

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
RANGELY, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
June 30, 2018

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Board of Education
Rio Blanco County School District RE-4
Rangely, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and each fiduciary fund type, of the Rio Blanco County School District RE-4, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, the business-type activities, each major fund, and each fiduciary fund type of the Rio Blanco County School District RE-4, as of June 30, 2018 and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. As a result of the implementation of GASB Statement No. 75 as described in Note 17 of the financial statements, the District reported a restatement for the change in accounting principle. Our opinions are not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension disclosure information, listed as "required supplementary information" in the table of contents, 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Blanco County School District RE-4's basic financial statements. The combining and individual fund financial statements and additional schedules listed as "other supplemental information" in the table of contents are for purposes of additional analysis and are not a required part of the basic financial statements. The electronic financial data integrity check figures and reconciliation are presented for purposes of additional analysis as required by the Colorado Department of Education, and are also not required parts of the basic financial statements. The information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
December 10, 2018

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Rio Blanco County School District RE-4 is a public school district that was formed in 1958 and contains approximately 1,156 square miles located in the western half of Rio Blanco County in northwestern Colorado. The District has an elementary school (PK-5) and a Junior/Senior High School (6-12). The District is a political subdivision of the State of Colorado, and serves the incorporated town of Rangely and portions of unincorporated Rio Blanco County, as well as a portion of the students that come from Dinosaur, Colorado, in Moffat County, which is just north of Rio Blanco County.

The discussion and analysis of the Rio Blanco County School District RE-4's financial performance provides an overall review of the District's financial activities. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- The District has implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year which required a restatement of prior period Net Assets for the change in accounting principle. Similar to GASB Statement No. 68 which requires the reporting of the District's proportionate share of the total PERA net pension liability in its government-wide financial statements, GASB Statement No. 75 requires the District to report its proportionate share of the total PERA Health Care Trust Fund (HCTF) net Other Post-Employment Benefits (OPEB) in its government-wide financial statements. As of June 30, 2018, the District's share of the PERA net pension liability is \$20.6 million and the District's share of the PERA HCTF net OPEB liability is \$471 thousand.
- The District's overall net position is positive with governmental assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$1.68 million after application of GASB Statements No. 68 and No. 75 which are discussed in more detail on page 10 and in the notes to the financial statements. Fund level financial statements are not impacted by GASB 68 and 75 reporting.
- The District's total net position of governmental activities decreased by \$2.6 million, primarily due to the impacts of GASB Statements No. 68 and No. 75, which is a contrast to its increase in governmental fund balances of \$577 thousand. A reconciliation of the differences between changes in governmental fund balances and changes in net position is found on page 17 and a discussion of the differences between the two accounting methodologies is discussed below.
- The District's total net position of business type activities decreased by approximately \$2 thousand.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Rio Blanco County School District RE-4 as a financial whole, or as an entire operating activity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds with all other non-major funds presented in total in a single column. For the Rio Blanco County School District RE-4, the General Fund is the most significant fund. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the reporting entity. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the District, and its component units, except for fiduciary funds. As described below, the financial statements of the District's fiduciary funds are not included in the government-wide financial statements, because resources of these funds cannot be used to finance the District's activities. However, the financial statements of fiduciary funds are included in the District's financial statements because the District is financially accountable for those resources, even though they belong to other parties.

The two statements report the District's net position and changes therein. This change is important because it identifies whether the financial condition of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws, enrollment levels, statutorily required reserves, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

Governmental Activities – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance, pupil transportation, and extracurricular activities.

Business-Type Activities – Business-type activities are financed by some degree by charging external parties for the goods or services they acquire. The District Housing Fund is reported as a business-type activity as the services are provided on a charge for goods or services basis to recover the expenses of the goods and services provided.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

FUND FINANCIAL STATEMENTS

Fund financial reports provide detailed information about the District's major funds. The District considers all funds as significant, or major, funds. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The District's fund financial statements are divided into three broad categories; namely (1) governmental funds; (2) proprietary funds; and, (3) fiduciary funds.

Governmental Funds – The District's activities in governmental funds focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between government-wide activities and the governmental funds is reconciled in the financial statements. The District's major governmental funds are:

General Fund – The General Fund is the District's primary operating fund and accounts for the majority of the District's instruction and support operations.

Food Service Fund – The Food Service Fund is a special revenue fund which accounts for the District's general food service activities with revenue sources specifically designated for such activities.

Designated Purpose Grant Fund – The special revenue Designated Purpose Grant Fund accounts for IGA grant monies received from the Western Rio Blanco Metropolitan Recreation and Park District.

Transportation Fund – The special revenue Transportation Fund accounts for transportation operations funded primarily by property taxes and other State operating grants.

Bond Redemption Fund – The Bond Redemption Fund accounts for transactions related to the District's general obligation bonds and interest.

Building Fund – The Building Fund accounts for facilities acquisition and construction from Bond Issue monies.

Capital Reserve Fund – The Capital Reserve Fund accounts for the acquisition of capital items such as land, vehicles, equipment and improvements to existing structures.

Proprietary Funds – The proprietary (enterprise) funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same. The District's major proprietary fund is the:

District Housing Fund – The District Housing Fund accounts for the District's employee housing.

Fiduciary Funds – All of the District's fiduciary (or *Agency*) funds are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's governmental funds because the District cannot use these assets to finance its operations. The fiduciary funds are:

Pupil Activity Fund – The Pupil Activity Fund accounts for student athletic/nonathletic activities.

Scholarship Funds – The Scholarship Fund accounts for available scholarship monies.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS

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

SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents supplemental information required by U.S. generally accepted accounting principles, as well as other supplemental information to assist the reader in a full understanding of the financial statements and additional schedules required by the Colorado Department of Education.

THE DISTRICT AS A WHOLE

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the fiscal year 2018 compared to 2017 (Restated).

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2018	(Restated) 2017	2018	2017	2018	(Restated) 2017
<u>ASSETS:</u>						
Current and Other Assets	\$ 6,826	\$ 6,227	\$ 47	\$ 38	\$ 6,873	\$ 6,265
Capital Assets, Net	13,221	14,359	208	219	13,429	14,578
	<u>20,047</u>	<u>20,586</u>	<u>255</u>	<u>257</u>	<u>20,302</u>	<u>20,843</u>
<u>DEFERRED OUTFLOWS:</u>						
Related to Pensions	5,946	7,601	-	-	5,946	7,601
Related to OPEBs	17	-	-	-	17	-
	<u>5,963</u>	<u>7,601</u>	<u>-</u>	<u>-</u>	<u>5,963</u>	<u>7,601</u>
<u>LIABILITIES:</u>						
Current & Other Liabilities	2,359	2,354	-	-	2,359	2,354
Long-term Liabilities	-	1,783	-	-	-	1,783
Net Pension Liability	20,642	19,209	-	-	20,642	19,209
Net OPEB Liability	471	460	-	-	471	460
	<u>23,472</u>	<u>23,806</u>	<u>-</u>	<u>-</u>	<u>23,472</u>	<u>23,806</u>
<u>DEFERRED INFLOWS:</u>						
Related to Pensions	844	86	-	-	844	86
Related to OPEBs	12	-	-	-	12	-
	<u>856</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>856</u>	<u>86</u>
<u>NET POSITION (2016 RESTATED):</u>						
Invested in Capital Assets,						
Net of Related Debt	11,438	10,868	208	219	11,646	11,087
Restricted	2,702	2,807	-	-	2,702	2,807
Unrestricted	(12,458)	(9,380)	47	38	(12,411)	(9,342)
	<u>\$ 1,682</u>	<u>\$ 4,295</u>	<u>\$ 255</u>	<u>\$ 257</u>	<u>\$ 1,937</u>	<u>\$ 4,552</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources to repay debt on these assets must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Restricted balances are amounts set aside to satisfy debt service requirements and statutorily required emergency reserves.

The District's Statement of Net Position also includes the District's proportionate share of the unfunded liability in the Public Employees Retirement Association (PERA) future retiree pension and PERA Health Care Trust Fund (OPEB). The related negative unrestricted assets balance merely represents that there are *long-term* obligations, including pensions, in excess of *currently* available resources.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

THE DISTRICT AS A WHOLE -- CONTINUED

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the current fiscal year:

<i>(In Thousands)</i>	Governmental		Business-Type		Total	
	Activities		Activities			
	<i>(Restated)</i>				<i>(Restated)</i>	
	2018	2017	2018	2017	2018	2017
REVENUES:						
Program Revenues:						
Charges for Services & Sales	\$ 164	\$ 169	\$ 19	\$ 17	\$ 183	\$ 186
Operating Grants & Contributions	650	749	-	-	650	749
Capital Grants and Contributions	100	39	-	-	100	39
Total Program Revenues	914	957	19	17	933	974
General Revenues:						
Property & Ownership Taxes	3,933	3,272	-	-	3,933	3,272
Grants and Entitlements	3,394	3,218	-	-	3,394	3,218
Federal Mineral & Forest Leasing	181	195	-	-	181	195
Interest & Investment Earnings	64	30	-	-	64	30
Other General Revenues	80	99	-	-	80	99
Total General Revenues	7,652	6,814	-	-	7,652	6,814
Total Revenues	8,566	7,771	19	17	8,585	7,788
PROGRAM EXPENSES:						
Instruction	3,326	3,485	-	-	3,326	3,485
Support Services:						
Students	101	100	-	-	101	100
Instructional Staff	90	80	-	-	90	80
General Administration	278	379	-	-	278	379
School Administration	419	471	-	-	419	471
Business Support Services	153	110	-	-	153	110
Operations and Maintenance	701	751	-	-	701	751
Student Transportation	255	411	-	-	255	411
Central Support Services	225	213	-	-	225	213
Food Services	147	168	-	-	147	168
Community Services	4	6	-	-	4	6
Colorado Preschool	85	82	-	-	85	82
Facilities Acquisition/Construction	165	33	-	-	165	33
Interest and Fiscal Charges	115	188	-	-	115	188
Unallocated Depreciation	1,263	1,265	-	-	1,263	1,265
Unallocated PERA Actuarial Adj.	3,845	3,190	-	-	3,845	3,190
Unallocated OPEB Actuarial Adj.	7	460	-	-	7	460
District Housing	-	-	21	16	21	16
Total (Expenses)	11,179	11,392	21	16	11,200	11,408
Increase (Decrease) in Net Position	\$ (2,613)	\$ (3,621)	\$ (2)	\$ 1	\$ (2,615)	\$ (3,620)

Most of the District's revenues come from the Public School Finance Act of 1994 (SFA), which is comprised of general property taxes, specific ownership taxes and state equalization based on the statewide formula for pupil funding. In fiscal year 2018, approximately 64% of SFA funding came from state equalization and 36% from taxes.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

THE DISTRICT AS A WHOLE -- CONTINUED

THE DISTRICT AS A WHOLE -- NET COST OF SERVICES

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

<i>(In Thousands)</i>	Fiscal Year 2018		Fiscal Year 2017 <i>(Restated)</i>	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 3,326	\$ 2,644	\$ 3,485	\$ 2,850
Support Services:				
Students	101	101	100	100
Instructional Staff	90	70	80	25
General Administration	278	277	379	379
School Administration	419	419	471	471
Business Support Services	153	153	110	110
Operations and Maintenance	701	699	751	742
Student Transportation	255	163	411	287
Central Support Services	225	225	213	213
Food Services	147	30	168	40
Community Services	4	4	6	6
Colorado Preschool	85	85	82	82
Facilities Acquisition/Construction	165	165	33	25
Interest and Fiscal Charges	115	115	188	188
Unallocated Depreciation	1,263	1,263	1,265	1,265
Unallocated PERA Actuarial Adj.	3,845	3,845	3,190	3,190
Unallocated OPEB Actuarial Adj.	7	7	460	460
District Housing	21	3	16	1
Total Expenses	<u>\$ 11,200</u>	<u>\$ 10,268</u>	<u>\$ 11,408</u>	<u>\$ 10,434</u>

The dependence on general revenues for governmental activities is apparent, whereas approximately 79% and 82% of instruction activities were supported through taxes and other general revenues in 2018 and 2017, respectively. In these years, overall general revenues support was 92% in 2018 and 91% in 2017. The community as a whole is the primary support for District students.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds are accounted for using the modified accrual basis of accounting.

