344	-	12,344
Due To Other Funds	-	-	-
Other Payables	-	-	-
<u>Total Liabilities</u>	<u>12,344</u>	<u>-</u>	<u>12,344</u>
<u>Fund Balances:</u>			
Nonspendable:			
Inventories	10,020	-	10,020
Restricted:			
Food Service	40,221	-	40,221
Committed			
Capital Outlay	-	-	-
Assigned:			
Student Activities	-	25,587	25,587
Unassigned	-	-	-
<u>Total Fund Balances</u>	<u>50,241</u>	<u>25,587</u>	<u>75,828</u>
<u>TOTAL LIABILITIES &amp; FUND BALANCES</u>	<u>62,585</u>	<u>25,587</u>	<u>88,172</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service</u>	<u>Student Activities</u>	
<u>REVENUES</u>			
Earnings on Investments	-	-	-
Other Local Sources	72,494	84,249	156,743
State Aid	3,298	-	3,298
Federal Aid	<u>115,707</u>	-	<u>115,707</u>
<u>Total Revenues</u>	<u>191,499</u>	<u>84,249</u>	<u>275,748</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	-	116,399	116,399
Supporting Services:			
Students	-	-	-
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation & Maintenance of Facilities	-	-	-
Transportation	-	-	-
Food Service	170,311	-	170,311
Debt Service	-	-	-
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>170,311</u>	<u>116,399</u>	<u>286,710</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>21,188</u>	<u>(32,150)</u>	<u>(10,962)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	<u>10,000</u>	<u>10,000</u>
<u>Total Other Financing Sources (Uses)</u>	-	<u>10,000</u>	<u>10,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	21,188	(22,150)	(962)
<u>FUND BALANCES, Beginning</u>	<u>29,053</u>	<u>47,737</u>	<u>76,790</u>
<u>FUND BALANCES, Ending</u>	<u>50,241</u>	<u>25,587</u>	<u>75,828</u>

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

LIMON PUBLIC SCHOOLS RE-4J  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOOD SERVICE – SPECIAL REVENUE FUND  
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	90,350	72,494	(17,856)
Earnings on Investments	-	-	-
Other	500	-	(500)
<u>State Sources</u>			
School Lunches and Breakfast	3,000	3,298	298
<u>Federal Sources</u>			
School Lunches and Breakfast	90,200	98,925	8,725
Commodities	<u>15,000</u>	<u>16,782</u>	<u>1,782</u>
<u>Total Revenues</u>	<u>199,050</u>	<u>191,499</u>	<u>(7,551)</u>
 <u>EXPENDITURES</u>			
Salaries	72,817	69,383	3,434
Employee Benefits	23,410	21,668	1,742
Purchased Services – Professional	2,050	4	2,046
Purchased Services – Property	-	-	-
Purchased Services - Other	600	159	441
Food Purchases	65,000	49,286	15,714
Capital Outlay	10,000	1,117	8,883
Commodities	15,000	16,782	(1,782)
Non-Food Supplies	19,327	10,697	8,630
Other	1,998	1,215	783
Appropriated Reserves	<u>27,901</u>	-	<u>27,901</u>
<u>Total Expenditures</u>	<u>238,103</u>	<u>170,311</u>	<u>67,792</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(39,053)	21,188	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>10,000</u>	-	<u>(10,000)</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(29,053)	21,188	
<u>FUND BALANCE, July 1</u>	<u>29,053</u>	<u>29,053</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>50,241</u>	

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

LIMON PUBLIC SCHOOLS RE-4J  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CAPITAL RESERVE CAPITAL PROJECT FUND  
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues</u>			
Earnings on Investments	-	-	-
Other Local Donations	-	-	-
State Grants	1,214,010	799,871	(414,139)
Federal Grants	-	-	-
<u>Total Revenues</u>	<u>1,214,010</u>	<u>799,871</u>	<u>(414,139)</u>
<u>Expenditures</u>			
Land and Sites	-	-	-
Buildings and Improvements	1,576,394	838,880	737,514
Equipment:			
Transportation Equipment	-	-	-
Debt Service	80,000	50,826	29,174
Appropriated Reserves	<u>36,982</u>	<u>-</u>	<u>36,982</u>
<u>Total Expenditures</u>	<u>1,693,376</u>	<u>889,706</u>	<u>803,670</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(479,366)</u>	<u>(89,835)</u>	
<u>Other Financing Sources (Uses)</u>			
Proceeds from Capital Lease	-	-	-
Lease Proceeds	262,384	-	(262,384)
Transfers	<u>180,000</u>	<u>150,000</u>	<u>(30,000)</u>
<u>Total Other financing Sources (Uses)</u>	<u>442,384</u>	<u>150,000</u>	<u>(292,384)</u>
<u>Revenues and Sources Over (Under)</u> <u>Expenditures and Uses</u>	<u>(36,982)</u>	<u>60,165</u>	
<u>FUND BALANCES, July 1</u>	<u>36,982</u>	<u>36,982</u>	
<u>FUND BALANCES, June 30</u>	<u>-</u>	<u>97,147</u>	