Governmental Funds –

The *General Fund* had an overall increase in fund balance of \$667,361. The ending fund balance of \$3,573,514 is the amount available for future spending.

The *Food Service Fund* had an overall increase in fund balance of \$167. The ending fund balance of \$18,206 is the amount available for future spending.

The *Designated Grant Fund* had an overall increase in fund balance of \$77. The ending fund balance of \$198 is the amount available for future spending.

The *Transportation Fund* had an overall increase in fund balance of \$1,632. The ending fund balance of \$4,213 is the amount available for future spending.

The *Bond Redemption Fund* had an overall increase in fund balance of \$22,657. The ending fund balance of \$2,131,673 is the amount available for future spending.

The *Building Fund* had an overall decrease in fund balance of \$133,081. The ending fund balance of \$390,489 is the amount available for future spending.

The *Capital Reserve Fund* had an overall increase in fund balance of \$17,978. The ending fund balance of \$38,807 is the amount available for future spending.

Proprietary (Enterprise) Funds –

The *District Housing Fund* enterprise had current year operating revenues of \$18,269 plus non-operating activity of \$400 and current year operating expenses of \$20,552 for a total decrease in net position of \$1,883. The Ending Net Position of \$254,833 includes \$207,773 invested in capital assets and \$47,060 available for future spending.

Fiduciary (Agency) Funds –

The *Pupil Activity Fund* ended the year with \$125,528 available for future spending.

The *Scholarship Fund* ended the year with \$75,618 available for future spending.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

GENERAL FUND BUDGETING HIGHLIGHTS

The District's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(F)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District uses a line-item based budget which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. During the course of the current fiscal year, the District amended its budget as needed.

For the General Fund, actual revenues and other financing sources in the amount of \$6,012,779 were below budgetary expectations of \$6,184,743 by \$171,964.

The District's General Fund actual expenditures and other financing uses of \$5,345,418 were \$904,437 below budgeted expenditures of \$6,249,855. The major differences between budgeted amounts and actual expenditures were primarily due to excess amounts budgeted for overall salaries and benefits and overall purchased services expenditures.

The Board of Directors and District management continue to strive to budget appropriate amounts for each individual line item. It is not anticipated that this year's budgetary variances will have a significant impact on future services or liquidity. The overall savings are indicative of the efforts to provide services in the most economical manner. This year's savings will have a positive impact on future year's fund balances.

CAPITAL ASSETS

At the end of fiscal year 2018, the District had a total of \$13,428,656 invested in capital assets, consisting of \$13,220,883 in governmental activities and \$207,773 in business-type activities. Additional information on the District's capital assets can be found in *Note 4* of the financial statements.

The following reflects the balances of fiscal year 2018 compared to fiscal year 2017:

(In Thousands)	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<i>Net of Depreciation:</i>						
Land	\$ 722	\$ 722	\$ 40	\$ 40	\$ 762	\$ 762
Buildings & Improvements	12,142	13,233	168	179	12,310	13,412
Transportation Equipment	234	206	-	-	234	206
Other Equipment	123	198	-	-	123	198
	<u>\$ 13,221</u>	<u>\$ 14,359</u>	<u>\$ 208</u>	<u>\$ 219</u>	<u>\$ 13,429</u>	<u>\$ 14,578</u>

DEBT ADMINISTRATION

At June 30, 2019 the School District's governmental activities had \$1,780,000 in outstanding bonds. The bonds are being paid from a mill levy in the Bond Redemption fund over a 10 year period with the last payment due in fiscal year 2018. In addition, the District also has a long-term liability for deferred premium on the outstanding bonds in the amount of \$2,852 and refunding discounts in the amount of (\$15). There is no long-term debt in the Business-Type Activities for the fiscal year ended June 30, 2018.

Other long-term obligations consist of the District's proportionate share of the State PERA Net Pension Liability (see Note 1 & 10) in the amount of \$20,642,187 and PERA OPEB Liability of \$471,380.

Additional information can be found in *Note 5* of the financial statements.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

The Public School Finance Act of 1994 (SFA) is the largest source of revenue for the District's operating funds. The SFA calculates per-pupil funding by school district based upon a formula using a number of factors including cost of living, number of students, district size, personnel vs. non-personnel costs, and number of at-risk students. The purpose of the SFA was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the SFA are derived by the following formula:

$$\text{Total Program Funding} = \text{local property taxes} + \text{general specific ownership taxes} + \text{state equalization}$$

The United States and the State of Colorado have experienced unprecedented economic decline. One impact of this budget crisis is the reduction in the State of Colorado's general fund revenues. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District anticipates its future revenues will be impacted; if District revenues are reduced, the District will be required to reduce its future program expenditures. The Board and Administration will continue to carefully review spending to maintain a careful balance between education and fiscal responsibility.

According to Colorado PERA, the overall statewide collective net pension liability for the PERA School Division Trust Fund is \$32.3 billion, an increase of approximately \$2.5 billion from the prior year. This and the effect of other actuarial changes (primarily the net difference between actual and projected pension investment earnings), have increased the District's proportionate share of the collective net pension liability. In addition, the new reporting requirements of GASB Statement No. 75 reflect an increase to the District's proportionate share of the collective net OPEB liability whereas the overall statewide collective PERA Health Care Trust Fund Net OPEB liability increased from \$1.29 billion to \$1.3 billion.

As indicated in Note 17 of the financial statements, during the 2018 legislative session, the Colorado General Assembly passed significant pension reform with the goal of eliminating the unfunded actuarial accrued liability and reaching a 100 percent funded ratio within the next 30 years.

It is important to note that the requirements for the reporting of the proportionate share of the net pension and net OPEB liabilities do not necessarily reflect the financial condition of a governmental entity because the liabilities cannot be made immediately due and payable. Furthermore, the District has no legal obligation to fund PERA's unfunded accrued actuarial liability nor does the District have any ability to affect funding, benefits or annual required contribution decisions made by PERA in administering the defined pension plan. It is also important to note that the reporting requirements have no impact on the District's fund level financial statements which are used for internal and budgetary use; rather, the change only effects the District's government-wide financial statement reporting (a long-term perspective) in the year-end audited financial statements.

See the accompanying financial statement notes for the full disclosures related to PERA and OPEB.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Rio Blanco County (Rangely) School District RE-4
Attn: Finance Director
402 W. Main Street
Rangely, CO 81648
Tel: (970) 675-2207
Fax: (970) 675-5023

GOVERNMENT - WIDE FINANCIAL STATEMENTS

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

STATEMENT OF NET POSITION

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 6,035,948	\$ 47,410	\$ 6,083,358
Receivables:			
Property Taxes	120,358	-	120,358
Intergovernmental	383,236	-	383,236
Other Receivables	106,547	-	106,547
Internal Balance	-	-	-
Inventory	1,857	-	1,857
Prepaid Expenses	<u>178,491</u>	<u>-</u>	<u>178,491</u>
Total Current Assets	<u>6,826,437</u>	<u>47,410</u>	<u>6,873,847</u>
Capital Assets:			
Capital Assets, Non-depreciable	721,506	40,000	761,506
Capital Assets, Net of Depreciation	<u>12,499,377</u>	<u>167,773</u>	<u>12,667,150</u>
Total Capital Assets	<u>13,220,883</u>	<u>207,773</u>	<u>13,428,656</u>
TOTAL ASSETS	<u>20,047,320</u>	<u>255,183</u>	<u>20,302,503</u>
DEFERRED OUTFLOWS:			
Deferred Outflows Related to Pensions	5,946,626		5,946,626
Deferred Outflows Related to OPEBs	<u>16,633</u>	<u>-</u>	<u>16,633</u>
TOTAL DEFERRED OUTFLOWS	<u>5,963,259</u>	<u>-</u>	<u>5,963,259</u>
LIABILITIES:			
Accounts Payable	10,110	-	10,110
Deposit Payable	-	350	350
Accrued Salaries and Benefits	559,335	-	559,335
Accrued Interest Payable	6,675	-	6,675
Other Liabilities	-	-	-
Long-term Debt:			
Portion Due or Payable within One Year -			
Bonds Payable – Series 2008, Net	1,782,837	-	1,782,837
Portion Due or Payable After One Year -			
Bonds Payable - Series 2008, Net	-	-	-
Net Pension Liability	20,642,187	-	20,642,187
Net OPEB Liability	<u>471,380</u>	<u>-</u>	<u>471,380</u>
TOTAL LIABILITIES	<u>23,472,524</u>	<u>350</u>	<u>23,472,874</u>
DEFERRED INFLOWS:			
Deferred Inflows Related to Pensions	844,085		844,085
Deferred Inflows Related to OPEBs	<u>12,302</u>	<u>-</u>	<u>12,302</u>
TOTAL DEFERRED INFLOWS	<u>856,387</u>	<u>-</u>	<u>856,387</u>
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	11,438,046	207,773	11,645,819
<i>Restricted for:</i>			
Debt Service	2,131,673	-	2,131,673
Facilities Acquisition/Construction	418,263	-	418,263
Emergencies	152,000	-	152,000
Unrestricted	<u>(12,458,314)</u>	<u>47,060</u>	<u>(12,411,254)</u>
TOTAL NET POSITION	<u>\$ 1,681,668</u>	<u>\$ 254,833</u>	<u>\$ 1,936,501</u>

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 3,326,395	\$ 68,171	\$ 514,390	\$ 99,721
Supporting Services:				
General Support Services:				
- Students	101,090	-	-	-
- Instructional Staff	90,016	-	19,658	-
- General Administration	278,232	1,031	-	-
- School Administration	419,290	-	-	-
Business Support Services:				
- Business Services	153,239	-	-	-
- Operations and Maintenance	701,216	2,425	-	-
Transportation	254,707	45,033	46,168	-
Central Support Services	225,027	-	-	-
Food Services	146,949	47,239	69,877	-
Community Support Services	3,788	-	-	-
Colorado Preschool Support Services	84,803	-	-	-
Facilities Acquisition/Construction	165,357	-	-	-
Interest on Long-term Debt	111,975	-	-	-
Other Costs of Long-term Debt	2,614	-	-	-
Unallocated PERA Actuarial Adjustment	3,844,813	-	-	-
Unallocated OPEB Actuarial Adjustment	7,218	-	-	-
Depreciation – Unallocated (<i>See Note 4</i>)	<u>1,262,563</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>11,179,292</u>	<u>163,899</u>	<u>650,093</u>	<u>99,721</u>
Business-Type Activities:				
District Housing	<u>20,552</u>	<u>18,269</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>20,522</u>	<u>18,269</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 11,199,844</u></u>	<u><u>\$ 182,168</u></u>	<u><u>\$ 650,093</u></u>	<u><u>\$ 99,721</u></u>

GENERAL REVENUES:

Taxes:

Property Taxes, Levied For General Purposes

Property Taxes, Levied For Debt Service

Specific Ownership Taxes, for General Purposes

Grants and Entitlements Not Restricted to Specific Programs

Mineral and Forest Leasing Revenues

Unrestricted Interest and Investment Earnings

Accretion of Bond Premium

Miscellaneous

Total General Revenues

Change in Net Position

NET POSITION–BEGINNING OF YEAR (*RESTATED*)

NET POSITION–END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

Governmental Activities	Business-Type Activities	Total
\$ (2,644,113)		\$ (2,644,113)
(101,090)		(101,090)
(70,358)		(70,358)
(277,201)		(277,201)
(419,290)		(419,290)
(153,239)		(153,239)
(698,791)		(698,791)
(163,506)		(163,506)
(225,027)		(225,027)
(29,833)		(29,833)
(3,788)		(3,788)
(84,803)		(84,803)
(165,357)		(165,357)
(111,975)		(111,975)
(2,614)		(2,614)
(3,844,813)		(3,844,813)
(7,218)		(7,218)
<u>(1,262,563)</u>		<u>(1,262,563)</u>
<u>(10,265,579)</u>		<u>(10,265,579)</u>
	\$ (2,283)	(2,283)
	<u>(2,283)</u>	<u>(2,283)</u>
<u>(10,265,579)</u>	<u>(2,283)</u>	<u>(10,267,862)</u>
1,932,759	-	1,932,759
1,864,677	-	1,864,677
135,101	-	135,101
3,393,981	-	3,393,981
181,515	-	181,515
63,544	400	63,944
8,428	-	8,428
<u>71,969</u>	<u>-</u>	<u>71,969</u>
<u>7,651,974</u>	<u>400</u>	<u>7,652,374</u>
(2,613,605)	(1,883)	(2,615,488)
<u>4,295,273</u>	<u>256,716</u>	<u>4,551,989</u>
<u>\$ 1,681,668</u>	<u>\$ 254,833</u>	<u>\$ 1,936,501</u>

FUND FINANCIAL STATEMENTS

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Food Service (Special Revenue) Fund	Designated Purpose Grant Fund
ASSETS:			
Cash and Cash Equivalents	\$ 3,469,139	\$ 20,507	\$ 4,524
Receivables:			
Property Taxes, Net	9,774	-	-
Intergovernmental	220,736	-	162,500
Other Receivables	50,895	-	-
Inventory	-	1,857	-
Due from Other Funds	212,579	-	-
Prepaid Expenses	<u>167,458</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 4,130,581</u>	<u>\$ 22,364</u>	<u>\$ 167,024</u>
LIABILITIES:			
Liabilities:			
Accounts Payable	\$ 6,674	\$ -	\$ -
Accrued Salaries and Benefits	550,393	1,013	-
Due to Other Funds	-	3,145	166,826
Other Liabilities	-	-	-
Unearned Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>557,067</u>	<u>4,158</u>	<u>166,826</u>
FUND BALANCES:			
Non-spendable	167,458	1,857	-
Restricted for Debt Service	-	-	-
Restricted for Capital Projects	-	-	-
Restricted for Tabor Emergencies	152,000	-	-
Assigned	-	-	198
Unassigned	<u>3,254,056</u>	<u>16,349</u>	<u>-</u>
Total Fund Balances	<u>3,573,514</u>	<u>18,206</u>	<u>198</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,103,581</u>	<u>\$ 22,364</u>	<u>\$ 167,024</u>

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

Transportation Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	Total Governmental Funds
\$ 48,613	\$ 2,121,623	\$ 332,735	\$ 38,807	\$ 6,035,948
642	10,050	-	-	20,466
-	-	-	-	383,236
8,931	-	46,721	-	106,547
-	-	-	-	1,857
-	-	-	-	212,579
-	-	11,033	-	178,491
<u>\$ 58,186</u>	<u>\$ 2,131,673</u>	<u>\$ 390,489</u>	<u>\$ 38,807</u>	<u>\$ 6,939,124</u>
\$ 3,436	\$ -	\$ -	\$ -	\$ 10,110
7,929	-	-	-	559,335
42,608	-	-	-	212,579
-	-	-	-	-
-	-	-	-	-
<u>53,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,024</u>
-	-	11,033	-	180,348
-	2,131,673	-	-	2,131,673
-	-	379,456	38,807	418,263
-	-	-	-	152,000
4,213	-	-	-	4,411
-	-	-	-	3,270,405
<u>4,213</u>	<u>2,131,673</u>	<u>390,489</u>	<u>38,807</u>	<u>6,157,100</u>
<u>\$ 58,186</u>	<u>\$ 2,131,673</u>	<u>\$ 390,489</u>	<u>\$ 38,807</u>	<u>\$ 6,939,124</u>

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2018

TOTAL GOVERNMENTAL FUND BALANCES \$ 6,157,100

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

Property taxes receivable that are due later than 60 days after year-end are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the governmental funds. 99,892

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets	\$ 36,700,423	
Less Accumulated Depreciation	<u>(23,479,540)</u>	13,220,883

Discounts on the refunding of long-term debt decrease current financial resources to governmental funds; however, on the Statement of Net Position, the discount is deferred and amortized over the term of the issuance.

Refunding Discount	\$ 1,286	
Accumulated Amortization	<u>(1,271)</u>	15

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Net Position, the premium is deferred and allocated over the term of the issuance as accretion of deferred premium.

Bond Premium	\$ (253,089)	
Accumulated Accretion	<u>250,237</u>	(2,852)

Some liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:

Accrued Interest Payable	\$ (6,675)	
Current Portion of Long-term Liabilities	<u>(1,780,000)</u>	(1,786,675)

Long-term liabilities are not due and payable in the current year, and, therefore, are not reported in the governmental funds.

Bonds Payable	\$ -	
Net Pension Liability	(20,642,187)	
Net OPEB Liability	(471,380)	
Deferred Outflows of Resources	5,963,259	
Deferred Inflows of Resources	<u>(856,387)</u>	<u>(16,006,695)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,681,668

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	General Fund	Food Service (Special Revenue) Fund	Designated Purpose Grant Fund
REVENUES:			
Property Taxes	\$ 1,771,815	\$ -	\$ -
Specific Ownership Taxes	131,029	-	-
Local Grants	28,105	-	-
Other Local Revenues	139,670	47,239	162,000
Intergovernmental:			
Intermediate Sources	181,515	-	-
State Sources	3,650,411	1,899	-
Federal Sources	72,513	67,978	-
Interest Earnings	37,721	-	77
	<u>6,012,779</u>	<u>117,116</u>	<u>162,077</u>
Total Revenues			
	<u>6,012,779</u>	<u>117,116</u>	<u>162,077</u>
EXPENDITURES:			
Instruction	3,121,410	-	203,635
Supporting Services:			
General	880,548	-	10,430
Business	850,874	-	-
Transportation	-	-	-
Central	239,930	-	-
Food Services	-	146,949	-
Community	3,788	-	-
Colorado Preschool	84,803	-	-
Facilities Acquisition/Construction	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
	<u>5,181,353</u>	<u>146,949</u>	<u>214,065</u>
Total Expenditures			
	<u>5,181,353</u>	<u>146,949</u>	<u>214,065</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>831,426</u>	<u>(29,833)</u>	<u>(51,988)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	-	30,000	52,065
Transfers (Out)	(164,065)	-	-
	<u>(164,065)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
	<u>(164,065)</u>	<u>30,000</u>	<u>52,065</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	667,361	167	77
FUND BALANCE – BEGINNING	<u>2,906,153</u>	<u>18,039</u>	<u>121</u>
FUND BALANCE – ENDING	<u>\$ 3,573,514</u>	<u>\$ 18,206</u>	<u>\$ 198</u>

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

Transportation Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	Total Governmental Funds
\$ 116,315	\$ 1,824,261	\$ -	\$ -	\$ 3,712,391
4,072	-	-	-	135,101
-	-	99,721	-	127,826
45,033	-	-	18,926	412,868
-	-	-	-	181,515
46,168	-	-	-	3,698,478
-	-	-	-	140,491
412	19,317	5,615	402	63,544
<u>212,000</u>	<u>1,843,578</u>	<u>105,336</u>	<u>19,328</u>	<u>8,472,214</u>
-	-	-	1,350	3,326,395
-	-	-	-	890,978
9,339	-	-	-	860,213
283,029	-	-	-	283,029
-	-	-	-	239,930
-	-	-	-	146,949
-	-	-	-	3,788
-	-	-	-	84,803
-	-	238,417	-	238,417
-	1,700,000	-	-	1,700,000
-	118,350	-	-	118,350
-	2,571	-	-	2,571
<u>292,368</u>	<u>1,820,921</u>	<u>238,417</u>	<u>1,350</u>	<u>7,895,423</u>
<u>(80,368)</u>	<u>22,657</u>	<u>(133,081)</u>	<u>17,978</u>	<u>576,791</u>
82,000	-	-	-	164,065
-	-	-	-	(164,065)
<u>82,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,632	22,657	(133,081)	17,978	576,791
<u>2,581</u>	<u>2,109,016</u>	<u>523,570</u>	<u>20,829</u>	<u>5,580,309</u>
<u>\$ 4,213</u>	<u>\$ 2,131,673</u>	<u>\$ 390,489</u>	<u>\$ 38,807</u>	<u>\$ 6,157,100</u>

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 576,791

Amounts reported for governmental activities on the Statement of Activities are different because of the following:

In Governmental Funds, revenues for property taxes are measured by the amount of current financial resources provided, including amounts due within 60 days after the end of the year; whereas, in the Statement of Activities, property taxes are measured as the revenue is earned. This is the amount by which current property taxes to be received after 60 days from the end of the year increased from the previous fiscal year: 85,045

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In addition, the net book value of asset sales/dispositions is an adjustment to gain (loss) on the Statement of Activities.