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

LIMON PUBLIC SCHOOLS RE-4J  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
BOND REDEMPTION DEBT SERVICE FUND  
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Property Taxes	947,000	717,520	(229,480)
Specific Ownership Taxes	-	-	-
Earnings on Investments	2,000	5,359	3,359
Other Local	<u>1,000</u>	<u>968</u>	<u>(32)</u>
<u>Total Revenues</u>	<u>950,000</u>	<u>723,847</u>	<u>(226,153)</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal	602,000	394,482	207,518
Interest	340,000	297,918	42,082
Other	1,500	600	900
Appropriated Reserves	<u>1,343,235</u>	<u>-</u>	<u>1,343,235</u>
<u>Total Expenditures</u>	<u>2,286,735</u>	<u>693,000</u>	<u>1,593,735</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(1,336,735)</u>	 <u>30,847</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 <u>(1,336,735)</u>	 <u>30,847</u>	
 <u>FUND BALANCES, July 1</u>	 <u>1,336,735</u>	 <u>1,336,736</u>	
 <u>FUND BALANCES, June 30</u>	 <u>-</u>	 <u>1,367,583</u>	

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

LIMON PUBLIC SCHOOLS RE-4J  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
STUDENT ACTIVITIES SPECIAL REVENUE FUND  
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
Other Local	<u>72,029</u>	<u>84,249</u>	<u>12,220</u>
<u>Total Revenues</u>	<u>72,029</u>	<u>84,249</u>	<u>12,220</u>
 <u>EXPENDITURES</u>			
Co -- Curricular Instruction	<u>168,766</u>	<u>116,399</u>	<u>52,367</u>
<u>Total Expenditures</u>	<u>168,766</u>	<u>116,399</u>	<u>52,367</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 (96,737)	 (32,150)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>49,000</u>	<u>10,000</u>	<u>(39,000)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>49,000</u>	<u>10,000</u>	<u>(39,000)</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES</u>	 (47,737)	 (22,150)	
 <u>FUND BALANCE, July 1</u>	 <u>47,737</u>	 <u>47,737</u>	
 <u>FUND BALANCE, June 30</u>	 <u>      -</u>	 <u>25,587</u>	

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

LIMON PUBLIC SCHOOLS RE-4J  
 SCHEDULE OF RECEIPTS AND EXPENDITURES – BUDGET AND ACTUAL  
 STUDENT ACTIVITY – AGENCY FUND  
 For the Year Ended June 30, 2018

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	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>RECEIPTS</u>			
Other Local	390,000	274,563	(115,437)
<u>Total Receipts</u>	<u>390,000</u>	<u>274,563</u>	<u>(115,437)</u>
<u>EXPENDITURES</u>			
Pupil Activities	390,000	226,474	163,526
<u>Total Expenditures</u>	<u>390,000</u>	<u>226,474</u>	<u>163,526</u>
Net Increase (Decrease) in Deposits Held	-	48,089	
Deposits Held – Beginning of Year	-	<u>212,235</u>	
Deposits Held – End of Year	-	<u>260,324</u>	