Current Period Capitalized Outlay	\$ 197,371	
Current Period Depreciation	(1,335,541)	
Adj. to Sale/Disposal Gain (Loss)	-	(1,138,170)

Discounts on Bond Refunding are reported as Other Financing Uses in the governmental funds when paid, however they are reported as Deferred Outflows on the Statement of Net Position and amortized over the term of the new issuance. This is the amount of amortization of discounts recognized on the current year Statement of Activities. (43)

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Activities, the premium is allocated over the term of the long-term debt as accretion of bond premium. This is the amount of accretion of bond premiums recognized on the current year statement of activities. 8,428

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Current Period Debt Proceeds	\$ -	
Current Period Debt Repayment	1,700,000	1,700,000

Interest expense is recognized as an expenditure in the governmental funds when it is due as it requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the current year change in accrued interest. 6,375

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

Change in Net Pension Liability	\$ (1,433,493)	
Change in Net OPEB Liability	(11,549)	
Change in Deferred Outflows	(1,637,392)	
Change in Deferred Inflows	(769,597)	(3,852,031)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (2,613,605)

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF FUND NET POSITION
PROPRIETARY (ENTERPRISE) FUNDS
JUNE 30, 2018

	District Housing Fund	Total Enterprise Funds
ASSETS:		
Cash and Cash Equivalents	\$ 47,410	\$ 47,410
Total Current Assets	<u>47,410</u>	<u>47,410</u>
Capital Assets:		
Capital Assets, Non-depreciable	40,000	40,000
Capital Assets, Net of Depreciation	<u>167,773</u>	<u>167,773</u>
Total Capital Assets	<u>207,773</u>	<u>207,773</u>
 TOTAL ASSETS	 <u>255,183</u>	 <u>255,183</u>
LIABILITIES:		
Liabilities:		
Deposits Payable	350	350
Due to Other Funds	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>350</u>	 <u>350</u>
FUND NET POSITION:		
Invested in Capital Assets, Net of Related Debt	207,773	207,773
Unrestricted	<u>47,060</u>	<u>47,060</u>
 TOTAL FUND NET POSITION	 <u>\$ 254,833</u>	 <u>\$ 254,833</u>

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY (ENTERPRISE) FUNDS
For the Fiscal Year Ended June 30, 2018

	District Housing Fund	Total Enterprise Funds
OPERATING REVENUES:		
Rentals/Leases	\$ 18,269	\$ 18,269
Total Operating Revenues	<u>18,269</u>	<u>18,269</u>
OPERATING EXPENSES:		
Purchased Services	3,308	3,308
Supplies	5,646	5,646
Non-Capitalized Capital Outlay	-	-
Depreciation	<u>11,598</u>	<u>11,598</u>
Total Operating Expenses	<u>20,552</u>	<u>20,552</u>
OPERATING INCOME (LOSS)	<u>(2,283)</u>	<u>(2,283)</u>
NON-OPERATING INCOME (EXPENSES)		
Interest Earnings	<u>400</u>	<u>400</u>
Total Non-operating Income (Expenses)	<u>400</u>	<u>400</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(1,883)	(1,883)
Transfers In (Out)	<u>-</u>	<u>-</u>
CHANGE IN FUND NET POSITION	(1,883)	(1,883)
FUND NET POSITION – BEGINNING OF YEAR	<u>256,716</u>	<u>256,716</u>
FUND NET POSITION – END OF YEAR	<u>\$ 254,833</u>	<u>\$ 254,833</u>

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF CASH FLOWS
PROPRIETARY (ENTERPRISE) FUNDS
For the Fiscal Year Ended June 30, 2018

	District Housing Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 18,269	\$ 18,269
Cash Payments for Goods and Services	(12,353)	(12,353)
Net Cash Provided (Used) by Operating Activities	<u>5,916</u>	<u>5,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Earnings	400	400
Net Cash Provided (Used) by Investing Activities	<u>400</u>	<u>400</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Rental Deposits	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,316	6,316
CASH AND CASH EQUIVALENTS - BEGINNING	<u>41,094</u>	<u>41,094</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 47,410</u>	<u>\$ 47,410</u>

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH USED FOR OPERATING ACTIVITIES:

Operating Income (Loss)	\$ (2,283)	\$ (2,283)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	11,598	11,598
Increase (Decrease) In Accounts Payable	(350)	(350)
Increase (Decrease) Interfund Loans	<u>(3,049)</u>	<u>(3,049)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,916</u>	<u>\$ 5,916</u>

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2018

	<u>Pupil Activity Funds</u>		<u>Scholarships</u>	<u>Total</u>
	<u>Junior/Senior</u>	<u>Elementary</u>	<u>Scholarship</u>	<u>Agency</u>
	<u>High School</u>	<u>School</u>	<u>Fund</u>	<u>Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 120,253	\$ 5,275	\$ 75,618	\$ 201,146
LIABILITIES:				
Due Student Groups/Agency	<u>(120,253)</u>	<u>(5,275)</u>	<u>(75,618)</u>	<u>(201,146)</u>
NET POSITION:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rio Blanco County School District RE-4 are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Financial Reporting Entity

The Rio Blanco County School District RE-4 is organized under the laws of the State of Colorado and is governed by an elected five member Board of Education. Board of Education members are elected by the citizens of Rio Blanco County, not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District meets the criteria of a primary government; its Board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent with the authority to: a) determine its budget without another government's authority to approve or modify; b) levy taxes or charges without another government's approval; and, c) issue bonded debt without approval by another government.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on these criteria, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity. The District is not a component unit of any other governmental reporting entity. The District's financial statements include the accounts of all District operations.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture: Rio Blanco County Board of Cooperative Educational Services (BOCES)

The District is one of two districts participating in the Rio Blanco County Board of Cooperative Educational Services (BOCES). The BOCES is a regional education service unit created under the “Board of Cooperative Services Act of 1965” and is governed by a board consisting of representatives from each of the two districts.

The governing board of the BOCES has final authority over all funds of BOCES and fiscal responsibility including budgetary and reporting. As such, this joint venture does not meet the criteria for inclusion within the reporting entity. Additional information regarding the District’s participation in the joint venture is provided in *Note 9*.

C. Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the District.

FUND FINANCIAL STATEMENTS

During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Enterprise and fiduciary funds are reported by type. The District currently considers all Funds as major Funds to segregate its overall activity.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The District's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The various funds are grouped, in the financial statements, as follows:

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund assets and liabilities is reported on the balance sheet as fund balance.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to general statutory laws.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments and expendable trusts that are legally restricted to expend funds for specified purposes. The individual special revenue fund revenues/resources are as follows: 1) the Food Service Fund amounts are grants and other revenues for general food services; 2) the Designated Purpose Grant Fund amounts are from operating grants received under an intergovernmental agreement with the Western Rio Blanco Metropolitan Recreation and Park District; and 3) the Transportation Fund amounts are from designated property taxes and other local revenues.

Debt Service Fund – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term bond obligation principal, interest and related costs. The Bond Redemption Fund is a Debt Service Fund.

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing authority is that a) the costs of goods or services provided to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise Funds consists of the District Housing Fund.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position of agency activities. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs.

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds of the District include the Scholarship Fund, which administers two scholarship accounts, and the Pupil Activity Fund, which accounts for various student-managed activities.

E. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. 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.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and governmental fund statements.

Like the government-wide financial statements, enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operations are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) therein. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise funds.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus and Basis of Accounting – (continued)

BASIS OF ACCOUNTING

While the measurement focus identifies *which* transactions and events should be recorded on the financial statements, the basis of accounting determines *when* transactions and economic events are reflected in financial statements.

Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The District considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. Grants, entitlements, and interest are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Property tax revenues are recognized when they are levied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

Government-wide financial statements are prepared using the accrual basis of accounting.

Governmental funds and agency funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus).

Propriety fund types use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by Colorado School District Budget Law for all funds of the District. The District legally adopted annual budgets for all of the District's funds.
- Prior to June 30, the budgets are adopted and appropriations made by formal resolution for the ensuing fiscal year commencing July 1. A public hearing on the proposed budget is held by the Board prior to adoption of the budget.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the Food Service and Proprietary Funds. The Food Service Fund budget is modified for non-cash changes in Inventory while the Proprietary Fund budgets are adopted with the following modifications (reconciliations are provided in the budgetary comparison schedules):
 - 1) Operating transfers are included in the budget as revenues.
 - 2) Capital outlays are integrated into the budget as expenditures.
 - 3) Depreciation is not provided for in the budget.
 - 4) Inventory increases or decreases are not provided for in the budget.
- Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
- Appropriations lapse at the end of each year, and the District's Board may adopt supplemental appropriations during the year. Original and final budgets are reflected in the budgetary comparison schedules included as required and other supplemental information.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation is utilized by the District for management purposes and internal budgetary control during the year, but is not used for financial reporting purposes. Encumbrances outstanding at year end are closed out and the fund balance is not reserved for any encumbrances outstanding. All appropriations lapse at year-end whether or not encumbered.

G. Assets, Liabilities and Fund Equity

1) Cash and Investments

The District's policy in determining which items are treated as cash equivalents on the Statement of Cash Flows, include cash, demand deposits, treasury bills and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. District policy limits investments to Certificates of Deposit in local banks and daily cash accumulation fund with ColoTrust. (See also Note 2.)

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity – (continued)

2) Receivables

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

3) Internal Balances

Internal balances arise from outstanding amounts due to/from the District's various funds during the course of normal operations. Internal balances within governmental activities are eliminated on the government-wide Statement of Net Position. As of year-end, the following were outstanding internal balances:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 212,579	\$ -
Transportation Fund	-	42,608
Designated Grant Fund	-	166,826
Food Service Fund	-	3,145

4) Inventory

Inventory of the District's Food Service Fund is valued as follows: Purchased food and non-food items are valued at cost, and U.S.D.A. donated commodity items are valued at U.S.D.A. unit pricing, substantially on a first in-first out basis. Freight and delivery charges are not included in inventory valuations.

5) Property Taxes Receivable/Property Tax Revenues

Property taxes are levied and collected on behalf of the District by Rio Blanco County and are reported as revenue when received by the county treasurer. Taxes receivable represent the 2017 assessed taxes yet to be collected in 2018. Amounts collectible subsequent to August 2018 have been accrued on the government-wide Statement of Net Position. The District considers all amounts to be materially collectible; therefore, an allowance for estimated uncollectible taxes is not considered necessary. Property taxes levied for 2017 and collected (including amounts receivable within 60 days of year-end) are recognized as revenue as follows:

<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
		<u>Levied</u>	<u>Received</u>	<u>Levied</u>
General Fund:				
\$237,600,110	7.614	\$1,809,087	\$ 1,751,607	97%
Bond Redemption Fund:				
\$237,600,110	7.829	\$1,860,171	\$ 1,801,068	97%
Transportation Fund:				
\$237,600,110	.500	\$ 118,800	\$ 115,025	97%

Property taxes are assessed on a calendar year basis and attach as an enforceable lien on property as of January 1. They may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and accrued interest thereon become delinquent on June 16th.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

6) Capital Assets

Capital assets purchased or acquired with an original cost in excess of the capitalization threshold of \$5,000 (set by the Board) are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of Equipment is on the straight-line basis with the mid-year convention, and Depreciation of Buildings and Improvements is on the straight-line method beginning in the year after they are placed in service, provided over the following estimated useful lives:

Buildings and Improvements	7-40 years
Vehicles and Other Equipment	5-15 years

7) Vacation, Sick Leave, and Other Compensated Absences

Vacation time earned in the current year is required to be taken by September 1 following the end of the fiscal year. If it becomes impossible for an employee to take all vacation by that time, due to the urgency of work involved in the school program, five days may be carried over to the next fiscal year. Vacation accrued of \$17,005 is included in Accrued Salaries and Benefits Payable in the General Fund, \$1,014 in the Food Service (Special Revenue) Fund, and \$7,929 in the Transportation Fund.

Sick leave is earned at a rate of ten days per year to a maximum of 120 days. Upon leaving the District and upon ten consecutive years of employment, an employee will receive \$10 per day of unused sick leave, not to exceed 120 days. In addition, employees who elect to participate in a Sick Leave Bank shall contribute one sick day at the time of entry into the Bank. When the Bank total drops below the minimum of 30 days, members are assessed one day. Participants may withdraw up to fifteen days at a time from the Bank upon application in writing. Sick pay accrued of \$2,721 is included in Accrued Salaries and Benefits Payable in the General Fund, \$0 in the Food Service Fund, and \$0 in the Transportation Fund.

There is no compensated time off for extra hours worked.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

8) Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Salaries of teachers and other contracted personnel are accrued as required by the Revised Financial Policies and Procedures Handbook. Teachers' salaries are typically paid over a twelve-month period but are earned over a period of approximately nine months. This results in an outstanding liability at the end of the fiscal year. The accrued PERA and Medicare is computed on these salaries and is also shown as a liability. Accrued salaries and benefits at June 30, 2018 were \$550,393 for governmental funds and \$0 for proprietary funds with the incremental change charged to current year expenditures, inclusive of accrued vacation and sick leave.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are expensed as incurred.

In the governmental fund financial statements, bonds are recognized as a liability on the fund financial statements when due. Governmental funds recognize bond premiums and discounts in the current period when incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures as incurred.

9) Net Position and Fund Balances

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

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

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

9) Net Position and Fund Balances - continued

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

Non-spendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

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

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Education). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

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

Unassigned – the residual for the general fund. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

At June 30, 2018, the amounts restricted were \$2,131,673 for future Debt Service, \$418,263 for Facilities Acquisition/Construction and \$152,000 for Tabor Emergency reserves.

H. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

I. Pensions

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Post-Employment Benefits Other Than Pensions (OPEB)

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple employer defined benefit OPEB plan administered by the Public Employees' Retirement Association of Colorado (PERA). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCTF administered by PERA and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

K. Unearned Revenue

Unearned Revenues consist of revenue received before all eligibility requirements or allocable expenditures have been met or incurred.

L. Operating Revenues and Expenses

Operating revenues are generated directly from the primary activity of enterprise funds and consist of District Housing Fund rental revenues. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

M. Contributed Capital

Grants and contributions in the enterprise fund which may be used for either operations or capital expenditures at the discretion of the District are recognized as non-operating revenues. If expenditure is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.

N. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as other financing sources/uses in governmental funds and non-operating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board of Education recognizes the importance of prudent and profitable investment of District monies and its responsibility in overseeing the District's financial program. It is the policy of the District to invest public funds in a manner which will ensure the safety of funds, ensure that adequate funds are available at all times to meet the financial obligations of the District when due, ensure a market rate of return on the funds available for investment throughout the budget cycle, and ensure that all funds are deposited and invested in accordance with all federal, state and local statutes governing the investment of public funds. District policy limits investments to Certificates of Deposit in local banks and daily cash accumulation fund with ColoTrust. This policy applies to the investment of all financial assets of the District over which it exercises financial control.

Summary of Deposits and Investments

	<u>Fair Value</u>
Checking/Savings	\$ 534,195
Local Govt Investment Pools (COLOTRUST)	3,810,584
Cash with Fiscal Agent	2,121,492
Cash with County Treasurer	266
Less Outstanding Items	<u>(182,033)</u>
Total Cash and Investments	<u>\$ 6,284,504</u>

This amount is reflected as follows: Governmental Activities \$6,035,948; Business-Type Activities \$47,410; and Fiduciary Activities \$201,146.

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

The District's bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute, and had bank balances of \$2,655,687 of which \$250,000 was covered by FDIC insurance and \$2,405,687 by PDPA as described above.

The District has \$2,121,492 on deposit with a fiscal agent in the Bond Redemption Fund to be used for future debt service.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

Local Government Investment Pool (COLOTRUST)

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard & Poor's, Fitch's and Moody's rating services. The custodian's internal records segregate investments owned by the Trust. As of June 30, 2018, the District had \$0 invested in COLOTRUST PRIME, and \$3,810,584 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - **DEPOSITS AND INVESTMENTS (continued)**

Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has investments in Colotrust with ratings as provided above.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. The District's policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Maturities are structured to accommodate readily identifiable cash flows as approved by the Board.

The District was not subject to foreign currency risk.

Additional disclosures for deposits and investments are included in *Note 1*.

NOTE 3 - **FAIR VALUES OF FINANCIAL INSTRUMENTS**

The District has a number of financial instruments, including cash and equivalents, receivables, and accounts payable, none of which are held for trading purposes. The District estimates that the fair values of its financial instruments at year end does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balances June 30, 2017	Additions	Dispositions	Balances June 30, 2018
<u>GOVERNMENTAL ACTIVITIES</u>				
Land	\$ 721,506	\$ -	\$ -	\$ 721,506
Depreciable Capital Assets:				
Buildings and Improvements	33,799,733	73,060	-	33,872,793
Transportation Equipment	1,344,272	101,300		1,445,572
Other Equipment	637,541	23,011	-	660,552
Total Capital Assets	<u>36,503,052</u>	<u>197,371</u>		<u>36,700,423</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(20,565,928)	(1,164,538)	-	(21,730,466)
Transportation Equipment	(1,138,622)	(72,978)		(1,211,600)
Other Equipment	(439,449)	(98,025)	-	(537,474)
Total Accum Depreciation	<u>(22,143,999)</u>	<u>(1,335,541)</u>		<u>(23,479,540)</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	 <u>\$ 14,359,053</u>	 <u>\$ (1,138,170)</u>	 <u>\$ -</u>	 <u>\$ 13,220,883</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Depreciable Capital Assets:				
Buildings and Improvements	265,422	-	-	265,422
Total Capital Assets	<u>305,422</u>	<u>-</u>	<u>-</u>	<u>305,422</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(86,051)	(11,598)	-	(97,649)
Total Accum Depreciation	<u>(86,051)</u>	<u>(11,598)</u>	<u>-</u>	<u>(97,649)</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	 <u>\$ 219,371</u>	 <u>\$ (11,598)</u>	 <u>\$ -</u>	 <u>\$ 207,773</u>

Depreciation expense was charged to functions/programs as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	
Pupil Transportation	\$ 72,978
Unallocated Depreciation	<u>1,262,563</u>
Total for Governmental Activities	<u>\$ 1,335,541</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>	
District Housing	<u>\$ 11,598</u>
Total for Business-type Activities	<u>\$ 11,598</u>

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM DEBT

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Obligation and Refunding					
Bonds – Series 2008	\$ 3,480,000	\$ -	\$ (1,700,000)	\$ 1,780,000	\$ 1,780,000
Series 2008 Premium	11,280	-	(8,428)	2,852	2,852
Refunding Discount	(58)	-	43	(15)	(15)
GOVERNMENTAL TOTAL					
LONG-TERM DEBT, NET	<u>\$ 3,491,222</u>	<u>\$ -</u>	<u>\$ (1,708,385)</u>	<u>\$ 1,782,837</u>	<u>\$ 1,782,837</u>

General Obligation and Refunding Bonds - Series 2008

General Obligation Improvement and Refunding Bonds in the face amount of \$15,000,000 were issued December 19, 2008 for the purpose of financing various capital improvements for District facilities, to advance refund the Series 1998 General Obligation Bonds, and to pay the cost of issuance. Interest rates range from 3.25% to 4.5% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2018. The annual requirements to amortize the long-term debt are as follows:

<u>December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$ 1,780,000</u>	<u>\$ 40,050</u>	<u>\$ 1,820,050</u>
TOTAL	<u>\$ 1,780,000</u>	<u>\$ 40,050</u>	<u>\$ 1,820,050</u>

A portion of the Series 2008 General Obligation and Refunding Bonds were issued for the purpose of refunding the outstanding Series 1998 General Obligation Bonds in the outstanding principal amount of \$605,000. As a result, the Series 1998 General Obligation Bonds are considered to be defeased and the liability for those bonds was removed from the balance sheet in fiscal year 2010. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,286. This amount is being amortized over the remaining term of the bonds using the effective interest method tied to annual principal reductions and \$43 was charged to amortization in the fiscal year ending June 30, 2018. In addition, there was an original issue premium of \$253,089, which is being accreted over the remaining term of the bonds using the effective interest method tied to annual principal reductions. The total amount charged to accretion of the bond premium was \$8,428 in the fiscal year ending June 30, 2018.

BUSINESS-TYPE ACTIVITIES

The District has no long-term debt in the Business-type Activities as of June 30, 2018.

NOTE 6 - CONTINGENCIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2018 the District was not aware of any unaccrued amounts to be refunded to the Colorado Department of Education. The District believes that any potential disallowed expenditures, if any, will not have a material effect on any of the individual funds or the overall financial position of the District.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 - COMMITMENTS

Operating Leases

The District leases various office equipment. The leases contain an annual cancellation provision and are subject to annual appropriation, therefore future minimum lease payments are not applicable. The District's rental expense for the year ended June 30, 2018 was immaterial in relation to the financial statements taken as a whole.

NOTE 8 - INVENTORIES

Food Service inventory as of June 30, 2018 of \$1,857 consisted of purchased non-food supplies and purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Department of Agriculture, are recorded at their estimated fair market value when received.

NOTE 9 - JOINTLY GOVERNED ORGANIZATION

The Rio Blanco School District RE-4 is a member of the Rio Blanco Board of Cooperative Educational Services (BOCES), a jointly governed organization of two regional school districts, with each member district appropriating a member of the Board of Education and the superintendent of each participating District to the BOCES board of directors. The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES does not meet the criteria for inclusion within the reporting entity of the District. Financial statements for the BOCES can be obtained directly from BOCES at (970) 675-2064.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

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

Eligible employees of the District are provided with pensions through the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (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 (CAFR) that can be obtained at: www.copera.org/investments/pera-financial-reports.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (continued)

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. Section 24-51-602, 604, 1713 and 1714.

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

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

It is possible for employees participating in the SCHDTF to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer; therefore the DPS Benefit Structure is shown below, where the lifetime retirement benefit for all eligible retiring employees under the 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% of the highest average salary and cannot exceed the maximum benefit allowed by the 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 benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided – (continued)

Disability benefits are available for eligible employees once they reach 5 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 show above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions as of June 30, 2018

Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq.* Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized below:

For contributions made during the Year Ended:	December 31, 2018	December 31, 2017
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Sec 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. Sec 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Sec 24-51-411	5.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	19.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$533,380 during the year ended June 30, 2018.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, the District reported a liability of \$20,642,187 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 0.0638356707%, which was a decrease of 0.0006796102% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$4,378,192. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 379,523	\$ -
Changes of assumptions or other inputs	5,270,717	33,447
Net difference between projected and actual earnings on pension plan investments	-	810,638
Changes in proportion and differences between contributions recognized and proportionate share of contributions	26,229	,
Contributions subsequent to the measurement date	270,157	,
TOTAL	\$ 5,946,626	\$ 844,085

The amount of \$270,157 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of 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 for changes in proportion and differences between contributions recognized and proportionate share of contributions will be recognized in pension expenses as follows:

<u>Year Ended June 30,</u>	<u>Outflows</u>	<u>Inflows</u>
2019	\$ 45,173	\$ -
2020	(3,643)	-
2021	(15,301)	-
2022	-	-
2023	-	-
Thereafter	-	-

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following 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.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- (continued)

Actuarial Assumptions – (continued)

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

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 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%.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- (continued)

Actuarial Assumptions – (continued)

Discount Rate

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

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- (continued)

Actuarial Assumptions – (continued)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

Sensitivity of the Net Pension Liability	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate Share of the Net Pension Liability	\$26,074,593	\$20,642,187	\$16,215,397

Pension Plan Fiduciary Net Position

Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report at www.copera.org/investments/pera-financial-reports.