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

STATE REQUIRED SCHEDULES

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

**Bolded Balance Sheet**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1790 - LIMON RE-4J  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880)*	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880)* Ending Fund Balance
<b>Governmental</b>				
10 General Fund	1,771,850	4,571,071	4,451,417	1,931,504
18 Risk Mgmt Sub-Fund of General Fund	1,300	95,000	95,081	1,219
19 Colorado Preschool Program Fund	7,015	84,340	90,265	990
<b>Sub-Total</b>	<b>1,780,164</b>	<b>4,651,311</b>	<b>4,637,763</b>	<b>1,933,713</b>
11 Charter School Fund	0	0	0	0
28,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	29,053	191,498	170,310	50,241
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	47,737	94,250	116,399	25,587
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,316,736	723,847	693,000	1,367,583
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	36,983	949,871	889,706	97,147
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
<b>Total</b>	<b>3,224,677</b>	<b>6,110,771</b>	<b>6,067,176</b>	<b>3,134,071</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
66,65-69 Other Internal Service Funds	0	0	0	0
<b>Total</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	212,235	274,553	226,474	260,324
79 GASB 34/Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Total</b>	<b>212,235</b>	<b>274,553</b>	<b>226,474</b>	<b>260,324</b>

FINAL



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
 District: 1790 - LIMON RE-4J  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	2,152,013	0	91	25,587	0	52,565	1,352,082	97,147	0	0	0	260,324	0	3,939,809
Cash with Fiscal Agent (8105)	33,962	0	0	0	0	0	0	0	0	0	0	0	0	33,962
Taxes Receivable (6121,8122)	44,000	0	0	0	0	0	20,000	0	0	0	0	0	0	64,000
Interfund Loans Receivable (8131,8132)	0	0	899	0	0	0	0	0	0	0	0	0	0	899
Grants Accounts Receivable (8142)	22,668	0	0	0	0	0	0	0	0	0	0	0	0	22,668
Other Receivables (8151-8154,8161)	222,484	0	0	0	0	0	0	0	0	0	0	0	0	222,484
Inventories (8171, 8172,8173)	0	0	0	0	0	10,021	0	0	0	0	0	0	0	10,021
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>2,475,127</b>	<b>0</b>	<b>990</b>	<b>25,587</b>	<b>0</b>	<b>62,586</b>	<b>1,372,082</b>	<b>97,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>260,324</b>	<b>0</b>	<b>4,293,843</b>

	Governmental							Proprietary				Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
<b>LIABILITIES &amp; FUND EQUITY</b>														
<b>LIABILITIES</b>														
Interfund Payables (7401-7402)	899	0	0	0	0	0	0	0	0	0	0	0	0	899
Other Payables (7421-7423)	160,981	0	0	0	0	0	0	0	0	0	0	0	0	160,981
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	310,667	0	0	0	0	12,344	0	0	0	0	0	0	0	323,011
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	9,857	0	0	0	0	0	4,499	0	0	0	0	0	0	14,356
<b>Total Liabilities</b>	<b>482,404</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,344</b>	<b>4,499</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>499,247</b>

Fiduciary

Proprietary

Governmental

FUND EQUITY	Governmental										Proprietary					Fiduciary
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Non-spendable Fund Balance 6710	0	0	0	0	0	10,021	0	0	0	0	0	0	0	10,021		
Restricted Fund Balance 6720	0	0	0	0	0	40,221	1,367,583	0	0	0	0	0	0	1,407,803		
TABOR 3% Emergency Reserve 6721	175,000	0	0	0	0	0	0	0	0	0	0	0	0	175,000		
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Colorado Preschool Program (CPP) Reserve 6724	0	0	990	0	0	0	0	0	0	0	0	0	0	990		
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Committed Fund Balance 6750	1,219	0	0	0	0	0	0	97,147	0	0	0	0	0	98,366		
Assigned Fund Balance 6760	0	0	0	25,587	0	0	0	0	0	0	0	250,324	0	285,912		
Unassigned Fund Balance 6770	1,816,504	0	0	0	0	0	0	0	0	0	0	0	0	1,816,504		
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Fund Equity</b>	<b>1,992,723</b>	<b>0</b>	<b>990</b>	<b>25,587</b>	<b>0</b>	<b>50,241</b>	<b>1,367,583</b>	<b>97,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>260,324</b>	<b>0</b>	<b>3,794,595</b>		

Total Liabilities & Fund Equity	Governmental										Proprietary					Fiduciary
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
2,475,127	0	0	990	25,587	0	62,585	1,372,082	97,147	0	0	0	260,324	0	4,293,843		

Do Assets=Liability+Fund Equity	Governmental										Proprietary					Fiduciary
	General Funds 10,12-18 Fund 11	Charter School Fund 19	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		