Changes between the Measurement Date of the Net Pension Liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200, *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to 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 the plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 11 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- (continued)

At June 30, 2018, the District reported a liability of \$20,642,187 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$9,325,961

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$9,635,902 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN: Voluntary Investment Program

Plan Description

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District currently has no matching contributions for covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2018 program members contributed \$23,307.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 13 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (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 administration of the premium subsidies. PERA issues a publicly available comprehensive annual financial report that can be obtained at: www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based on 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 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. Section 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PERA Benefit Structure

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 13 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN – (continued)

PERA Benefit Structure – (continued)

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. Sec 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.

It is possible for employees to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer. Under the 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 each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount. For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$28,816 for the year ended June 30, 2018.

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2018, the District reported a liability of \$471,380 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.0362711929%, which was a decrease of 0.004000580% from its proportion measured at December 31, 2016.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB – (continued)

For the year ended June 30, 2018, the District recognized OPEB expense of \$471,380. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,229	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	7,886
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	4,416
Contributions subsequent to the measurement date	14,404	-
TOTAL	\$ 16,633	\$ 12,302

The amount of \$14,404 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:

<u>Year Ended June 30,</u>	<u>Outflows</u>	<u>Inflows</u>
2019	\$ -	\$ 867
2020	-	867
2021	-	868
2022	-	867
2023	-	867
Thereafter	-	80

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age
Price Inflation	2.40 percent
Real Wage Growth	1.10 percent
Wage Inflation	3.50 percent
Salary Increases, including wage inflation	3.50 percent in aggregate
Long-term investment Rate of Return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount Rate	7.25 percent
Health care cost trend rates / PERA Benefit Structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A Premiums	3.00 percent for 2017, Gradually rising to 4.25 percent in 2023
DPS Benefit Structure / Service-based premium subsidy	0.00 percent
DPS PERACare Medicare plans & Medicare Part A premiums	N/A

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB – (continued)**Actuarial Assumptions - continued**

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 capital health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A. Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys on conjunction with actual plan experience (if credible), building block models and heuristics developed by 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%

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 HCCTF.

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.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB – (continued)

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

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB – (continued)

Actuarial Assumptions - continued

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

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 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 weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

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

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

Sensitivity of the District's Proportionate Share of the net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or higher than the current rates:

<i>Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates</i>	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	\$458,411	\$471,380	\$487,001

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 14 - OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB – (continued)

Discount Rate

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

<i>Sensitivity of the Net OPEB Liability To Changes in the Discount Rate</i>	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$529,980	\$471,380	\$421,364

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report at www.copera.org/investments/pera-financial-reports.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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 and omissions; injuries to employees; or acts of God. The District covers its employees, due to injury, under Colorado Compensation Insurance Authority (CCIA). The District maintains commercial insurance for other risks of loss. There have been no significant reductions in coverage and settled claims have not exceeded coverage in any of the past three years. In the ordinary course of operations, the District can be involved in various litigation. In the opinion of management, any liability from claims or proceedings in excess of the amount covered by insurance would not have a material adverse effect on the District's net position, changes in position or cash flows.

NOTE 16 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The District appears to be in compliance with material legal, contractual and accounting provisions, as prescribed by Federal and State laws and statutes.

B. TABOR Amendment – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments. The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions.

TABOR requires that revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. TABOR also requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments. In November 1999 the District's electorate passed a ballot issue allowing the District to collect, retain and expend revenues not withstanding any of TABOR'S revenue limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service and expenditures of Federal Awards). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The total emergency reserve was \$152,000 as of June 30, 2018.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification of a fund as an Enterprise Fund) will require judicial interpretation.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 17 - RESTATEMENT OF NET ASSETS

For the year Ended June 30, 2018, the District has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* (GASB No. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide post-employment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability.

For the District, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard results in a restatement of prior period government-wide net position as shown below:

Net Position at June 30, 2017 as Previously Reported	\$ 5,011,820
Cumulative Effect of GASB No 75 Net OPEB Liability	<u>(459,831)</u>
Net Position at June 30, 2017 as Restated	<u><u>\$ 4,551,989</u></u>

NOTE 18 - SUBSEQUENT EVENTS

Management of the District has evaluated events subsequent to June 30, 2018 through the issuance date of this report. The following subsequent events are considered material to the financial statements taken as a whole:

- 1) 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 including an estimate of the impact on the District's share of the net pension liability if SB-200 had been enacted on December 31, 2017 are included in Note 11.
- 2) In the November 2018 election, voters approved a mill levy override that will raise \$1.2 million annually that the District will earmark for retaining and recruiting teachers and staff, maintaining small class sizes, programming and general operations.

There has been no other material event noted during this period that would either impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE
GENERAL FUND AND SPECIAL REVENUES FUNDS

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 2,259,714	\$ 2,199,539	\$ 1,771,815	\$ (427,724)
Specific Ownership Taxes	92,002	92,002	131,029	39,027
Local Grants	268,608	268,608	28,105	(240,503)
Other Local Revenues	102,000	162,175	139,670	(22,505)
Intergovernmental:				
Intermediate Sources	160,000	160,000	181,515	21,515
State Sources	3,219,419	3,219,419	3,650,411	430,992
Federal Sources	71,000	71,000	72,513	1,513
Interest Earnings	12,000	12,000	37,721	25,721
Total Revenues	<u>6,184,743</u>	<u>6,184,743</u>	<u>6,012,779</u>	<u>(171,964)</u>
EXPENDITURES:				
Instruction	3,457,633	3,483,035	3,121,410	361,625
Supporting Services:				
General	991,400	963,698	880,548	83,150
Business	1,043,409	1,045,709	850,874	194,835
Central	296,310	296,310	239,930	56,380
Food Services	1,000	1,000	-	1,000
Community	8,603	8,603	3,788	4,815
Colorado Preschool	86,500	86,500	84,803	1,697
Total Expenditures	<u>5,884,855</u>	<u>5,884,855</u>	<u>5,181,353</u>	<u>703,502</u>
Excess of Revenues Over (Under) Expenditures	<u>299,888</u>	<u>299,888</u>	<u>831,426</u>	<u>531,538</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(365,000)</u>	<u>(365,000)</u>	<u>(164,065)</u>	<u>200,935</u>
Total Other Financing Sources (Uses)	<u>(365,000)</u>	<u>(365,000)</u>	<u>(164,065)</u>	<u>200,935</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(65,112)	(65,112)	667,361	732,473
FUND BALANCE-BEGINNING	<u>3,246,786</u>	<u>3,246,786</u>	<u>2,906,153</u>	<u>(340,633)</u>
FUND BALANCE-ENDING	<u>\$ 3,181,674</u>	<u>\$ 3,181,674</u>	<u>\$ 3,573,514</u>	<u>\$ 391,840</u>

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
BUDGETARY BASIS REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2018

	FOOD SERVICE (SPECIAL REVENUE) FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources	\$ 45,800	\$ 45,800	\$ 47,239	\$ 1,439
Intergovernmental:				
State Sources	1,200	1,200	1,899	699
Federal Sources	53,500	53,500	67,978	14,478
Budgetary Revenues	100,500	100,500	117,116	16,616
EXPENDITURES:				
Food Services:				
Salaries	87,000	87,000	70,711	16,289
Employee Benefits	19,000	19,000	15,112	3,888
Purchased Services	1,800	1,800	817	983
Supplies and Materials:				
Purchased Food/Supplies	53,500	53,500	52,342	1,158
Donated Commodities	-	-	7,967	(7,967)
Capital Outlay/Other	-	-	-	
Non-GAAP Items:				
Increase/(Decrease) in Inventory	-	-	(571)	571
Budgetary Expenditures	161,300	161,300	146,378	14,922
Excess of Budgetary Revenues Over (Under) Budgetary Expenditures	(60,800)	(60,800)	(29,262)	31,538
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	58,000	58,000	30,000	(28,000)
Excess of Budgetary Revenues and Other Financing Sources Over (Under) Budgetary Expenditures and Other Financing (Uses)	(2,800)	(2,800)	738	3,538
BUDGETARY FUND BALANCE–BEGINNING	13,492	9,092	18,039	8,947
BUDGETARY FUND BALANCE – ENDING	\$ 10,692	\$ 6,292	\$ 18,777	\$ 12,485
<i>Reconciliation to GAAP Basis:</i>				
BUDGETARY FUND BALANCE – ENDING	\$ 10,692	\$ 6,292	\$ 18,777	\$ 12,485
Adjustments for Non-GAAP to GAAP Basis	-	-	(571)	(571)
GAAP BASIS FUND BALANCE – ENDING	\$ 10,692	\$ 6,292	\$ 18,206	\$ 11,914

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – DESIGNATED PURPOSE GRANT FUND
For the Fiscal Year Ended June 30, 2018

	DESIGNATED PURPOSE GRANT FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental:				
Local Sources	\$ 247,000	\$ 247,000	\$ 162,000	\$ (85,000)
Interest Earnings	40	40	77	37
Total Revenues	247,040	247,040	162,077	(84,963)
EXPENDITURES:				
Instruction	247,000	247,000	203,635	43,365
Supporting Services:				
General	6,400	6,400	10,430	(4,030)
Central	-	-	-	
Total Expenditures	253,400	253,400	214,065	39,335
Excess of Revenues Over (Under) Expenditures	(6,360)	(6,360)	(51,988)	(45,628)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	52,065	52,065
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(6,360)	(6,360)	77	6,437
FUND BALANCE – BEGINNING	142	144	121	(23)
FUND BALANCE – ENDING	\$ (6,218)	\$ (6,216)	\$ 198	\$ 6,414

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2018

	TRANSPORTATION FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 91,500	\$ 91,500	\$ 116,315	\$ 24,815
Specific Ownership Taxes	3,000	3,000	4,072	1,072
Other Local Revenues	15,000	15,000	45,033	30,033
Intergovernmental:				
Intermediate Sources	-	-	-	-
State Sources	30,000	30,000	46,168	16,168
Interest Earnings	-	-	412	412
Total Revenues	<u>139,500</u>	<u>139,500</u>	<u>212,000</u>	<u>72,500</u>
EXPENDITURES:				
Supporting Services:				
Business	12,300	12,300	9,339	2,961
Transportation	<u>305,346</u>	<u>305,346</u>	<u>283,029</u>	<u>22,317</u>
Total Expenditures	<u>317,646</u>	<u>317,646</u>	<u>292,368</u>	<u>25,278</u>
Excess of Revenues Over (Under) Expenditures	(178,146)	(178,146)	(80,368)	97,778
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>180,000</u>	<u>180,000</u>	<u>82,000</u>	<u>(98,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	1,854	1,854	1,632	(222)
FUND BALANCE – BEGINNING	<u>417</u>	<u>417</u>	<u>2,581</u>	<u>2,164</u>
FUND BALANCE – ENDING	<u>\$ 2,271</u>	<u>\$ 2,271</u>	<u>\$ 4,213</u>	<u>\$ 1,942</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AND

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2018

<u>Colorado PERA:</u>	<u>Reporting Fiscal Year / (Measurement Date)</u>			
	<u>2018 / (2017)</u>	<u>2017 / (2016)</u>	<u>2016 / (2015)</u>	<u>2015 / (2014)</u>
District's proportion of the Net Pension Liability	0.0638356707%	0.0645152809%	0.0627448219%	0.0622843806%
District's proportionate share of the Net Pension Liability	\$ 20,642,187	\$ 19,208,694	\$ 9,596,377	\$ 8,441,626
District's covered-employee payroll	\$ 2,944,665	\$ 2,937,020	\$ 2,734,403	\$ 2,609,266
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	701%	654%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.84%

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
JUNE 30, 2018

	Reporting Fiscal Year			
<u>Colorado PERA:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contribution	\$ 533,380	\$ 558,813	\$ 484,984	\$ 482,060
District Contributions in relation to the statutorily required contribution	<u>533,380</u>	<u>558,813</u>	<u>484,984</u>	<u>482,060</u>
District contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,825,113	\$ 3,040,009	\$ 2,734,403	\$ 2,609,266
District's contributions as a percentage of covered-employee payroll	18.9%	18.4%	18.3%	17.9%

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

AND

SCHEDULE OF THE DISTRICT'S PERA COLORADO HEALTH CARE TRUST FUND CONTRIBUTIONS

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018

<u>Colorado PERA HCTF:</u>	<u>Reporting Fiscal Year / (Measurement Date)</u>	
	<u>2018 / (2017)</u>	<u>2017 / (2016)</u>
District's proportion of the Net OPEB Liability	0.0362711929%	0.0366712509%
District's proportionate share of the Net OPEB Liability	\$ 471,380	\$ 475,455
District's covered-employee payroll	\$ 2,944,665	\$ 2,937,020
District's proportionate share of the Net OPEB Liability as a percentage of its covered employee payroll	16.01%	16.19%
Plan fiduciary net position as a percentage of the total pension liability	17.53%	16.72%

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF THE DISTRICT'S PERA COLORADO HEALTH CARE TRUST FUND CONTRIBUTIONS
JUNE 30, 2018

	<u>Reporting Fiscal Year</u>	
<u>Colorado PERA:</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 28,816	\$ 31,008
District Contributions in relation to the contractually required contribution	<u>28,816</u>	<u>31,008</u>
District contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 \$ 2,825,113	 \$ 3,040,009
District's contributions as a percentage of covered-employee payroll	1.02%	1.02%

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Revenue from Local Sources and Interest:			
Property Taxes	\$ 2,199,539	\$ 1,771,815	\$ (427,724)
Specific Ownership Taxes	92,002	131,029	39,027
Grants and Contributions	268,608	28,105	(240,503)
Rental Income	3,000	2,425	(575)
Other Local Revenues	159,175	137,245	(21,930)
Interest on Deposits	<u>12,000</u>	<u>37,721</u>	<u>25,721</u>
Total Revenue from Local Sources and Interest	<u>2,734,324</u>	<u>2,108,340</u>	<u>(625,984)</u>
Revenue from Intermediate Sources:			
Mineral Leasing Revenues	100,000	109,242	9,242
Forest Reserve and Impact Fees	<u>60,000</u>	<u>72,273</u>	<u>12,273</u>
Total Revenue from Intermediate Sources	<u>160,000</u>	<u>181,515</u>	<u>21,515</u>
Revenue from State Sources:			
State Equalization	2,980,524	3,393,981	413,457
ELPA Grants	1,900	541	(1,359)
Small Rural School Districts	177,260	177,532	272
Read Act	36,235	35,815	(420)
Library Grant	3,500	3,500	-
At-Risk Funding	-	2,343	2,343
Rural and Low Income Schools	-	21,082	21,082
Vocational Education	<u>20,000</u>	<u>15,617</u>	<u>(4,383)</u>
Total Revenue from State Sources	<u>3,219,419</u>	<u>3,650,411</u>	<u>430,992</u>
Revenue from Federal Sources:			
Title I	60,000	47,982	(12,018)
Title II A	-	7,359	7,359
Title IV	-	10,000	10,000
Carl Perkins Grant	7,000	-	(7,000)
REAP Grant	<u>4,000</u>	<u>7,172</u>	<u>3,172</u>
Total Revenue from Federal Sources	<u>71,000</u>	<u>72,513</u>	<u>1,513</u>
TOTAL REVENUES	6,184,743	6,012,779	(171,964)
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
BUDGETARY REVENUES	<u>\$ 6,184,743</u>	<u>\$ 6,012,779</u>	<u>\$ (171,964)</u>

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
INSTRUCTION:			
Salaries	\$ 1,705,738	\$ 1,633,172	\$ 72,566
Employee Benefits	829,243	691,160	138,083
Purchased Services	833,085	663,543	169,542
Supplies and Materials	65,050	53,114	11,936
Capital Outlay	4,769	7,750	(2,981)
Other Expenditures/Equalization Withholding	45,150	72,671	(27,521)
TOTAL INSTRUCTION	<u>3,483,035</u>	<u>3,121,410</u>	<u>361,625</u>
GENERAL SUPPORTING SERVICES:			
<i>Student Support:</i>			
Salaries	60,792	57,792	3,000
Employee Benefits	27,800	28,033	(233)
Purchased Services	5,000	440	4,560
Supplies and Materials	11,800	14,825	(3,025)
Subtotal	<u>105,392</u>	<u>101,090</u>	<u>4,302</u>
<i>Instructional Staff:</i>			
Salaries	65,993	61,068	4,925
Employee Benefits	17,810	12,845	4,965
Purchased Services	6,580	-	6,580
Supplies and Materials	13,000	8,023	4,977
Subtotal	<u>103,383</u>	<u>81,936</u>	<u>21,447</u>
<i>General Administration:</i>			
Salaries	183,044	167,137	15,907
Employee Benefits	54,825	44,998	9,827
Purchased Services	51,250	37,604	13,646
Supplies and Materials	20,400	18,992	1,408
Capital Outlay	600	-	600
Other Expenditures	8,500	9,501	(1,001)
Subtotal	<u>318,619</u>	<u>278,232</u>	<u>40,387</u>
<i>School Administration:</i>			
Salaries	250,659	243,875	6,784
Employee Benefits	137,395	126,734	10,661
Purchased Services	29,750	33,069	(3,319)
Supplies and Materials	15,000	14,599	401
Capital Outlay	2,500	318	2,182
Other Expenditures	1,000	695	305
Subtotal	<u>436,304</u>	<u>419,290</u>	<u>17,014</u>
TOTAL GENERAL SUPPORT	<u>963,698</u>	<u>880,548</u>	<u>83,150</u>

(continued on next page)

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

<i>(continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BUSINESS SUPPORTING SERVICES:			
<i>Business Services:</i>			
Salaries	\$ 116,052	\$ 97,336	\$ 18,716
Employee Benefits	29,599	37,859	(8,260)
Purchased Services	11,540	5,205	6,335
Supplies and Materials	16,250	12,158	4,092
Capital Outlay	1,200	-	1,200
Other Expenditures	25,750	681	25,069
Subtotal	<u>200,391</u>	<u>153,239</u>	<u>47,152</u>
<i>Operations and Maintenance:</i>			
Salaries	282,218	221,510	60,708
Employee Benefits	151,350	105,897	45,453
Purchased Services	150,050	136,859	13,191
Supplies and Materials	261,200	225,826	35,374
Capital Outlay	500	7,543	(7,043)
Subtotal	<u>845,318</u>	<u>697,635</u>	<u>147,683</u>
TOTAL BUSINESS SUPPORT	<u>1,045,709</u>	<u>850,874</u>	<u>194,835</u>
CENTRAL SUPPORTING SERVICES:			
Salaries	51,800	45,629	6,171
Employee Benefits	32,460	31,465	995
Purchased Services	152,050	109,484	42,566
Supplies and Materials	44,500	30,838	13,662
Capital Outlay	15,000	22,514	(7,514)
Other Expenditures	500	-	500
TOTAL CENTRAL SUPPORT	<u>296,310</u>	<u>239,930</u>	<u>56,380</u>
FOOD SERVICES SUPPORT:			
Supplies and Materials	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL FOOD SVC SUPPORT	<u>1,000</u>	<u>-</u>	<u>1,000</u>
COMMUNITY SUPPORTING SERVICES:			
Employee Benefits/Supplies	<u>8,603</u>	<u>3,788</u>	<u>4,815</u>
TOTAL COMMUNITY SUPPORT	<u>8,603</u>	<u>3,788</u>	<u>4,815</u>
COLORADO PRESCHOOL:			
Purchased Services	<u>86,500</u>	<u>84,803</u>	<u>1,697</u>
TOTAL COLORADO PRESCHOOL	<u>86,500</u>	<u>84,803</u>	<u>1,697</u>
OTHER FINANCING USES:			
Transfers Out	<u>365,000</u>	<u>164,065</u>	<u>200,935</u>
TOTAL BUDGETARY EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 6,249,855</u></u>	<u><u>\$ 5,345,418</u></u>	<u><u>\$ 904,437</u></u>

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
COMBINING BALANCE SHEET
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Fiscal Year Ended June 30, 2018

	<u>GENERAL (FUND 10)</u>	<u>PRESCHOOL (FUND 19)</u>	<u>TOTAL GENERAL FUND</u>
ASSETS:			
Cash and Cash Equivalents	\$ 3,469,139	\$ -	\$ 3,469,139
Receivables:			
Property Taxes , Net	9,774	-	9,774
Intergovernmental	220,736	-	220,736
Other Receivables	50,895	-	50,895
Due from Other Funds	212,579	-	212,579
Prepaid Expenses	<u>167,458</u>	<u>-</u>	<u>167,458</u>
 TOTAL ASSETS	 <u>\$ 4,130,581</u>	 <u>\$ -</u>	 <u>\$ 4,130,581</u>
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 6,674	\$ -	\$ 6,674
Accrued Salaries and Benefits	<u>550,393</u>	<u>-</u>	<u>550,393</u>
 Total Liabilities	 <u>557,067</u>	 <u>-</u>	 <u>557,067</u>
 Fund Balances:			
Non-spendable	167,458	-	167,458
Restricted for Emergencies	152,000	-	152,000
Unassigned	<u>3,254,056</u>	<u>-</u>	<u>3,254,056</u>
Total Fund Balances	<u>3,573,514</u>	<u>-</u>	<u>3,573,514</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 4,130,581</u>	 <u>\$ -</u>	 <u>\$ 4,130,581</u>

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Year Ended June 30, 2018

	<u>GENERAL (FUND 10)</u>	<u>PRESCHOOL (FUND 19)</u>	<u>TOTAL GENERAL FUND</u>
REVENUES:			
Local Sources	\$ 2,070,619	\$ -	\$ 2,070,619
Intermediate Sources	181,515	-	181,515
State Sources	3,650,411	-	3,650,411
Federal Sources	72,513	-	72,513
Interest Earnings	<u>37,721</u>	<u>-</u>	<u>37,721</u>
Total Revenues	<u>6,012,779</u>	<u>-</u>	<u>6,012,779</u>
EXPENDITURES:			
Instructional	3,121,410	-	3,121,410
Supporting Services:-			
General	880,548	-	880,548
Business	850,874	-	850,874
Central	239,930	-	239,930
Food Service	-	-	-
Community	3,788	-	3,788
Colorado Preschool	<u>-</u>	<u>84,803</u>	<u>84,403</u>
Total Expenditures	<u>5,096,550</u>	<u>84,803</u>	<u>5,181,353</u>
Excess of Revenues			
Over (Under) Expenditures	<u>916,229</u>	<u>(84,803)</u>	<u>831,426</u>
OTHER FINANCING			
SOURCES (USES):			
Transfers In (Out)	<u>(248,868)</u>	<u>84,803</u>	<u>(164,065)</u>
Total Other Financing Sources (Uses)	<u>(248,868)</u>	<u>84,803</u>	<u>(164,065)</u>
Excess of Revenues and			
Other Financialings Sources Over			
(Under) Expenditures and			
Other Financing (Uses)	667,361	-	667,361
-			
FUND BALANCES – Beginning	<u>2,906,153</u>	<u>-</u>	<u>2,906,153</u>
FUND BALANCES – Ending	<u>\$ 3,573,514</u>	<u>\$ -</u>	<u>\$ 3,573,514</u>

OTHER SUPPLEMENTAL INFORMATION

BOND REDEMPTION (DEBT SERVICE) FUND

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND – BOND REDEMPTION FUND
For the Fiscal Year Ended June 30, 2018

<u>BOND REDEMPTION FUND</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property Taxes	\$ 1,700,500	\$ 1,700,500	\$ 1,824,261	\$ 123,761
Interest Earnings	<u>9,000</u>	<u>9,000</u>	<u>19,317</u>	<u>10,317</u>
Total Revenues	<u>1,709,500</u>	<u>1,709,500</u>	<u>1,843,578</u>	<u>134,078</u>
EXPENDITURES:				
Debt Service	<u>1,822,350</u>	<u>1,822,350</u>	<u>1,820,921</u>	<u>1,429</u>
Total Expenditures	<u>1,822,350</u>	<u>1,822,350</u>	<u>1,820,921</u>	<u>1,429</u>
Excess of Revenues Over (Under) Expenditures	(112,850)	(112,850)	22,657	135,507
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(112,850)	(112,850)	22,657	135,507
FUND BALANCE – BEGINNING	<u>2,101,534</u>	<u>2,101,534</u>	<u>2,109,016</u>	<u>7,482</u>
FUND BALANCE – ENDING	<u>\$ 1,988,684</u>	<u>\$ 1,988,684</u>	<u>\$ 2,131,673</u>	<u>\$ 142,989</u>

OTHER SUPPLEMENTAL INFORMATION

CAPITAL PROJECTS FUNDS
(CAPITAL RESERVE FUND AND BUILDING FUND)

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS – CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2018

<u>CAPITAL RESERVE FUND</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources	\$ 8,000	\$ 8,000	\$ 18,926	\$ 10,926
Interest Earnings	<u>7</u>	<u>7</u>	<u>402</u>	<u>395</u>
Total Revenues	<u>8,007</u>	<u>8,007</u>	<u>19,328</u>	<u>11,321</u>
EXPENDITURES:				
Supporting Services:				
Instructional	29,000	29,000	1,350	27,650
General	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>29,000</u>	<u>29,000</u>	<u>1,350</u>	<u>27,650</u>
Excess of Revenues Over (Under) Expenditures	(20,993)	(20,993)	17,978	38,971
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(20,993)	(20,993)	17,978	38,971
FUND BALANCE – BEGINNING	<u>1,657</u>	<u>1,657</u>	<u>20,829</u>	<u>19,172</u>
FUND BALANCE – ENDING	<u><u>\$ (19,336)</u></u>	<u><u>\$ (19,336)</u></u>	<u><u>\$ 38,807</u></u>	<u><u>\$ 58,143</u></u>

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

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF BUDGETARY REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS – BUILDING FUND
For the Fiscal Year Ended June 30, 2018

BUILDING FUND				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest Earnings	\$ 1,000	\$ 1,000	\$ 5,615	\$ 4,615
Local Grants	53,000	53,000	99,721	46,721
Other Revenues	5,000	5,000	-	(5,000)
Total Revenues	59,000	59,000	105,336	46,336
EXPENDITURES:				
Facilities Acquisition/Construction	270,000	270,000	238,417	31,583
Total Expenditures	270,000	270,000	238,417	31,583
Excess of Revenues Over (Under) Expenditures	(211,000)	(211,000)	(133,081)	77,919
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(211,000)	(211,000)	(133,081)	77,919
FUND BALANCE – BEGINNING	358,415	358,415	523,570	165,155
FUND BALANCE – ENDING	<u>\$ 147,415</u>	<u>\$ 147,415</u>	<u>\$ 390,489</u>	<u>\$ 243,074</u>

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

OTHER SUPPLEMENTAL INFORMATION

PROPRIETARY (ENTERPRISE) FUND

RIO BLANCO COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF BUDGETARY REVENUES AND EXPENSES
– BUDGET AND ACTUAL
ENTERPRISE FUND – DISTRICT HOUSING FUND
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>GAAP Operating Revenues:</i>				
Rental Income/Misc	\$ 20,035	\$ 20,035	\$ 18,269	\$ (1,766)
<i>GAAP Non-Operating Revenues:</i>				
Interest Earnings	<u>-</u>	<u>-</u>	<u>401</u>	<u>401</u>
TOTAL BUDGETARY REVENUES	<u><u>\$ 20,035</u></u>	<u><u>\$ 20,035</u></u>	<u><u>\$ 18,670</u></u>	<u><u>\$ (1,365)</u></u>
<i>GAAP Operating Expenses:</i>				
Purchased Services	5,000	5,000	3,308	1,692
Supplies and Materials	5,000	5,000	5,646	(646)
Non-Capitalized Capital Outlay	-	-	-	-
Depreciation	11,500	11,500	11,598	(598)
<i>Non-GAAP Budgetary Adjustments:</i>				
Capital Outlay	-	-	-	-
Depreciation	<u>(11,500)</u>	<u>(11,500)</u>	<u>(11,598)</u>	<u>598</u>
TOTAL BUDGETARY EXPENSES	<u><u>\$ 10,000</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 8,954</u></u>	<u><u>\$ 1,046</u></u>

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

COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS

ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES

AND

BOLDED BALANCE SHEET REPORT



Colorado Department of Education

Auditors Integrity Report

District: 2720 - RANGELY RE-4

Fiscal Year 2017-18

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,906,153	5,763,911	5,096,550	3,573,514
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	84,803	84,803	0
Sub- Total	2,906,153	5,848,714	5,181,354	3,573,514
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	18,039	146,653	146,487	18,206
22 Govt Designated-Purpose Grants Fund	121	214,141	214,065	198
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	2,581	294,000	292,368	4,212
31 Bond Redemption Fund	2,109,016	1,843,578	1,820,921	2,131,673
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	523,570	105,336	238,417	390,489
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	20,829	19,328	1,350	38,808
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	5,580,310	8,471,751	7,894,962	6,157,099
Proprietary				
50 Other Enterprise Funds	256,715	18,670	20,552	254,833
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	256,715	18,670	20,552	254,833
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	103,156	7,080	34,619	75,618
74 Pupil Activity Agency Fund	149,778	212,959	237,209	125,528
79 GASB 34-Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	252,924	220,039	271,828	201,146

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2720 - RANGELY RE-4
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental								Proprietary			Fiduciary			Totals
	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)	3,469,012	0	0	53,128	0	20,507	131	371,543	0	47,410	0	0	201,146	0	4,162,877
Cash with Fiscal Agent (8105)	127	0	0	8	0	0	2,121,492	0	0	0	0	0	0	0	2,121,627
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Receivable (8121,8122)	9,774	0	0	642	0	0	10,050	0	0	0	0	0	0	0	20,465
Interfund Loans Receivable (8131,8132)	212,579	0	0	0	0	0	0	0	0	0	0	0	0	0	212,579
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	108,389	0	0	162,500	0	0	0	46,721	0	0	0	0	0	0	317,610
Other Receivables (8151-8154,8161)	163,242	0	0	8,931	0	0	0	0	0	0	0	0	0	0	172,173
Inventories (8171,8172,8173)	0	0	0	0	0	1,857	0	0	0	0	0	0	0	0	1,857
Prepaid Expenses 8181,8182)	167,458	0	0	0	0	0	0	11,033	0	0	0	0	0	0	178,491
Sites (8211)	0	0	0	0	0	0	0	0	0	40,000	0	0	0	0	40,000
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	167,773	0	0	0	0	167,773
Total Assets	4,130,581	0	0	225,209	0	22,364	2,131,673	429,297	0	255,183	0	0	201,146	0	7,395,453

	Governmental							Proprietary				Fiduciary			
LIABILITIES & FUND EQUITY															
LIABILITIES	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	0	0	0	209,434	0	3,145	0	0	0	0	0	0	0	0	212,579
Other Payables (7421-7423)	6,674	0	0	3,436	0	0	0	0	0	0	0	0	0	0	10,110
Accrued Expenses (7461)	540,941	0	0	7,929	0	1,014	0	0	0	0	0	0	0	0	549,883
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	9,453	0	0	0	0	0	0	0	0	350	0	0	0	0	9,803
Total Liabilities	557,067	0	0	220,799	0	4,159	0	0	0	350	0	0	0	0	782,375

	Governmental						Proprietary					Fiduciary			
FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	167,458	0	0	0	0	1,857	0	11,033	0	0	0	0	0	0	180,348
Restricted Fund Balance 6720	0	0	0	0	0	0	2,131,673	418,264	0	0	0	0	0	0	2,549,937
TABOR 3% Emergency Reserve 6721	152,000	0	0	0	0	0	0	0	0	0	0	0	0	0	152,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	201,146	0	201,146
Assigned Fund Balance 6760	0	0	0	4,410	0	0	0	0	0	0	0	0	0	0	4,410
Unassigned Fund Balance 6770	3,254,056	0	0	0	0	16,349	0	0	0	0	0	0	0	0	3,270,404
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	207,773	0	0	0	0	207,773
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	47,060	0	0	0	0	47,060
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	3,573,514	0	0	4,410	0	18,206	2,131,673	429,297	0	254,833	0	0	201,146	0	6,613,078
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	4,130,581	0	0	225,209	0	22,364	2,131,673	429,297	0	255,183	0	0	201,146	0	7,395,453
	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	
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes