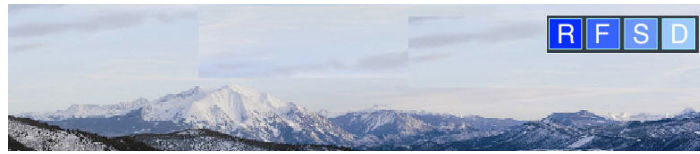


**Roaring Fork School District RE-1  
Financial Report  
For the Year Ended June 30, 2018**



**Roaring Fork School District RE-1  
Financial Report  
June 30, 2018**

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**Roaring Fork School District RE-1  
Financial Report  
June 30, 2018**

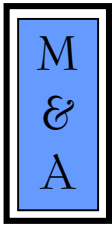
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# MCMAHAN AND ASSOCIATES, L.L.C.

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Education  
Roaring Fork School District RE-1  
Glenwood Springs, Colorado**

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1, (the "District"), 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 include 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 an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes 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 assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also include evaluation of the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall financial statement presentation.

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

*Member: American Institute of Certified Public Accountants*

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**INDEPENDENT AUDITOR'S OPINION  
To the Board of Education  
Roaring Fork School District RE-1**

***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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note IV.I. to the financial statements, in the year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions. Our opinion is not modified with respect to this matter.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as whole. The introductory section, combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures and the statistical section listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements, the individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

**INDEPENDENT AUDITOR'S OPINION**  
**To the Board of Education**  
**Roaring Fork School District RE-1**

***Other Matters (continued)***

In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express do not express an opinion or provide any assurance on them

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account 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 accepting in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

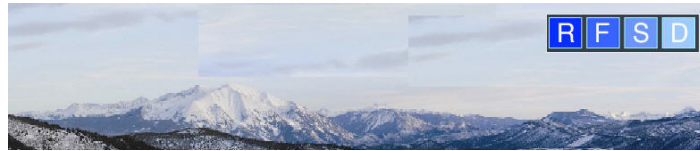
In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**December 18, 2018**

Roaring Fork School District RE-1

Management's Discussion and Analysis



**Roaring Fork School District RE-1  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2018**

As management of the Roaring Fork School District RE-1 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018.

**Financial Highlights**

- On the Fund Financial Statements, as of June 30, 2018, General Fund unassigned and assigned fund balances totaled \$11.9 million or 21% of General Fund expenditures. Fund balance reserved under the provisions of TABOR was \$1.9 million. The total Governmental Funds fund balance was \$36.5 million compared to \$90.5 million for the prior year. The significant decrease in fund balance was due to the expenditure of building project funds associated with a bond election passed by voters in November 2015.
- On the District-wide Financial Statements, the liabilities of the District exceeded its assets as of June 30, 2018 by \$122.2 million (net position) compared to \$76.3 million for the prior year. The negative net position is due to the District's allocated share of the Colorado Public Employees' Retirement Association (PERA) net pension liability increasing to \$182 million compared to \$136 million for the prior year. Additionally, the District implemented Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the restatement of 2017 ending net position of \$5,346,889 and a net other employment benefit pension ("OPEB") liability of \$5,529,543 at June 30, 2018.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) District-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**District-wide Financial Statements:** The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the district's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). The two categories reported in the District-wide financial statements are as follows:

- **Governmental activities:** Most of the District's basic services are reflected here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance and operations, student transportation, food service, and technology and administration.
- **Business-type activities:** District housing is included under this heading.

The district-wide financial statements can be found on pages C1 and C2 of this report.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's governmental funds include the General Fund, Food Service Fund, Designated Purpose Grant Fund, Capital Projects Capital Reserve Fund, Building Fund, Bond Redemption Fund and Pupil Activity Special Revenue Fund.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on pages C3 through C6.

**Proprietary funds:** The District maintains a proprietary fund which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses an enterprise fund to account for its employee housing operations. Proprietary Funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide financial reports for the District's housing fund which is considered to be a major fund of the District.

The basic major proprietary fund financial statements can be found on pages C7 through C9.

**Fiduciary Funds:** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Fiduciary Fund used by the District accounts for student clubs and other organizations.

The basic Fiduciary Fund financial statement can be found on page C10 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The Notes to the Financial Statements can be found in section D of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the District's annual appropriated budgets.

## District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2018, the District's total net position was (\$122,229,774), which included the District's net pension liability of \$242 million. This liability is the District's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado. This 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 following table provides a comparative summary of the District's net position as of June 30, 2018 and 2017:

### Roaring Fork School District RE-1 Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
<b>Assets:</b>						
Current and other assets	\$ 50,852,688	117,848,746	213,857	-	51,066,545	117,848,746
Capital assets	222,814,816	182,056,801	8,467,440	-	231,282,256	182,056,801
Total Assets	<u>\$ 273,667,504</u>	<u>\$ 299,905,547</u>	<u>8,681,297</u>	<u>-</u>	<u>282,348,801</u>	<u>299,905,547</u>
Deferred Outflows	<u>\$ 73,039,123</u>	<u>91,041,729</u>	<u>-</u>	<u>-</u>	<u>73,039,123</u>	<u>91,041,729</u>
<b>Liabilities:</b>						
Other liabilities	\$ 13,710,064	26,664,890	28,835	-	13,738,899	26,664,890
Long-term liabilities	453,844,335	439,402,183	-	-	453,844,335	439,402,183
Total Liabilities	<u>\$ 467,554,399</u>	<u>466,067,073</u>	<u>28,835</u>	<u>-</u>	<u>467,583,234</u>	<u>466,067,073</u>
Deferred Inflows	<u>\$ 10,034,464</u>	<u>1,148,970</u>	<u>-</u>	<u>-</u>	<u>10,034,464</u>	<u>1,148,970</u>
<b>Net Position</b>						
Net investment in capital assets	\$ 27,261,177	31,190,959	8,467,440	-	35,728,617	31,190,959
Restricted	14,283,352	13,678,635	-	-	14,283,352	13,678,635
Unrestricted	(172,426,765)	(121,138,361)	185,022	-	(172,241,743)	(121,138,361)
Total Net Position (as restated)	<u>\$ (130,882,236)</u>	<u>(76,268,767)</u>	<u>8,652,462</u>	<u>-</u>	<u>(122,229,774)</u>	<u>(76,268,767)</u>

Of total assets, 81% are capital assets (e.g. land, buildings, and equipment) compared to 61% for the prior year. The District uses these assets to provide instruction and related services to its students. The increase in this percentage is due to an increase in capital assets associated with bond program construction projects, resulting in a corresponding decrease in cash and cash equivalents.

Deferred outflows have decreased \$18 million due primarily to the calculation of deferred outflows related to the District's share of the PERA pension liability. Deferred outflows represent a consumption of net assets by the pension that actually relate to a future reporting period. In this case, the significant change results from modified actuarial assumptions used to determine deferred outflows. See further description on page D21.

Of total liabilities as of June 30, 2018, 55% represents the net pension liability and net OPEB liability (see description above), and 45% represents outstanding principal and unamortized premium on general obligation debt as well as accrued compensated absences.

## District-wide Financial Analysis (continued)

Note that net position may serve as an indicator of the District's financial position over time. The District's net position has decreased by approximately \$46 million from the prior year due primarily to the PERA pension and OPEB liabilities. Had it not been for this change, the District's net position would have decreased by \$3.7 million.

In May of 2018, the Colorado Legislature passed Senate Bill 200. This bill is intended to bring PERA to a fully-funded status within thirty years. The legislation provides for increased contributions from employers and employees, implements an annual state budget contribution to PERA of \$225 million, modifies retirement benefits, and establishes an automatic adjustment provision if results are less favorable than current actuarial assumptions. Over time, these changes are expected to result in a reduction in the District's share of the unfunded pension liability.

The following table presents a summary of activities and changes in net position for the fiscal years ended June 30, 2018 and 2017:

### Roaring Fork School District RE-1 Summary of Activities and Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues:						
<i>Program revenues</i>						
Charges for services	\$ 3,200,630	\$ 3,097,365	\$ 257,475	\$ -	\$ 3,458,105	\$ 3,097,365
Operating grants and contributions	6,847,422	6,267,446	-	-	6,847,422	6,267,446
Capital grants and contributions	6,584,577	1,435,494	-	-	6,584,577	1,435,494
<i>General revenues</i>						
Property taxes	47,179,801	46,395,077	-	-	47,179,801	46,395,077
Specific ownership taxes	2,998,395	2,467,244	-	-	2,998,395	2,467,244
State revenue	20,600,728	19,173,144	-	-	20,600,728	19,173,144
Investment earnings	577,306	605,407	-	-	577,306	605,407
Other	39,302	894,816	-	-	39,302	894,816
Total revenues	<u>88,028,161</u>	<u>80,335,993</u>	<u>257,475</u>	<u>-</u>	<u>88,285,636</u>	<u>80,335,993</u>
Expenditures:						
Direct Instruction	79,775,563	66,564,719	-	-	79,775,563	66,564,719
Indirect Instruction	11,327,388	9,951,801	-	-	11,327,388	9,951,801
Transportation	4,178,883	3,161,094	-	-	4,178,883	3,161,094
Operations and maintenance	8,115,175	7,380,781	-	-	8,115,175	7,380,781
Support services	4,580,061	3,584,144	-	-	4,580,061	3,584,144
General and school administration	10,188,227	9,103,250	-	-	10,188,227	9,103,250
Student activities	1,706,173	1,694,567	-	-	1,706,173	1,694,567
Food services	2,390,612	2,256,642	-	-	2,390,612	2,256,642
Payments to component unit	1,310,793	1,230,087	-	-	1,310,793	1,230,087
Interest	5,125,484	9,949,671	-	-	5,125,484	9,949,671
Employee housing	-	-	201,399	-	201,399	-
Total Expenses	<u>128,698,359</u>	<u>114,876,756</u>	<u>201,399</u>	<u>-</u>	<u>128,899,758</u>	<u>114,876,756</u>
Change in net assets before transfers and other items	(40,670,198)	(34,540,763)	56,076	-	(40,614,122)	(34,540,763)
Transfers	(8,596,386)	-	8,596,386	-	-	-
Change in net position	<u>(49,266,584)</u>	<u>(34,540,763)</u>	<u>8,652,462</u>	<u>-</u>	<u>(40,614,122)</u>	<u>(34,540,763)</u>
Net position- July 1 (as restated)	(81,615,652)	(41,728,004)	-	-	(81,615,652)	(41,728,004)
Net position - June 30	<u><u>\$(130,882,236)</u></u>	<u><u>\$(76,268,767)</u></u>	<u><u>\$ 8,652,462</u></u>	<u><u>\$ -</u></u>	<u><u>\$(122,229,774)</u></u>	<u><u>\$(76,268,767)</u></u>

## **Governmental Activities:**

### **Change in Net Position**

Net position from governmental activities decreased by \$54.6 million as reflected above. This change is comprised of decreases in total assets and deferred outflows of \$44.2 million and increases in total liabilities and deferred inflows of \$10.4 million.

The decrease in total assets and deferred outflows is comprised of the following:

- Current assets decreased by \$67 million due primarily to a decrease in cash and invested assets resulting from the expenditure of bond proceeds associated with voter-approved general obligation bonds issued for capital improvements.
- Capital assets increased by \$40.8 million as a result of current year depreciation expense of \$10.2 million offset by net capital asset additions of \$60.3 million and capital asset deletions of \$9.4 million. The capital asset deletions include the contributed capital to the housing fund of \$8.6 million.
- Deferred charges decreased by \$18 million due primarily to a change in actuarial assumptions (see further description above, and on page D23).

The increase in total liabilities and deferred inflows is the result of the following:

- Current liabilities decreased by about \$13 million due primarily to a decrease in accounts payable associated with completion of construction-in-progress on bond projects.
- Long-term liabilities increased by \$14.4 million due primarily to an increase in the PERA pension liability of \$19 million, an increase in the OPEB liability of \$5.5 million offset by a decrease in bonded debt of \$10.2 million.
- Deferred inflows increased by about \$8.9 million due primarily to a change in actuarial assumptions (see further description above, and on page D23).

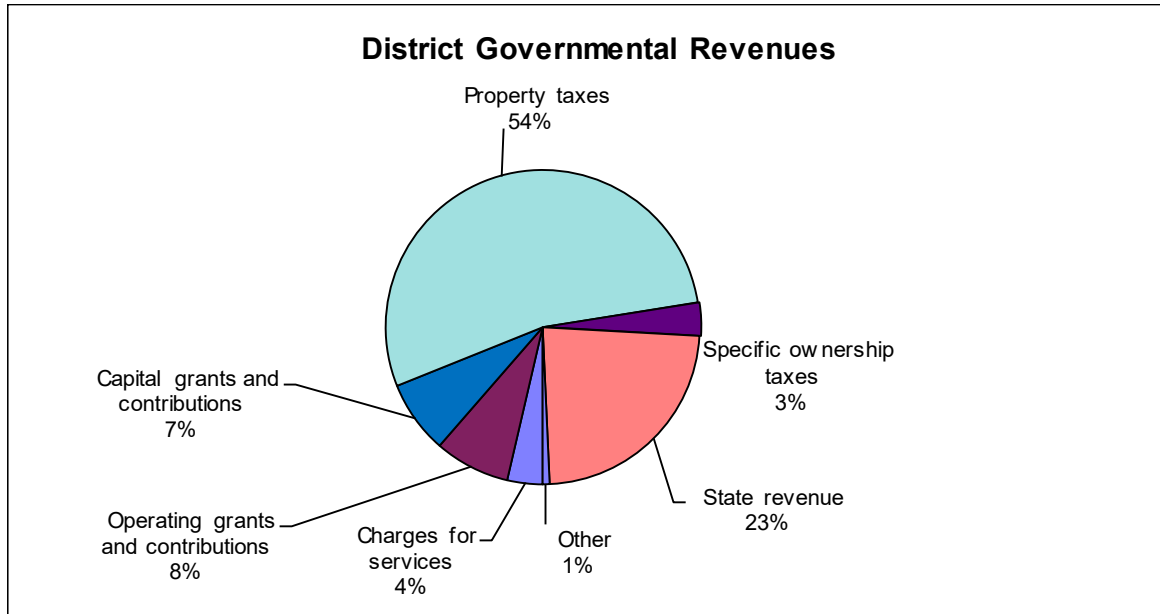
### **Business-Type Activities:**

Business-type activities include the District's employee housing program. The District's housing fund's net position increased by \$8.7 million due primarily to a capital contribution of housing from the governmental activities.

## Operating Revenues

The majority of school district operating revenues are generated from Total Program Funding as determined by the School Finance Act of 1994 (see further discussion in Economic Factors below). Total Program Funding is comprised of general fund property taxes, specific ownership taxes, and state equalization (a portion of state funding). Of the \$47.2 million in local property taxes reflected above, approximately 49% is generated under the School Finance Act, 19% is generated by additional voter-approved mill levy overrides, and 32% is generated by the bond redemption fund mill levy for the repayment of interest and principal on voter-approved debt.

The graph below summarizes total revenues by source for governmental activities:



## Financial Analysis of the District's Funds

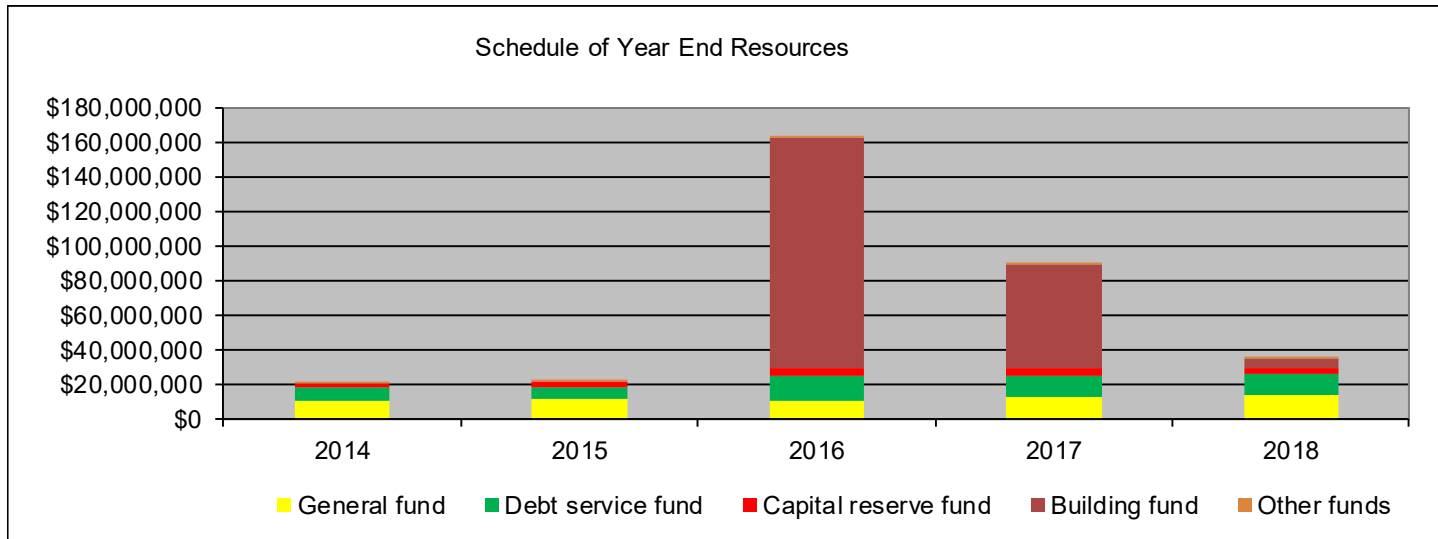
The District utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$36.5 million compared to \$90.5 million as of June 30, 2017. Of the prior year amount, \$60 million was represented by the Building Fund, which was mostly spent during fiscal year 2018 with the completion of projects associated with the successful November 2015 bond election. Excluding the Building Fund in both 2017 and 2018, the ending fund balances increased \$.4 million.

## Financial Analysis of the District's Funds (continued)

The following graph provides a view of the District's ending fund balances for the last five fiscal years:



### General Fund Analysis

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Required Supplementary Information beginning on page E1 of the audited financial statements. Excluding the temporary Building Fund, the most significant budgeted fund is the General Fund.

### Differences between the original and final budget for the General Fund

State Law permits school districts to adopt budget revisions and supplemental appropriations for additional revenues received. There were no changes in budgeted revenues or expenditures for the General Fund during fiscal year 2017/18.

### Variances between budgeted and actual revenues for the General Fund

As reflected on page E1, General Fund revenues exceeded budget by \$1.9 million. The primary contributors to this favorable budget variance include the following:

- \$89,000 due to higher than anticipated enrollment
- \$153,000 in supplemental appropriations by the legislature due to higher than expected state tax revenues
- \$613,000 due to higher than expected specific ownership tax collections (vehicle registration taxes)
- \$207,000 for higher than anticipated rates of return on invested balances due to rising interest rates
- \$165,000 in tuition and fees primarily related to an expansion of the district's preschool programs
- \$65,000 for additional funding through the federal E-rate program due to the reimbursement of costs associated with upgrades to the District's wireless network infrastructure
- \$35,000 in excess mineral lease payments
- \$70,000 due to higher than anticipated Medicaid reimbursements for health and other services provided to Medicaid-eligible students
- \$237,000 for higher than anticipated federal Forest Service Reserve funds (allocated through the Federal Secure Rural Schools Act). This is due, in part, to receiving two payments in the current year (for both 2016/17 and 2017/18)
- \$239,000 as an accumulation of individually immaterial other positive revenue variances

## **Variances Between Budgeted and Actual General Fund Expenditures**

### **Direct Instruction:**

Direct instruction expenditures were under budget by \$2.1 million due primarily to:

- A \$529,000 over budget variance in salaries and benefits resulting from:
  - An increase in preschool wages and benefits due to an expansion of the preschool program (also see description of favorable tuition revenue variance above)
  - A one percent salary increase for staff retroactive to the beginning of the year approved by the Board of Education in March 2018 due to projected recurring positive revenue variances, primarily specific ownership taxes (see favorable revenue variance descriptions above)
  - A new policy adopted by the Board of Education in March 2108 as part of the certified interest-based bargaining process, which provides for unused personal leave to be paid out annually to certified staff with more than 120 hours of unused sick leave.
- A combined under budget variance of \$2.6 million in purchased services, supplies and other expenditures comprised primarily of the following:
  - A \$606,000 favorable budget variance in supplies due primarily to unspent funds allocated for school materials and supplies (schools are permitted to carryover 100 percent of unspent funds for expenditure in the subsequent year)
  - A \$987,000 favorable variance in supplies due to unspent funds allocated for the renewal of curricular materials. These funds are allocated directly to curriculum content teams, and are expected to spent in 2018/19 and 2019/20.
  - A \$929,000 favorable variance due to unspent Rural Sustainability funds awarded during the 2017 legislative session. These funds are intended to assist rural school districts with one-time costs. During the 2018/19 school year, the District's certified interest-based bargaining team will make recommendations to the Board of Education for expenditure of these funds.

Unspent funds described above will be carried over for expenditure in 2018/19. It should be noted that while we budget annually for the complete expenditure of unspent allocations, that is not likely to occur in any given year since amounts are often planned to accumulate over a number of years prior to their expenditure (for example, for the replacement of technology equipment or network upgrades on a four-year cycle).

### **Indirect Instruction:**

Indirect instruction expenditures related to pupil support and instructional support, which are under budget by a combined total of \$590,000 as follows:

Pupil support expenditures are under budget by \$282,000 due to the following:

- An unfilled counselor position associated with the new district-wide affective needs program established at Riverview School
- A change in the treatment of salaries and benefits for two pre-collegiate staff members. Their salaries and benefits were budgeted under pupil services, but were actually paid through the designated purpose fund to consolidate the accounting of all pre-collegiate expenditures, the majority of which were already accounted for in the designated purpose fund. This change in treatment resulted in an under budget variance in general fund pupil services, and a corresponding over budget variance in transfers to other funds (see further discussion below).

Instructional support expenditures are under budget by about \$308,000. The majority of this variance comes from \$250,000 in start-up initiative funds that were allocated in the budget from district reserves. Of this amount, only \$68,000 was actually accessed in the current year. The remaining variance results from an overestimation of English Language Proficiency Act (ELPA) professional development funds required for implementation of the dual language program at Riverview School. These funds will be carried over for continuing ELPA professional development opportunities in 2018/19.

### **Transportation:**

Transportation was over budget by approximately \$359,000. The variance is the result of costs associated with the Grand Avenue Bridge Closure from August to November, 2018, start-up costs for two new bus maintenance facilities constructed as part of the bond program, new special education routes related to the district-wide affective needs program started at Riverview School, and a variety of initiatives aimed at filling bus routes, providing substitutes for absent drivers, and providing drivers for activity trips. The budget for next year will include the continuation of a number of these initiatives, which have proven to be successful in ensuring drivers are available for routes and activity trips.

**Operations and Maintenance:**

Operations and maintenance expenditures were under budget by \$204,000 due primarily to unfilled custodial, maintenance and grounds positions.

**Support Services**

Other support services were under budget by \$361,000. This is a broad budget category which includes technology services (in support of both instruction and district operations), human resources, recruiting, communications, business services, special education secretarial support, and insurance (property, liability, workers' compensation, etc). The under budget variance in this category is the result of unspent technology project funds designated for the replacement of related infrastructure and servers.

**General Fund Budget – Fiscal year 2018/19:**

The complete budget document can be viewed on the District's website at [www.rfsd.k12.co.us](http://www.rfsd.k12.co.us).

**Revenues:** The budget assumes no change in enrollment, and an increase in per pupil funding from \$7,914 to \$8,407 as approved by the legislature prior to the budget's adoption in June 2018. Due to the impact of the economic recession on the State's budget, per pupil funding is approximately 8.6% or \$4 million less than the amount the district is entitled to under the Colorado School Finance Act before the application of the "budget stabilization factor" instituted during the recession.

**Expenditures:** The budget reflects the following assumptions relative to salaries and benefits, which comprise approximately 82 percent of general fund expenditures:

- Staff salaries will increase an average of 5.5 percent with more significant adjustments to classified staff positions that are currently below market, including cooks and custodians, and lower increases for certain one incumbent positions that are nearing the top of the established salary range.
- The District's contribution to employee health insurance will increase 4% from \$701 to \$729 per month per full-time employee.

**Reserves:** The budget reflects scheduled uses of reserves of about \$3.3 million. In the unlikely event that 100 percent of such funds are expended in fiscal year 2018/19, the District's General Fund reserve (fund balance) is projected to be \$10.8 million as of June 30, 2019. This reserve level exceeds the District's "target" reserve of \$6.1 million. The target reserve level is equal to 10 percent of general fund revenues excluding funds allocated to the District charter school. Additionally, reserves would significantly exceed the statutorily required minimum emergency reserve of \$1.9 million established by the TABOR Amendment. A detailed schedule of reserve uses is included in the budget document. All reserve amounts budgeted for expenditure in fiscal year 2018/19 are for one-time expenditures, such as capital projects, or represent areas of the budget unspent in 2017/18 that will be carried over for expenditure in 2018/19.

**Capital Assets**

The District's governmental capital assets, net of accumulated depreciation, totaled \$222,814,816 and the business-type capital assets, net of accumulated depreciation, totaled \$8,467,440 as of June 30, 2018. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and a useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement on page D13 of this report.

## Long-Term Debt

As of the end of the current fiscal year, the District's outstanding general obligation debt was \$184.8 million representing a decrease of approximately \$6.9 million from the prior year.

Colorado School law limits the amount of bonded indebtedness to the greater of 20% of the most current valuation for assessment of the taxable property in the District as certified by the County Assessor's Office or 6% of the most recent actual valuation of the taxable property in the District, as certified by the County Assessor's Office. The District was below the limits of \$214 million and \$599 million, respectively, as of June 30, 2018.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements on pages D15 through D21 of this report.

## Economic Factors

The Public School Finance Act of 1994 is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school district based upon a formula that takes into account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, among other factors. The purpose of this act was to establish a financial base of support for public education, to move toward 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 under the School Finance Act are derived by the following formula:

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

For fiscal years 2017/18 and 2016/17, local property and specific ownership taxes comprised 56% of Total Program Funding (TPF) while state equalization generated 44%.

In 2007, state legislation was passed to stabilize school district mill levies in order to address a growing revenue imbalance created by TABOR and the School Finance Act of 1994. The revenue limits in TABOR, which were repeated in the School Finance Act, had historically forced mill levies downward in districts, such as ours, when property values were rising. This resulted, to some degree, in the State being required to fund a higher percentage share of the School Finance Act. The new legislation froze the mill levy essentially allowing school property tax collections to increase at the same rate as assessed values. The legislation resulted in a significant increase in the local tax share of the District's TPF from 69% in 2008/09 to 88% in 2010/11. The increase in local funding results in a related decrease in the State's share of funding required by the School Finance Act. Conversely, since TABOR does not allow mill levies to increase as assessed values decrease (the mill levy freeze remains intact), this trend reversed in FY 2011/12 due to the 29% decline in District assessed values that occurred as a result of the impact of the recession. The downward trend in the percentage of TPF funded through local taxes continued with another decline in assessed value in 2013/14. This trend reversed again in 2015/16 with an 18% increase in assessed value.

School finance was also temporarily impacted by Amendment 23, which was passed by voters in November 2000. This state constitutional amendment required that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window expired, the state was required to increase funding at the rate of inflation. This funding calculation attempted to align Colorado districts to inflation-adjusted funding levels of 1988. However, with significant revenue shortfalls in fiscal year 2011, the State added a negative (budget stabilization) factor to the per pupil School Finance Act calculation described above. This negative factor has essentially negated the intent of Amendment 23.

## Next Year's Budget and Fund Balance

The District's General Fund fund balance at the end of fiscal year 2018 totaled \$14.4 million with \$8.6 million of that amount being unassigned. The fiscal year 2019 budget anticipates decreasing this balance by \$3.3 million as discussed above. The entire amount of the reserve has been appropriated for expenditure if necessary.

## **Component Units**

Only summary information regarding component units appears in the District's financial statements. The District has one component unit, Carbondale Community (charter) School. The charter's financial statement information is presented in a separate column in the Government-wide Statement of Net Position and in the Statement of Activities on pages C1 and C2, respectively. The charter school issues its own audited financial statement report which can be viewed on their website at [compass.ccs.schoolfusion.us](http://compass.ccs.schoolfusion.us).

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Roaring Fork School District, CFO/Asst. Superintendent, 1405 Grand Avenue, Glenwood Springs, Colorado 81601. Additional financial information can be obtained on the District's website at [www.rfsd.k12.co.us](http://www.rfsd.k12.co.us).

Roaring Fork School District RE-1

District-Wide Financial Statements



**Roaring Fork School District RE-1**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Carbondale Community School
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 45,734,257	\$ 213,857	\$ 45,948,114	\$ 219,588
Accounts receivable	91,752	-	91,752	1,000
Taxes receivable	3,593,297	-	3,593,297	-
Due from other governments	1,405,334	-	1,405,334	281,507
Inventories	28,048	-	28,048	-
<b>Total Current Assets</b>	<b>50,852,688</b>	<b>213,857</b>	<b>51,066,545</b>	<b>502,095</b>
<b>Capital Assets:</b>				
Land	19,963,021	-	19,963,021	445,000
Construction in progress	9,612,622	-	9,612,622	-
Buildings and improvements	277,176,738	8,596,386	285,773,124	3,361,346
Equipment and vehicles	13,382,935	-	13,382,935	165,025
Less accumulated depreciation	(97,320,500)	(128,946)	(97,449,446)	(1,775,378)
<b>Total Capital Assets</b>	<b>222,814,816</b>	<b>8,467,440</b>	<b>231,282,256</b>	<b>2,195,993</b>
<b>Total Assets</b>	<b>273,667,504</b>	<b>8,681,297</b>	<b>282,348,801</b>	<b>2,698,088</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refundings	2,417,898	-	2,417,898	-
Deferred pension expenses	70,409,863	-	70,409,863	2,318,737
Deferred OPEB expenses	211,362	-	211,362	-
<b>Total Deferred Outflows of Resources</b>	<b>73,039,123</b>	<b>-</b>	<b>73,039,123</b>	<b>2,318,737</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts, retainage, and deposits payable	5,021,092	28,835	5,049,927	875
Accrued liabilities	1,552,310	-	1,552,310	-
Accrued compensation	5,962,256	-	5,962,256	176,229
Accrued interest	655,038	-	655,038	-
Unearned revenue	519,368	-	519,368	4,678
<b>Total Current Liabilities</b>	<b>13,710,064</b>	<b>28,835</b>	<b>13,738,899</b>	<b>181,782</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences:				
Due within one year	1,013,392	-	1,013,392	-
Due in more than one year	1,520,089	-	1,520,089	-
Bonded debt and leases payable:				
Due within one year	7,090,000	-	7,090,000	-
Due in more than one year	196,547,344	-	196,547,344	-
Net pension liability:				
Due in more than one year	242,143,967	-	242,143,967	6,001,316
Net OPEB liability:				
Due in more than one year	5,529,543	-	5,529,543	-
<b>Total Noncurrent Liabilities</b>	<b>453,844,335</b>	<b>-</b>	<b>453,844,335</b>	<b>6,001,316</b>
<b>Total Liabilities</b>	<b>467,554,399</b>	<b>28,835</b>	<b>467,583,234</b>	<b>6,183,098</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension expenses	9,938,476	-	9,938,476	54,292
Deferred OPEB expenses	95,988	-	95,988	-
<b>Total Deferred Inflows of Resources</b>	<b>10,034,464</b>	<b>-</b>	<b>10,034,464</b>	<b>54,292</b>
<b>Net Position:</b>				
Net investment in capital assets	27,261,177	8,467,440	35,728,617	2,195,993
Restricted for:				
TABOR	1,942,800	-	1,942,800	52,000
Debt service	11,767,980	-	11,767,980	-
Unrestricted	(172,426,765)	185,022	(172,241,743)	(3,468,558)
<b>Total Net Position</b>	<b>\$ (130,882,236)</b>	<b>\$ 8,652,462</b>	<b>\$ (122,229,774)</b>	<b>\$ (1,220,565)</b>

The notes to the financial statements are an integral part of this statement.

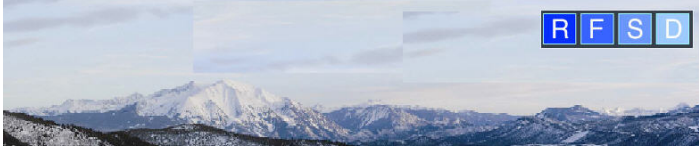
**ROARING FORK SCHOOL DISTRICT RE-1**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)	Business Type Activities	Net (Expenses)	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position		Revenues and Changes in Net Position	
					Governmental Activities	Total		
<b>Governmental Activities:</b>								
Current:								
Direct instruction	\$ 79,775,563	\$ 1,190,503	\$ 4,662,575	\$ 6,584,577	\$ (67,337,908)	\$ -	\$ (67,337,908)	\$ -
Indirect instruction	11,327,388	-	640,044	-	(10,687,344)	-	(10,687,344)	-
Transportation	4,178,883	-	-	-	(4,178,883)	-	(4,178,883)	-
Operations and maintenance	8,115,175	-	-	-	(8,115,175)	-	(8,115,175)	-
Support services	4,580,061	-	575,109	-	(4,004,952)	-	(4,004,952)	-
General and school administration	10,188,227	-	-	-	(10,188,227)	-	(10,188,227)	-
Student activities	1,706,173	1,643,742	-	-	(62,431)	-	(62,431)	-
Food service	2,390,612	366,385	969,694	-	(1,054,533)	-	(1,054,533)	-
Payments to component	1,310,793	-	-	-	(1,310,793)	-	(1,310,793)	-
Interest	5,125,484	-	-	-	(5,125,484)	-	(5,125,484)	-
Total governmental activities	<u>128,698,359</u>	<u>3,200,630</u>	<u>6,847,422</u>	<u>6,584,577</u>	<u>(112,065,730)</u>	<u>-</u>	<u>(112,065,730)</u>	<u>-</u>
<b>Business-type Activities</b>								
Employee housing	201,399	257,475	-	-	-	56,076	56,076	-
Total business-type activities	<u>201,399</u>	<u>257,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,076</u>	<u>56,076</u>	<u>-</u>
Total Primary Government	<u>128,899,758</u>	<u>3,458,105</u>	<u>6,847,422</u>	<u>6,584,577</u>	<u>(112,065,730)</u>	<u>56,076</u>	<u>(112,009,654)</u>	<u>-</u>
<b>Component Unit:</b>								
Carbondale Charter School	1,699,822	183,015	141,400	34,058	-	-	-	(1,341,349)
Total component unit	<u>1,699,822</u>	<u>183,015</u>	<u>141,400</u>	<u>34,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,341,349)</u>
<b>General revenues:</b>								
Property taxes levied for general purposes					32,178,088	-	32,178,088	1,310,793
Property taxes levied for debt service					15,001,713	-	15,001,713	-
Specific ownership taxes					2,998,395	-	2,998,395	-
State equalization					20,600,728	-	20,600,728	-
Grants and contributions not restricted to specific programs					793,019	-	793,019	-
Interest and investment earnings					577,306	-	577,306	540
Gain (loss) on asset disposal					(753,717)	-	(753,717)	-
<b>Transfers</b>					<u>(8,596,386)</u>	<u>8,596,386</u>	<u>-</u>	<u>-</u>
Total general revenues					<u>62,799,146</u>	<u>8,596,386</u>	<u>71,395,532</u>	<u>1,311,333</u>
Change in net position					(49,266,584)	8,652,462	(40,614,122)	(30,016)
Net position, beginning (as restated)					<u>(81,615,652)</u>	<u>-</u>	<u>(81,615,652)</u>	<u>(1,190,549)</u>
Net position, ending					<u>\$ (130,882,236)</u>	<u>\$ 8,652,462</u>	<u>\$ (122,229,774)</u>	<u>\$ (1,220,565)</u>

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1

Fund Financial Statements



**ROARING FORK SCHOOL DISTRICT RE-1**

**Balance Sheet  
Governmental Funds  
June 30, 2018**

	Special Revenue Funds				Debt Service	Capital Projects		Total Governmental Funds
	General Fund	Food Service Fund	Governmental Designated Purpose Grant Fund	Pupil Activity Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	
<b>Assets:</b>								
Cash and investments	\$ 21,227,722	\$ 504,328	\$ 620,374	\$ 527,112	\$ 11,321,146	\$ 6,622,879	\$ 4,910,697	\$ 45,734,258
Accounts receivable	74,856	16,896	-	-	-	-	-	91,752
Taxes receivable	2,745,357	-	-	-	847,940	-	-	3,593,297
Due from other governments	832,803	122,472	362,352	-	364	-	87,344	1,405,335
Inventory	-	28,048	-	-	-	-	-	28,048
<b>Total Assets</b>	<b>24,880,738</b>	<b>671,744</b>	<b>982,726</b>	<b>527,112</b>	<b>12,169,450</b>	<b>6,622,879</b>	<b>4,998,041</b>	<b>50,852,690</b>
<b>Liabilities, Deferred Inflows and Fund Equity:</b>								
<b>Liabilities:</b>								
Accounts, retainage, arbitrage and deposits payable	1,045,070	8,330	87,436	-	-	957,072	1,251,094	3,349,002
Accrued liabilities	1,448,811	27,076	74,748	-	-	-	1,675	1,552,310
Accrued salaries and benefits	7,152,052	140,533	335,438	-	-	-	6,323	7,634,346
Unearned revenue	-	34,264	485,104	-	-	-	-	519,368
<b>Total Liabilities</b>	<b>9,645,933</b>	<b>210,203</b>	<b>982,726</b>	<b>-</b>	<b>-</b>	<b>957,072</b>	<b>1,259,092</b>	<b>13,055,026</b>
<b>Deferred Inflows:</b>								
Unavailable property tax revenue	863,386	-	-	-	401,470	-	-	1,264,856
<b>Total Deferred Inflows</b>	<b>863,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401,470</b>	<b>-</b>	<b>-</b>	<b>1,264,856</b>
<b>Fund Balances:</b>								
Non-spendable	-	28,048	-	-	-	-	-	28,048
Spendable:								
Restricted	1,942,800	-	-	-	11,767,980	5,665,807	572,572	19,949,159
Committed	543,226	433,493	-	527,112	-	-	3,166,377	4,670,208
Assigned	3,280,892	-	-	-	-	-	-	3,280,892
Unassigned	8,604,501	-	-	-	-	-	-	8,604,501
<b>Total Fund Balances</b>	<b>14,371,419</b>	<b>461,541</b>	<b>-</b>	<b>527,112</b>	<b>11,767,980</b>	<b>5,665,807</b>	<b>3,738,949</b>	<b>36,532,808</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 24,880,738</b>	<b>\$ 671,744</b>	<b>\$ 982,726</b>	<b>\$ 527,112</b>	<b>\$ 12,169,450</b>	<b>\$ 6,622,879</b>	<b>\$ 4,998,041</b>	<b>\$ 50,852,690</b>

The notes to the financial statements are an integral part of this statement.

**ROARING FORK SCHOOL DISTRICT RE-1**  
**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position**  
**June 30, 2018**

Governmental Funds Total Fund Balance	\$ 36,532,808
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	1,264,855
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.	320,135,316
Deferred items such as premiums and deferred refunding costs are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Position.	(16,429,462)
Accumulated depreciation is not recognized in the governmental funds because capital acquisition costs are expended at the time of acquisition.	(97,320,500)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of bonded debt payable.	(184,789,985)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of compensated absences not currently payable.	(2,533,481)
Interest payable on debt is not recorded on the fund statements but, rather is recognized as an expenditure when due. This is the accrued interest on bonded debt that has been incurred, but not yet due.	(655,038)
Long-term liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension liability, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension plan, that are amortized over the average remaining service life of all active and inactive plan participants.	(181,672,580)
Changes in the District's net pension and OPEB obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net pension and OPEB obligation during the year, including differences between employer contributions to the pension and OPEB plan and amortization of pension and OPEB-related deferrals.	(5,414,169)
Governmental Activities Net Position	\$ (130,882,236)

The notes to the financial statements are an integral part of this statement.

**ROARING FORK SCHOOL DISTRICT RE-1**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds				Debt Service	Capital Projects		Total Governmental Funds
	General Fund	Food Service Fund	Governmental Designated Purpose Grant Fund	Pupil Activity Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	
<b>Revenues:</b>								
Taxes								
Property taxes	\$ 32,142,752	\$ -	\$ -	\$ -	\$ 15,001,713	\$ -	\$ -	\$ 47,144,465
Specific ownership taxes	2,998,395	-	-	-	-	-	-	2,998,395
Delinquent taxes, interest, and abatements	80,028	-	-	-	-	-	-	80,028
Intergovernmental revenues:								
State sources	22,152,925	29,690	450,356	-	-	6,584,577	-	29,217,548
Federal sources	1,513,634	997,401	771,129	-	-	-	-	3,282,164
Charges for services	1,173,584	308,988	-	-	-	-	-	1,482,572
Investment income	295,776	38	-	-	-	272,882	8,610	577,306
Student activities	-	-	-	1,643,742	-	-	-	1,643,742
Other	482,694	-	1,169,457	-	-	173,589	575,109	2,400,849
<b>Total Revenues</b>	<u>60,839,788</u>	<u>1,336,117</u>	<u>2,390,942</u>	<u>1,643,742</u>	<u>15,001,713</u>	<u>7,031,048</u>	<u>583,719</u>	<u>88,827,069</u>
<b>Expenditures:</b>								
Direct instruction	36,645,236	-	857,613	-	-	-	-	37,502,849
Indirect instruction	4,471,419	-	1,891,542	-	-	-	-	6,362,961
Transportation	2,106,222	-	-	-	-	-	-	2,106,222
Operations and maintenance of plant services	5,416,422	-	-	-	-	-	-	5,416,422
Support services	2,492,539	-	2,650	-	-	-	-	2,495,189
General and school administration	5,361,213	-	-	-	-	-	-	5,361,213
Student activities	-	-	-	1,706,172	-	-	-	1,706,172
Food service	-	1,533,209	-	-	-	-	-	1,533,209
Payment to component unit	1,310,793	-	-	-	-	-	-	1,310,793
Debt Service:								
Principal	-	-	-	-	6,870,000	-	-	6,870,000
Interest and fiscal charges	-	-	-	-	7,976,281	-	-	7,976,281
Capital outlay	-	-	161,634	-	-	61,436,125	2,588,058	64,185,817
<b>Total Expenditures</b>	<u>57,803,844</u>	<u>1,533,209</u>	<u>2,913,439</u>	<u>1,706,172</u>	<u>14,846,281</u>	<u>61,436,125</u>	<u>2,588,058</u>	<u>142,827,128</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>3,035,944</u>	<u>(197,092)</u>	<u>(522,497)</u>	<u>(62,430)</u>	<u>155,432</u>	<u>(54,405,077)</u>	<u>(2,004,339)</u>	<u>(54,000,059)</u>
<b>Other Financing Sources (Uses):</b>								
Transfers in	-	200,000	522,497	-	-	-	1,169,639	1,892,136
Transfers (out)	(1,892,136)	-	-	-	-	-	-	(1,892,136)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,892,136)</u>	<u>200,000</u>	<u>522,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,639</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	1,143,808	2,908	-	(62,430)	155,432	(54,405,077)	(834,700)	(54,000,059)
<b>Fund Balances - Beginning of the Year</b>	13,227,611	458,633	-	589,542	11,612,548	60,070,884	4,573,649	90,532,867
<b>Fund Balances - End of the Year</b>	<u>\$ 14,371,419</u>	<u>\$ 461,541</u>	<u>\$ -</u>	<u>\$ 527,112</u>	<u>\$ 11,767,980</u>	<u>\$ 5,665,807</u>	<u>\$ 3,738,949</u>	<u>\$ 36,532,808</u>

The notes to the financial statements are an integral part of this statement.

**ROARING FORK SCHOOL DISTRICT RE-1**  
**Reconciliation of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

Governmental Funds Changes in Fund Balances	\$ (54,000,059)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year, net of disposals.	40,758,014
Deferred property tax revenue does not provide current financial resources and are deferred on the governmental fund financial statements but, recognized on the government-wide financial statements. This is the deferred property tax recognized in the Statement of Activities.	(44,693)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal payments.	6,870,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is the change in interest payable during the year.	3,519
Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(100,643)
Changes in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals.	(45,532,721)
Changes in the District's OPEB obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's OPEB obligation during the year, including differences between employer contributions to the OPEB plan and amortization of OPEB-related deferrals.	(67,280)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,847,279
Governmental Activities Change in Net Position	\$ (49,266,584)

The notes to the financial statements are an integral part of this statement.

**Roaring Fork School District RE-1**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>District Housing Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 213,856
Total current assets	213,856
Non-current assets:	
Capital assets:	
Buildings	8,596,386
Less accumulated depreciation	(128,946)
Total non-current assets	8,467,440
Total assets	8,681,296
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	5,235
Security deposits payable	23,599
Total current liabilities	28,834
Total liabilities	28,834
<b>NET POSITION</b>	
Net investment in capital assets	8,467,440
Unrestricted	185,022
Total net position	\$ 8,652,462

The notes to the financial statements are an integral part of this statement.

**Roaring Fork School District RE-1**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>District Housing Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 257,475
Total operating revenues	257,475
<b>OPERATING EXPENSES</b>	
Purchased property services	70,440
Repairs and maintenance	2,013
Total operating expenses	72,453
<b>INCOME (LOSS) FROM OPERATIONS</b>	185,022
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Depreciation	(128,946)
Total non-operating revenues (expenses)	(128,946)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	56,076
Capital contributions	8,596,386
<b>CHANGE IN NET POSITION</b>	8,652,462
<b>TOTAL NET POSITION - BEGINNING</b>	-
<b>TOTAL NET POSITION - ENDING</b>	\$ 8,652,462

The notes to the financial statements are an integral part of this statement.

**Roaring Fork School District RE-1  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018**

	<b>District Housing Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from tenants	\$ 281,074
Payments to vendors	(67,218)
Net cash (used) for operating activities	213,856
 <b>NET INCREASE (DECREASE) IN CASH</b>	 213,856
Cash and Cash Equivalents - July 1	-
Cash and Cash Equivalents - June 30	213,856
 <b>Reconciliation of Operating (Loss) to Net Cash (Used) for Operating Activities:</b>	
Operating income (loss)	56,076
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	128,946
Changes in assets and liabilities related to operations:	
Increase (decrease) in accounts payable	5,235
Increase (decrease) in security deposits	23,599
Total adjustments	157,780
<b>Net cash (used) for operating activities</b>	<b>\$ 213,856</b>
 <b>Schedule of Noncash Transactions:</b>	
Contribution of assets, net of related debt	8,596,386
Total noncash investing, capital and financing activities	<b>\$ 8,596,386</b>

The notes to the financial statements are an integral part of this statement.

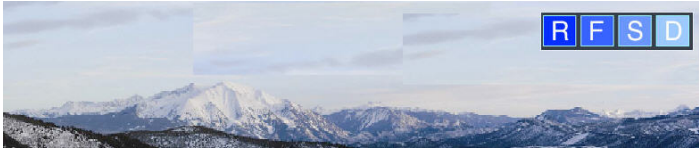
**ROARING FORK SCHOOL DISTRICT RE-1**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**Student Activity Fund**  
**June 30, 2018**

<b>Assets:</b>	
Cash and cash equivalents	\$ 473,181
	<u>473,181</u>
<b>Total Assets</b>	<b><u>473,181</u></b>
 <b>Liabilities:</b>	
Due to students	473,181
	<u>473,181</u>
<b>Total Liabilities</b>	<b><u>\$ 473,181</u></b>

The notes to the financial statements are an integral part of this statement.

Roaring Fork School District RE-1

Notes to the Financial Statements



**Roaring Fork School District RE-1  
Notes to the Financial Statements  
June 30, 2018**

**I. Summary of Significant Accounting Policies**

Roaring Fork School District RE-1 (the "District") was formed in 1959 and is located in Colorado's Central Rocky Mountains. The geographical boundaries include portions of Eagle, Garfield, and Pitkin counties. For 2018, the District provided services to five thousand seven hundred-three (5,703) students. The District's mission is "*Roaring Fork Schools will ensure that every student develops the enduring knowledge, skills and character to thrive in a changing world*". The District operates the following Schools:

<b>Elementary Schools</b>	<b>Middle Schools</b>	<b>High Schools</b>
Sopris Elementary School	Basalt Middle School	Basalt High School
Glenwood Springs Elementary	Glenwood Springs Middle	Roaring Fork High School
Crystal River Elementary School	Carbondale Middle School	Glenwood Springs High School
Basalt Elementary School		Bridges High School
Carbondale Community School		

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). 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 by GAAP used by the District are discussed below.

**A. Reporting Entity**

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District and organizations for which the District is considered to be financially accountable. The District applied various criteria to determine if it is financially accountable for any organization, which would require that organization to be included in the District's reporting entity. Criteria include fiscal dependency, financial benefit or burden, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based upon the above criteria, the District is financially responsible for funding the Carbondale Community School. The Carbondale Community School is a charter school governed by the Colorado Revised Statutes, and is financed by a portion of the District's School Finance Act Revenues (based on enrollment), state and federal grants, as well as other revenues generated by the Carbondale Community School. Separately issued financial statements are available from the Carbondale Community School. The Carbondale Community School is a discretely presented component unit to the District because of their financial relationship with the District.

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding sources. However, the District is not included in any other governmental reporting entity.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. District-wide and Fund Financial Statements**

The District's basic financial statements include both District-wide (financial activities of the overall District, except for fiduciary activities) and fund financial statements (reporting the District's major funds). Both the District-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

**1. District-wide Financial Statements**

In the District-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position.

The District-wide Statement of Activities reports both the gross and net cost of the District's functions. The functions are also supported by general government revenues (property taxes, intergovernmental revenue, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property taxes, interest income, etc.).

The District-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note 3.C).

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. District-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

The *Capital Reserve Capital Projects Fund* – This capital projects fund accounts for and reports financial resources that are restricted by outside parties (i.e., land dedication fees), as well as amounts committed by the School Board of the District for expenditures of capital outlay, including the acquisition or construction of capital facilities and other capital assets. It excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The *Building Capital Projects Fund* – This capital projects fund accounts for resources available for acquiring capital sites, buildings, and equipment such as bond sale proceeds and grants.

The *Bond Redemption Debt Service Fund* - accounts for and reports financial resources that are restricted to expenditure for principal and interest that have been legally mandated, as well as the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

*Special Revenue Funds* – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt or capital projects. The term “proceeds of specific revenue sources” establishes that one of more specific restricted or committed revenues should be the foundation for a special revenue fund. The District reports the following major special revenue funds:

The *Food Service Fund* accounts for all financial activities associated with the District’s school lunch program.

The *Governmental Designated Purpose Grant Special Revenue Fund* - accounts for all federal, state, and local grants which are restricted as to the type of expenditures for which they may be used.

The *Pupil Activity Special Revenue Fund* - accounts for District sponsored activities for students. Each year, the School Board of the District commits funding by way of the budget approval process.

The District reports the following major proprietary fund:

The *Employee Housing Fund* accounts for all financial activities associated with the District’s employee housing units.

The District reports the following fiduciary fund:

The *Student Activity Fund* accounts for assets held by the District as an agent for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District’s Board of Education.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements and the fiduciary financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**2. Current Financial Focus and Modified Accrual Basis**

The District fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

**3. Financial Statement Presentation**

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

**D. Financial Statement Accounts**

**1. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The pooled cash concept is used whereby cash balances of each of the District's funds are pooled and invested in certain investments.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**1. Cash and Investments (continued)**

The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification.

**2. Receivables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes levied in 2017 but not yet collected in 2018 are identified as property taxes receivable and deferred inflows at June 30, 2018, and are presented net of an allowance for uncollectible taxes. Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

**3. Inventory and Prepaid Items**

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories recorded in the Food Service Fund consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Capital Assets**

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental columns in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair value at the date of donation.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**4. Capital Assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset, as applicable.

Capital outlay for projects is capitalized as projects are constructed.

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 -30
Buildings and improvements	20 - 50
Equipment and vehicles	5 - 10

**5. Compensated Absences**

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the district-wide financial statements. No liability is recorded for non-vesting accumulating rights.

After the completion of fifteen years of full-time service, staff members are eligible for voluntary early retirement. Staff members are entitled to a percentage of their salary as determined from their highest salary during the last five years of employment with the District. The estimated liability for all employees participating in voluntary early retirement is recorded in governmental activities in the Statement of Net Position, as a component of compensated absences.

**6. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the Capital Reserve Fund. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations. The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**7. Pensions**

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

**8. Defined Benefit Other Post Employment Benefit Plan**

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

**9. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has three items that qualify for reporting under this category on the Statement of Net Position. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The other two items are the collective deferred outflows related to the District’s net pension and other post-employment benefit obligations (“OPEB”). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods. See Notes IV.H. and IV.I.

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These items are the collective deferred inflows related to the District’s net pension and OPEB obligations are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members. See Notes IV.H. and IV.I.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**10. Fund Equity**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balances classifications refer to Note IV.H.

**11. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

**E. Significant Accounting Policies**

**1. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**2. Credit Risk**

The receivables of the various funds of the District are primarily due from other governments. Management believes that the credit risk related to the receivables is minimal.

**3. Restricted and Unrestricted Resources**

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**II. Reconciliation of District-wide and Fund Financial Statements**

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the District-wide Statement of Activities.

**III. Stewardship, Compliance, and Accountability**

**A. Bond Trustee**

Colorado state statutes require all property taxes levied for the purpose of satisfying bonded indebtedness to be administered by at least one third party custodian designated by the District. The third-party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with UMB Bank, formally American National Bank, in order to meet this requirement.

**B. Budgetary Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2018.

1. The proposed budget was submitted to the Board of Education by May 31 of the year preceding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**C. TABOR Amendment**

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more.

The District has reserved a portion of its June 30, 2018 year-end fund balance in the General Fund for emergencies as required under TABOR. As of June 30, 2018, the District had reserved \$1,942,800 in the General Fund for this purpose, which is approximately 3% of the fiscal year spending.

In 1997, the District's electorate passed a ballot question exempting the District from the revenue and expenditure limitations imposed by the TABOR Amendment. The District's electorate approved the following ballot question: *"retain, and spend all revenues received from any source...that are in excess of fiscal year spending limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution"*.

The District believes it is in compliance with the requirements of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

*Fair Value of Investments*

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

At June 30, 2018, the District had the following recurring fair value measurements:

<b>Investments Measured at Net Asset Value</b>	<b>Total</b>
Colotrust	\$ 30,920,201

The District is governed by the deposit and investment limitations of state law. Unrealized gains / losses were \$0, which reflects the change in fair market value of investments. The deposits and investment balances at June 30, 2018, are as follows:

<b>Type</b>	<b>Fair Value</b>	<b>Maturities</b>	
		<b>Less Than One Year</b>	<b>One To Five Years</b>
Deposits:			
Cash with fiscal agent	\$ 11,357,212	\$ -	\$ -
Checking accounts	4,143,882	-	-
Investments:			
Investment pool	30,920,201	30,920,201	-
Total	\$ 46,421,295	\$ 30,920,201	\$ -

The Investment Pool represents investments in Colotrust, which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities, the District has limited its interest rate risk.

**Credit Risk.** State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**Concentration of Credit Risk.** The District diversifies its investments by security type and institution.

Investments may only be made in those allowed by Colorado Statutes. As a result, the District generally invests in financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, or investments that are federally guaranteed. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**B. Receivables**

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Food Service Fund</b>	<b>Governmental Designated Purpose Grant Funds</b>	<b>Pupil Activity Fund</b>
Receivables:				
Taxes	\$ 2,745,357	\$ -	\$ -	\$ -
Accounts	74,856	16,896	-	-
Intergovernmental	832,802	122,472	362,352	-
Gross receivables	<u>3,653,015</u>	<u>139,368</u>	<u>362,352</u>	<u>-</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u>\$ 3,653,015</u>	<u>\$ 139,368</u>	<u>\$ 362,352</u>	<u>\$ -</u>

	<b>Bond Redemption Fund</b>	<b>Capital Reserve Fund</b>	<b>Building Fund</b>	<b>Total</b>
Receivables:				
Taxes	\$ 847,940	\$ -	\$ -	\$ 3,593,297
Accounts	-	-	-	91,752
Intergovernmental	364	87,344	-	1,405,334
Gross receivables	<u>848,304</u>	<u>87,344</u>	<u>-</u>	<u>5,090,383</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u>\$ 848,304</u>	<u>\$ 87,344</u>	<u>\$ -</u>	<u>\$ 5,090,383</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$1,309,548 of property tax revenue levied in fiscal 2018 but not available until fiscal 2019.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:  
*Primary Government:*

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 19,963,021	\$ -	\$ -	\$ 19,963,021
Construction in progress	69,103,431	8,836,781	(68,327,590)	9,612,622
Capital assets being depreciated:				
Improvements	5,217,235	19,030,720	(244,065)	24,003,890
Buildings	166,970,272	96,995,109	(10,792,533)	253,172,848
Equipment	9,963,017	3,732,845	(312,927)	13,382,935
Total capital assets being depreciated	<u>182,150,524</u>	<u>119,758,674</u>	<u>(11,349,525)</u>	<u>290,559,673</u>
Total capital assets - cost	<u>271,216,976</u>	<u>128,595,455</u>	<u>(79,677,115)</u>	<u>320,135,316</u>
Less accumulated depreciation for:				
Building and improvements	(82,008,203)	(9,464,312)	1,698,367	(89,774,148)
Equipment and vehicles	(7,151,972)	(694,936)	300,556	(7,546,352)
Total accumulated depreciation	<u>(89,160,175)</u>	<u>(10,159,248)</u>	<u>1,998,923</u>	<u>(97,320,500)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 182,056,801</u>	<u>\$ 118,436,207</u>	<u>\$ (77,678,192)</u>	<u>\$ 222,814,816</u>

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets being depreciated:				
Buildings	-	8,596,386	-	8,596,386
Total capital assets being depreciated	<u>-</u>	<u>8,596,386</u>	<u>-</u>	<u>8,596,386</u>
Total capital assets - cost	<u>-</u>	<u>8,596,386</u>	<u>-</u>	<u>8,596,386</u>
Less accumulated depreciation for:				
Building and improvements	-	(128,946)	-	(128,946)
Total accumulated depreciation	<u>-</u>	<u>(128,946)</u>	<u>-</u>	<u>(128,946)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ -</u>	<u>\$ 8,467,440</u>	<u>\$ -</u>	<u>\$ 8,467,440</u>

The District had the following capital outlay and depreciation expense for the following functions:

Governmental activities:	Capital Outlay	Depreciation
Direct instruction	\$ 50,599,245	\$ 8,263,519
Indirect instruction	-	200,808
General and school administration	-	511,228
Support programs	-	606,684
Operations and maintenance	165,484	108,976
Transportation	666,355	410,691
Food service	-	57,342
<b>Total Governmental Activities</b>	<u>\$ 51,431,084</u>	<u>\$ 10,159,248</u>

Business-type activities:	Capital Outlay	Depreciation
Employee housing	\$ -	\$ 128,946
<b>Total Business-type Activities</b>	<u>\$ -</u>	<u>\$ 128,946</u>

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

*Discretely presented component units:*

<b>Carbondale Community Charter School:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 445,000	\$ -	\$ -	\$ 445,000
Total capital assets not being depreciated	445,000	-	-	445,000
Capital assets being depreciated:				
Improvements	234,407	-	-	234,407
Buildings	3,126,939	-	-	3,126,939
Equipment	165,025	-	-	165,025
Total capital assets being depreciated	3,526,371	-	-	3,526,371
Total capital assets - cost	3,971,371	-	-	3,971,371
Less accumulated depreciation for:				
Building and improvements	(1,518,632)	(104,339)	-	(1,622,971)
Equipment and vehicles	(146,115)	(6,292)	-	(152,407)
Total accumulated depreciation	(1,664,747)	(110,631)	-	(1,775,378)
<b>Total Capital Assets, Net</b>	<b>\$ 2,306,624</b>	<b>\$ (110,631)</b>	<b>\$ -</b>	<b>\$ 2,195,993</b>

**D. Interfund Transfers**

Transfers were as follows:

<b>Fund In (Out)</b>	<b>Amount</b>	<b>Reason</b>
Governmental designated purpose grant fund/ (General fund)	\$ 522,497	To record the District's cash matching obligation(s) for grants awards
Capital reserve capital projects fund/ (General fund)	\$ 1,169,639	To support future capital reserve expenditures
Food service fund/ (General fund)	\$ 200,000	To support food service expenditures

**E. Operating Leases**

The District is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements. All operating leases are annually appreciable.

**Roaring Fork School District RE-1  
Notes to the Financial Statements  
June 30, 2018  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Long-term Debt**

All general obligation bonds outstanding are paid by the Bond Redemption Fund.

**1. General Obligation Refunding Bonds, Series 2006**

On December 26, 2006, the District issued General Obligation Refunding Bonds Series 2006 in the amount of \$8,719,989. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on and after December 15, 2017 are subject to redemption prior to maturity at the option of the District. The Capital Appreciation Bonds are not subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 4.0% and the bonds mature on December 15, 2027. These bonds will be serviced by the Bond Redemption Fund.

In July 2017, a portion of the bonds were refunded by the issuance of General Obligation Refunding Bonds, Series 2016B.

The portion of the 2006 bond issue remaining is as follows:

Fiscal Year	Principal	Interest	Total
2023 - 2028	\$ 14,989	\$ 1,700,011	\$ 1,715,000
Totals	\$ 14,989	\$ 1,700,011	\$ 1,715,000

**2. General Obligation Refunding Bonds, Series 2007**

On January 30, 2007, the District issued General Obligation Refunding Bonds Series 2007 in the amount of \$8,209,995. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on and after December 15, 2017 are subject to redemption prior to maturity at the option of the District. The Capital Appreciation Bonds are not subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 4.0% and the bonds mature on December 15, 2026. These bonds will be serviced by the Bond Redemption Fund.

In July 2017, a portion of the bonds were refunded by the issuance of General Obligation Refunding Bonds, Series 2016B.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Long-term Debt (continued)**

**2. General Obligation Refunding Bonds, Series 2007 (continued)**

The portion of the 2007 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023 - 2028	\$ 44,995	\$ 1,590,005	\$ 1,635,000
Totals	<u>\$ 44,995</u>	<u>\$ 1,590,005</u>	<u>\$ 1,635,000</u>

**3. General Obligation Refunding Bonds, Series 2011**

On September 21, 2011, the District issued General Obligation Refunding Bonds, Series 2011 in the amount of \$53,245,000 to advance refund a portion of the General Obligation Bonds, Series 2005A. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on or before December 15, 2021 are not subject to redemption prior to maturity. Bonds maturing on or after December 15, 2022 are subject to redemption prior to maturity. The bonds have bi-annual payment dates of June 15 and December 15. The interest rates on the outstanding bonds ranges from 1.5% to 5% and the bonds mature on December 15, 2023. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2011 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018 - 2019	\$ 5,535,000	\$ 1,585,181	\$ 7,120,181
2019 - 2020	5,785,000	1,346,588	7,131,588
2020 - 2021	6,010,000	1,104,794	7,114,794
2021 - 2022	6,270,000	821,250	7,091,250
2022 - 2023	6,580,000	500,000	7,080,000
2023 - 2024	6,910,000	167,750	7,077,750
Totals	<u>\$ 37,090,000</u>	<u>5,525,563</u>	<u>42,615,563</u>

**4. General Obligation Refunding Bonds, Series 2012**

On February 7, 2012, the District issued General Obligation Refunding Bonds, Series 2012 in the amount of \$14,250,000 to advance refund a portion of the General Obligation Bonds, Series 2005A. Net proceeds after issuance costs were deposited with an escrow agent.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Long-term Debt (continued)**

**4. General Obligation Refunding Bonds, Series 2012 (continued)**

The bonds are subject to redemption prior to maturity at the option of the District, in whole or part, on December 15, 2021 and on any date thereafter. The bonds have bi-annual payment dates of June 15 and December 15. The interest rate on the outstanding bonds is 5% and the bonds mature on December 15, 2025. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2012 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018 - 2019	\$ -	\$ 712,500	\$ 712,500
2019 - 2020	-	712,500	712,500
2020 - 2021	-	712,500	712,500
2021 - 2022	-	712,500	712,500
2022 - 2023	-	712,500	712,500
2023 - 2026	14,250,000	1,433,750	15,683,750
Totals	<u>\$ 14,250,000</u>	<u>\$ 4,996,250</u>	<u>\$ 19,246,250</u>

**5. General Obligation Bonds, Series 2016**

On January 21, 2016, the District issued General Obligation Bonds, Series 2016 in the amount of \$122,000,000 to acquire, construct, repair and improve District capital assets and to pay the costs of issuance of the Bonds.

The bonds are subject to redemption prior to maturity at the option of the District, in whole or part, on December 15, 2026 and on any date thereafter. The bonds have bi-annual payment dates of June 15 and December 15. Interest rates on the outstanding bonds vary from 1.00% to 5.00% and the bonds mature on December 15, 2035. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2016 bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018 - 2019	\$ 1,390,000	\$ 5,066,300	\$ 6,456,300
2019 - 2020	1,425,000	5,016,950	6,441,950
2020 - 2021	1,490,000	4,966,100	6,456,100
2021 - 2022	1,530,000	4,920,800	6,450,800
2022 - 2023	1,580,000	4,874,150	6,454,150
2023 - 2028	9,040,000	23,185,600	32,225,600
2028 - 2033	59,600,000	15,154,975	74,754,975
2033 - 2036	42,250,000	2,579,200	44,829,200
Totals	<u>\$ 118,305,000</u>	<u>\$ 65,764,075</u>	<u>\$ 184,069,075</u>

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Long-term Debt (continued)**

**6. General Obligation Refunding Bonds, Series 2016B**

On July 27, 2016, the District issued General Obligation Refunding Bonds, Series 2016B in the amount of \$15,475,000 to refund a portion of the General Obligation Refunding Bonds, Series 2006 and a portion of the General Obligation Refunding Bonds, Series 2007. Net proceeds after issuance costs were deposited with an escrow agent.

Bonds maturing on or before December 15, 2025 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 15, 2026 are subject to redemption prior to maturity at the option of the District, in whole or in part, and if in part, in such order of maturity as the District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 15, 2025 and on any date thereafter, at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date. The bonds have bi-annual payment dates of June 15 and December 15. The interest rates on the outstanding bonds ranges from 2% to 2.5% and the bonds mature on December 15, 2027. These bonds will be serviced by the Bond Redemption Fund.

The portion of the 2016B bond issue remaining is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018 - 2019	\$ 165,000	\$ 348,825	\$ 513,825
2019 - 2020	170,000	345,525	515,525
2020 - 2021	170,000	340,425	510,425
2021 - 2022	175,000	335,325	510,325
2022 - 2023	185,000	330,075	515,075
2023 - 2028	14,220,000	1,435,375	15,655,375
Totals	<u>\$ 15,085,000</u>	<u>\$ 3,135,550</u>	<u>\$ 18,220,550</u>

**7. Defeasance of Debt**

As noted above, proceeds of the refunding bond issues were used to purchase U.S. government securities to retire outstanding issuances. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The District is unable to determine the amount of defeased bonds outstanding at year-end.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Long-term Debt (continued)**

**8. Schedule of Future Payments**

The District's annual debt service is as follows:

<b>Fiscal Year Ending:</b>	<b>Obligation Refunding 2006</b>	<b>General Obligation Refunding 2007</b>	<b>General Obligation Refunding 2011</b>	<b>General Obligation Refunding 2012</b>
2019	\$ -	\$ -	\$ 7,120,181	\$ 712,500
2020	-	-	7,131,588	712,500
2021	-	-	7,114,794	712,500
2022	-	-	7,091,250	712,500
2023	-	-	7,080,000	712,500
2024 - 2028	1,715,000	1,635,000	7,077,750	15,683,750
2029 - 2033	-	-	-	-
2034 - 2036	-	-	-	-
<b>Total</b>	<u>1,715,000</u>	<u>1,635,000</u>	<u>42,615,563</u>	<u>19,246,250</u>
Less: interest	(1,700,011)	(1,590,005)	(5,525,563)	(4,996,250)
<b>Debt Outstanding</b>	<u><u>\$ 14,989</u></u>	<u><u>\$ 44,995</u></u>	<u><u>\$ 37,090,000</u></u>	<u><u>\$ 14,250,000</u></u>

<b>Fiscal Year Ending:</b>	<b>General Obligation 2016</b>	<b>General Obligation Refunding 2016B</b>	<b>Total</b>
2019	\$ 6,456,300	\$ 513,825	\$ 14,802,806
2020	6,441,950	515,525	14,801,563
2021	6,456,100	510,425	14,793,819
2022	6,450,800	510,325	14,764,875
2023	6,454,150	515,075	14,761,725
2024 - 2028	32,225,600	15,655,375	73,992,475
2029 - 2033	74,754,975	-	74,754,975
2034 - 2036	44,829,200	-	44,829,200
<b>Total</b>	<u>184,069,075</u>	<u>18,220,550</u>	<u>267,501,438</u>
Less: interest	(65,764,075)	(3,135,550)	(82,711,454)
<b>Debt Outstanding</b>	<u><u>\$ 118,305,000</u></u>	<u><u>\$ 15,085,000</u></u>	<u><u>\$ 184,789,984</u></u>

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Long-term Debt (continued)**

**9. Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General Obligation Bonds:					
Refunding Bonds, Series 2006	14,989	-	-	14,989	-
Refunding Bonds, Series 2007	44,995	-	-	44,995	-
Refunding Bonds, Series 2011	42,440,000	-	(5,350,000)	37,090,000	5,535,000
Refunding Bonds, Series 2012	14,250,000	-	-	14,250,000	-
General Obligation, Series 2016	119,665,000	-	(1,360,000)	118,305,000	1,390,000
Refunding Bonds, Series 2016B	15,245,000	-	(160,000)	15,085,000	165,000
Unamortized premium	22,271,133	-	(3,423,773)	18,847,360	-
Accrued compensated absences	2,432,838	100,643	(21,057)	2,533,481	1,013,392
Net unfunded pension liability	223,038,228	19,105,739	-	242,143,967	-
Net unfunded pension liability	-	5,529,543	-	5,529,543	-
	<u>\$ 439,402,183</u>	<u>\$ 24,735,925</u>	<u>\$ (10,314,830)</u>	<u>\$ 453,844,335</u>	<u>\$ 8,103,392</u>

**G. Fund Balance Disclosures**

The District classifies governmental fund balances as follows:

*Non-spendable* – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portions of loans receivable, etc.

*Spendable Fund Balance:*

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has restricted \$1,942,800 for TABOR reserves, \$11,767,980 for debt service, \$5,665,807 for the building fund and \$572,572 for land dedication fees in the capital reserve fund.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the School Board of the District. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the District's platform to review, and/or make changes to each department's budget. The budget is formally presented to the School Board of the District via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after School Board approval, must be presented via a public process and again approved by the School Board of the District. The District has committed \$543,226 representing technology mill levy reserves within the General Fund, \$433,493 for the food service fund, \$527,112 for pupil activity fund, and \$3,166,377 for the capital reserve fund.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**G. Fund Balance Disclosures (continued)**

*Spendable Fund Balance (continued):*

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board of the District or its management designees. The District has assigned \$3,280,892 of fund balance in the General Fund for special appropriations as directed by the School Board.

*Unassigned* – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy; however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the School Board of the District.

**H. 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 \$242,143,967 for its proportionate share of the net pension liability of the SCHDTF. 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 proportionate share of the net pension liability was based on District 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 proportionate share was 0.7491% as compared to its proportionate share of 0.7422% at December 31, 2016.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

For the year ended June 30, 2018, the District recognized pension expense of \$43,597,835. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 4,452,007	\$ -
Change of assumptions or other inputs	61,828,351	392,348
Net difference between projected and actual earnings on pension plan investments	-	9,509,224
Changes in proportionate share of contributions	655,872	36,904
Contributions subsequent to measurement date	3,473,633	-
	\$ 70,409,863	\$ 9,938,476

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Amortization</b>
2018	\$ 38,631,369
2019	21,751,361
2020	192,430
2021	(3,577,406)
	\$ 56,997,754

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**H. 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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 9.70%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
PERA Benefit Structure hired prior 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.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

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

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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%.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

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

*Discount rate.* The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial 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, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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:

	<b>1% Decrease (3.78%)</b>	<b>Current Discount Rate (4.78%)</b>	<b>1% Increase (5.78%)</b>
Collective net pension liability	\$ 40,846,431,000	\$ 32,336,446,000	\$ 25,104,780,000
Proportionate share of net pension liability	\$ 305,869,014	\$ 242,143,968	\$ 187,991,316

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

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

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

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**H. 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 \$242,143,967 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

	<b>Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200</b>	<b>Proportionate Share of the Estimated Net Pension Liability Using Plan Provisions Required by SB 18-200</b>
Collective Net Pension Liability	7.25%	14,609,326,000
Proportionate Share of Net Pension Liability	7.25%	62,159,818

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 \$113,034,317 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the District reported a liability for Other Post-Employment Benefits ("OPEB") of \$5,529,543 for its proportionate share of net OPEB. The net OPEB liability 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 proportion of the net OPEB liability was based on District contributions to the Health Care Trust Fund ("HCTF") for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was 0.4255%, as compared to its proportion of 0.4258% measured as of December 31, 2016.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

For the year ended June 30, 2018, the District recognized other post-employment benefit expense of \$67,280. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 26,150	\$ 5,529,543
Change of assumptions or other inputs	-	92,508
Difference between actual and reported contributions recognized	-	3,480
Contributions subsequent to measurement date	185,212	-
	\$ 211,362	\$ 5,625,531

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to other post-employment benefits, will be recognized as a reduction of the net other post-employment benefits 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:

<b>Year Ended June 30,</b>	<b>Amortization</b>
2019	\$ (18,673)
2020	(18,673)
2021	(18,673)
2022	(18,665)
2023	4,456
Thereafter	389
	\$ (69,839)

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

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

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

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

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

**Roaring Fork School District RE-1  
Notes to the Financial Statements  
June 30, 2018  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

<u>Year Ending</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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 OPEB liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

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

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

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

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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 a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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%.

**Roaring Fork School District RE-1**  
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**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
PERA Care Medicare Trent Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend	3.25%	4.25%	5.25%
Collective Net OPEB Liability	1,263,843,000	1,299,600,000	1,342,667,000
Proportionate Share of Net OPEB Liability	5,377,404	5,529,543	5,712,785

*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.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>7.25%</b>	<b>8.25%</b>
Collective Net OPEB Liability	1,461,159,000	1,299,600,000	1,161,705,000
Proportionate Share of Net OPEB Liability	6,216,945	5,529,543	4,942,827

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

**V. Other Information**

**A. Defined Benefit Pension Plan**

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

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

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

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**V. Other Information (continued)**

**A. Defined Benefit Pension Plan (continued)**

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

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

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

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

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

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

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**V. Other Information (continued)**

**A. Defined Benefit Pension Plan (continued)**

*Contributions as of June 30, 2018.* Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

	<b>For the Year Ended December 31,</b>	
	<b>2017</b>	<b>2018</b>
Employer Contribution Rate	10.15%	10.15%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED as presented in C.R.S. 24-51-411	5.00%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

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 \$7,333,940 for the year ended June 30, 2018.

**B. Post-employment Healthcare Benefits**

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**V. Other Information (continued)**

**B. Post-employment Healthcare Benefits (continued)**

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

*Benefits provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure, are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

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

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

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**V. Other Information (continued)**

**B. Post-employment Healthcare Benefits (continued)**

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$185,212 for the year ended June 30, 2018.

**C. Defined Contribution Pension Plan**

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

*Funding Policy.* Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2018, 2017, and 2016, the 401(k) Plan member contributions from the District were \$488,601, \$465,342, and \$431,287, respectively. The District did not make any contributions to the plan for the years ended June 30, 2018, 2017, and 2016.

**D. Risk Management**

The District is exposed to various risks of loss related to worker's compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**V. Other Information (continued)**

**E. Contingencies**

**1. Legal Matters**

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2018.

**2. Federal Programs**

Funds received from Federal grants are subject to audit and disallowance on ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2018.

**3. State Programs**

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2018.

**F. Jointly Governed Organization - BOCES**

The District, together with nine other school districts, participates in the Colorado River Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Services by BOCES are charged to each district based upon individual needs and the student population.

The Board of the BOCES consists of one member of the board of education of each participating district. Each district has equal voting rights in the decisions of the BOCES.

For the year ended June 30, 2018 and 2017, the District made operating contributions of \$939,936 and \$965,355, respectively. For a complete audit report please contact Colorado River BOCES at 460 Stone Quarry Rd. Parachute, CO 81635.

**Roaring Fork School District RE-1**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(Continued)**

**V. Other Information (continued)**

**G. Mill Levy Override Approvals**

In 1999 and 2004, the electorate approved ballot questions authorizing the District to raise and expend local property tax revenues of \$4,000,000 in excess of limitation set forth by the Public School Finance Act of 1994 and Section 20 of Article X of the State Constitution for the purpose of meeting the District's strategic plan by attracting and retaining a quality staff, maintaining a lower student-teacher ratio in grades kindergarten through three, and providing technology resources for the District. All related expenditures are accounted for in the General Fund.

On November 1, 2011, the electorate approved a ballot question authorizing the District to raise and expend local property tax revenues of \$4.8 million annually, in addition to the \$4 million previously authorized (See note V.G.). In accordance with the ballot language, funds are to be used to preserve small class sizes, attract and retain quality staff, provide learning materials, and preserve safe learning environments.

**H. Capital Project Commitments**

The District has active capital projects as of June 30, 2018, which include acquiring, constructing, repairing and improving District capital assets. The District has entered into various agreements with multiple vendors for these capital projects. The aggregate remaining amount of these agreements is \$1,305,579.

**I. Restatement of Net Position**

In 2018, the District implemented Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions, requires employers to recognize their long-term obligation for OPEB as a liability and OPEB related deferred inflows and outflows on the Statement of Net Position. As such, the District's 2018 financial statements report a restatement of net position on the Statement of Activities for governmental activities for \$5,346,889 which was the net amount of the District's long-term obligation of \$5,520,662 and deferred outflows of resources of \$173,773 related to OPEB benefits at June 30, 2017.

Roaring Fork School District RE-1

Required Supplementary Information



**ROARING FORK SCHOOL DISTRICT RE-1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (GAAP Basis)**  
**General Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	2018			2017 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 32,186,241	\$ 32,142,752	\$ (43,489)	\$ 31,235,068
Specific ownership taxes	2,385,349	2,998,395	613,046	2,467,244
Delinquent taxes, interest, and abatements	50,000	80,028	30,028	17,269
Tuition and fees	1,008,895	1,173,584	164,689	1,008,424
Investment income	88,754	295,776	207,022	108,771
State sources	21,719,697	22,152,925	433,228	20,800,075
Federal sources	1,259,226	1,513,634	254,408	1,364,727
Other	268,052	482,694	214,642	522,693
<b>Total Revenues</b>	<u>58,966,214</u>	<u>60,839,788</u>	<u>1,873,574</u>	<u>57,524,271</u>
<b>Expenditures:</b>				
Direct instruction	38,791,829	36,645,236	2,146,593	34,053,391
Indirect instruction	5,060,924	4,471,419	589,505	4,140,988
Transportation	1,746,786	2,106,222	(359,436)	1,710,881
Operations and maintenance of plant services	5,620,606	5,416,422	204,184	4,891,870
Support services	2,853,052	2,492,539	360,513	2,307,322
General and school administration	5,451,328	5,361,213	90,115	5,114,540
Payment to component unit	1,222,577	1,310,793	(88,216)	1,230,087
<b>Total Expenditures</b>	<u>60,747,102</u>	<u>57,803,844</u>	<u>2,943,258</u>	<u>53,449,079</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,780,888)</u>	<u>3,035,944</u>	<u>4,816,832</u>	<u>4,075,192</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	<u>(1,532,853)</u>	<u>(1,892,136)</u>	<u>(359,283)</u>	<u>(1,944,358)</u>
<b>Total Other Financing (Uses)</b>	<u>(1,532,853)</u>	<u>(1,892,136)</u>	<u>(359,283)</u>	<u>(1,944,358)</u>
<b>Net Change in Fund Balances</b>	(3,313,741)	1,143,808	4,457,549	2,130,834
<b>Fund Balances - Beginning of the Year</b>	<u>12,432,829</u>	<u>13,227,611</u>	<u>794,782</u>	<u>11,096,777</u>
<b>Fund Balances - End of the Year</b>	<u>\$ 9,119,088</u>	<u>\$ 14,371,419</u>	<u>\$ 5,252,331</u>	<u>\$ 13,227,611</u>

**Roaring Fork School District RE-1**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual (GAAP Basis)**  
**Special Revenue Fund**  
**Food Service Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	2018			2017 Actual
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	
<b>Revenues:</b>				
Food sales	\$ 325,795	\$ 308,988	\$ (16,807)	\$ 319,868
Investment income	39	38	(1)	34
Federal sources:				
Federal government lunch reimbursement	928,447	847,766	(80,681)	875,752
USDA Commodity contribution	159,932	149,635	(10,297)	185,803
State sources	30,656	29,690	(966)	30,839
<b>Total Revenues</b>	<u>1,444,869</u>	<u>1,336,117</u>	<u>(108,752)</u>	<u>1,412,296</u>
<b>Expenditures:</b>				
<b>Food Service:</b>				
Salaries and employee benefits	923,457	929,321	(5,864)	900,486
Other services	56,310	63,368	(7,058)	52,365
Food and milk	594,519	447,643	146,876	447,889
USDA donated commodities	92,045	88,391	3,654	101,991
Non-food and other	20,000	4,486	15,514	1,760
<b>Total Expenditures</b>	<u>1,686,331</u>	<u>1,533,209</u>	<u>153,122</u>	<u>1,504,491</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(241,462)	(197,092)	44,370	(92,195)
<b>Other Financing Sources (Uses):</b>				
Transfers in	208,427	200,000	(8,427)	93,000
<b>Total Other Financing Sources (Uses)</b>	<u>208,427</u>	<u>200,000</u>	<u>(8,427)</u>	<u>93,000</u>
<b>Net Change in Fund Balance</b>	(33,035)	2,908	35,943	805
<b>Fund Balance - Beginning of the Year</b>	<u>439,785</u>	<u>458,633</u>	<u>18,848</u>	<u>457,828</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 406,750</u>	<u>\$ 461,541</u>	<u>\$ 54,791</u>	<u>\$ 458,633</u>

**ROARING FORK SCHOOL DISTRICT RE-1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)**  
**Special Revenue Fund**  
**Governmental Designated Purpose Grant Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	2018		Final Budget Variance Positive (Negative)	2017 Actual
	Original and Final Budget	Actual		
<b>Revenues:</b>				
Intergovernmental revenue:				
State revenue	\$ 228,829	\$ 450,356	\$ 221,527	\$ 442,376
Federal revenue	817,401	771,129	(46,272)	856,939
Other revenue	1,500,000	1,169,457	(330,543)	971,427
<b>Total Revenues</b>	<u>2,546,230</u>	<u>2,390,942</u>	<u>(155,288)</u>	<u>2,270,742</u>
<b>Expenditures:</b>				
Direct instruction	1,353,117	857,613	495,504	1,099,102
Indirect instruction	1,270,928	1,891,542	(620,614)	1,516,848
Transportation	-	-	-	5,000
Support services	-	2,650	(2,650)	10,919
General and school administration	139,075	-	139,075	69,408
Building services	87,897	161,634	(73,737)	35,568
<b>Total Expenditures</b>	<u>2,851,017</u>	<u>2,913,439</u>	<u>(62,422)</u>	<u>2,736,845</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(304,787)	(522,497)	(217,710)	(466,103)
<b>Other Financing Sources (Uses):</b>				
Transfers in	304,787	522,497	217,710	466,103
<b>Total Other Financing Sources (Uses)</b>	<u>304,787</u>	<u>522,497</u>	<u>217,710</u>	<u>466,103</u>
<b>Net Change in Fund Balances</b>	-	-	-	-
<b>Fund Balances - Beginning of the Year</b>	-	-	-	-
<b>Fund Balances - End of the Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Roaring Fork School District RE-1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)**  
**Special Revenue Fund**  
**Student Activity Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	<u>2018</u>			<u>2017</u> <u>Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	
<b>Revenues:</b>				
Student activities	\$ 1,615,659	\$ 1,643,742	\$ 28,083	\$ 1,682,996
<b>Total Revenues</b>	<u>1,615,659</u>	<u>1,643,742</u>	<u>28,083</u>	<u>1,682,996</u>
<b>Expenditures:</b>				
Student activities	2,201,168	1,706,172	494,996	1,694,567
<b>Total Expenditures</b>	<u>2,201,168</u>	<u>1,706,172</u>	<u>494,996</u>	<u>1,694,567</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(585,509)	(62,430)	523,079	(11,571)
<b>Fund Balances - Beginning of the Year</b>	<u>585,509</u>	<u>589,542</u>	<u>4,033</u>	<u>601,113</u>
<b>Fund Balances - End of the Year</b>	<u>\$ -</u>	<u>\$ 527,112</u>	<u>\$ 527,112</u>	<u>\$ 589,542</u>

**Roaring Fork School District RE-1**  
**Schedule of Employer's Proportionate Share of the Net Pension Liability**  
**Colorado Public Employees' Retirement Association School Division Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>District's portion of the net pension liability</b>	0.7488%	0.7491%	0.7422%	0.7311%	0.7189%
<b>District's proportionate share of the net pension liability</b>	242,143,967	223,038,228	113,517,142	99,083,500	91,701,414
<b>District's covered payroll</b>	34,542,484	33,621,279	32,857,437	31,665,805	29,882,161
<b>District's proportionate share of the net pension liability as a percentage of its covered payroll</b>	701%	663%	345%	313%	307%
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	43.96%	43.13%	59.20%	62.84%	64.07%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

**Roaring Fork School District  
Schedule of District Contributions - Pension  
Colorado Public Employees' Retirement Association School Division Trust Fund  
Last 10 Fiscal Years \***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,435,267	\$ 6,095,538	\$ 5,844,156	\$ 5,347,478	\$ 4,776,130
Contributions in relation to the contractually required contribution	<u>\$ (6,435,267)</u>	<u>\$ (6,095,538)</u>	<u>\$ (5,844,156)</u>	<u>\$ (5,347,478)</u>	<u>\$ (4,776,130)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 35,663,994	\$ 33,964,451	\$ 32,857,437	\$ 31,665,805	\$ 29,882,161
Contributions as a percentage of covered payroll	18.04%	17.95%	17.79%	16.89%	15.98%

\* Information is only available beginning in fiscal year 2014.

**Roaring Fork School District RE-1**  
**Schedule of Employer's Proportionate Share of the Net Other Post Employment Benefits Liability**  
**Colorado Public Employees' Retirement Association School Division Trust Fund**  
**Last 10 Fiscal Years \***

	<b>2018</b>	<b>2017</b>
District's portion of the net OPEB liability	0.4255%	0.4258%
District's proportionate share of the net OPEB liability	5,529,543	5,520,662
District's covered-employee payroll	34,542,484	33,621,279
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

**Roaring Fork School District**  
**Schedule of District Contributions - Other Post Employment Benefits**  
**Colorado Public Employees' Retirement Association School Division Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 363,773	\$ 346,437
Contributions in relation to the contractually required contribution	<u>\$ (363,773)</u>	<u>\$ (346,437)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 35,663,994	\$ 33,964,451
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

\* Information is only available beginning in fiscal year 2017.

**Roaring Fork School District RE-1**  
**Notes to the Required Supplementary Information**  
**June 30, 2018**

**I. Schedule of Employer's Proportionate Share of the Net Pension Liability**

**A. Changes to Assumptions or Other Inputs**

**1. Changes Since the December 31, 2016 Actuarial Valuation are as Follows:**

- The single equivalent interest rate ("SEIR") was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date

**2. Changes Since the December 31, 2015 Actuarial Valuation are as follows:**

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table
- The mortality assumption for active members was changed to 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
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent
- The single equivalent interest rate (the "SEIR") for the School Division Trust Fund was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate

**3. Changes Since the December 31, 2014 Actuarial Valuation are as follows:**

- Valuation of the full survivor benefit without any reduction for possible remarriage
- Reflection of the employer match on separation benefits for all eligible years
- Reflection of one year of service eligibility for survivor annuity benefit
- Refinement of the 18-month annual increase timing
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms

**Roaring Fork School District RE-1**  
**Notes to the Required Supplementary Information**  
**June 30, 2018**  
**(Continued)**

**I. Schedule of Employer's Proportionate Share of the Net Pension Liability (continued)**

**A. Changes to Assumptions or Other Inputs (continued)**

**3. Changes Since the December 31, 2014 Actuarial Valuation are as follows: (continued)**

- Recognition of merit salary increases in the first projection year
- Elimination of the assumption that 35% of future disabled members elect to receive a refund
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year

**B. Changes of Benefit Terms**

No changes during the years presented

**C. Changes of Size or Composition of Population Covered by Benefit Terms**

No changes during the years presented

**II. Notes to the Schedule of District Pension Contributions**

**A. Changes to Assumptions or Other Inputs**

No changes during the years presented

**B. Changes of Benefit Terms**

No changes during the years presented

**C. Changes of Size or Composition of Population Covered by Benefit Terms**

No changes during the years presented

**III. Schedule of the District's Proportionate Share of the OPEB Liability**

**A. Changes to assumptions or other inputs**

No changes during the years presented

**B. Changes of benefit term**

No changes during the years presented

**C. Changes of size or composition of population covered by terms**

No changes during the years presented

**Roaring Fork School District RE-1**  
**Notes to the Required Supplementary Information**  
**June 30, 2018**  
**(Continued)**

**IV. Notes to the Schedule of District OPEB Contributions**

**A. Changes to assumptions or other inputs**

No changes during the years presented

**B. Changes of benefit terms**

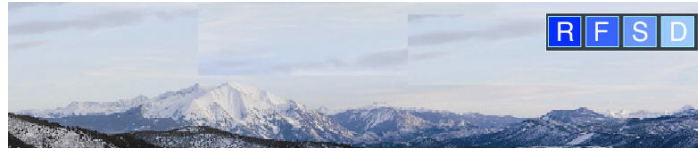
No changes during the years presented

**C. Changes of size or composition of population covered by benefit terms**

No changes during the years presented

Roaring Fork School District RE-1

Supplementary Information



**Roaring Fork School District RE-1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)**  
**Debt Service Fund**  
**Bond Redemption Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	2018		Final Budget Variance Positive (Negative)	2017 Actual
	Original and Final Budget	Actual		
<b>Revenues:</b>				
General property taxes	\$ 14,743,866	\$ 15,001,713	\$ 257,847	\$ 15,241,132
<b>Total Revenues</b>	<b>14,743,866</b>	<b>15,001,713</b>	<b>257,847</b>	<b>15,241,132</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal	6,870,000	6,870,000	-	7,940,000
Interest and fiscal charges	7,981,200	7,976,281	4,919	9,776,846
<b>Total Expenditures</b>	<b>14,851,200</b>	<b>14,846,281</b>	<b>4,919</b>	<b>17,716,846</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(107,334)</b>	<b>155,432</b>	<b>262,766</b>	<b>(2,475,714)</b>
<b>Other Financing Sources (Uses):</b>				
Debt proceeds	-	-	-	15,475,000
Issuance premium	-	-	-	487,366
Payments to escrow agents	-	-	-	(15,824,648)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,718</b>
<b>Net Change in Fund Balances</b>	<b>(107,334)</b>	<b>155,432</b>	<b>262,766</b>	<b>(2,337,996)</b>
<b>Fund Balances - Beginning of the Year</b>	<b>11,522,959</b>	<b>11,612,548</b>	<b>89,589</b>	<b>13,950,544</b>
<b>Fund Balances - End of the Year</b>	<b>\$ 11,415,625</b>	<b>\$ 11,767,980</b>	<b>\$ 352,355</b>	<b>\$ 11,612,548</b>

**ROARING FORK SCHOOL DISTRICT RE-1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)**  
**Capital Projects Fund**  
**Capital Reserve Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	2018			2017 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
<b>Revenues:</b>				
Property in lieu of land	\$ 20,000	\$ 189,430	\$ 169,430	\$ 132,168
Investment income	-	8,610	8,610	3,625
Other	55,000	385,679	330,679	101,662
<b>Total Revenues</b>	<u>75,000</u>	<u>583,719</u>	<u>508,719</u>	<u>237,455</u>
<b>Expenditures:</b>				
Capital outlay:				
Site and buildings	5,672,958	1,475,071	4,197,887	502,750
Equipment	-	1,073,708	(1,073,708)	708,839
Technology	-	39,279	(39,279)	125,446
Debt service:				
Capital leases - Principal	-	-	-	242,417
Capital leases - Interest	-	-	-	7,272
<b>Total Expenditures</b>	<u>5,672,958</u>	<u>2,588,058</u>	<u>3,084,900</u>	<u>1,586,724</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(5,597,958)	(2,004,339)	3,593,619	(1,349,269)
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,019,639	1,169,639	150,000	1,385,255
<b>Total Other Financing Sources (Uses)</b>	<u>1,019,639</u>	<u>1,169,639</u>	<u>150,000</u>	<u>1,385,255</u>
<b>Net Change in Fund Balance</b>	(4,578,319)	(834,700)	3,743,619	35,986
<b>Fund Balances - Beginning of the Year</b>	<u>4,578,319</u>	<u>4,573,649</u>	<u>(4,670)</u>	<u>4,537,663</u>
<b>Fund Balances - End of the Year</b>	<u>\$ -</u>	<u>\$ 3,738,949</u>	<u>\$ 3,738,949</u>	<u>\$ 4,573,649</u>

**ROARING FORK SCHOOL DISTRICT RE-1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)**

**Capital Projects Fund**

**Building Fund**

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

**(With Comparative Totals For the Year Ended June 30, 2017)**

	2018			2017 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
<b>Revenues:</b>				
Intergovernmental revenue:				
State revenue	\$ 8,800,000	\$ 6,584,577	\$ (2,215,423)	\$ 1,435,494
Investment income	100,000	272,882	172,882	492,978
Other	-	173,589	173,589	140,873
<b>Total Revenues</b>	<u>8,900,000</u>	<u>7,031,048</u>	<u>(1,868,952)</u>	<u>2,069,345</u>
<b>Expenditures:</b>				
Capital outlay:				
Land acquisition	-	8,887	(8,887)	-
Site and buildings	89,182,544	61,427,238	27,755,306	75,156,855
<b>Total Expenditures</b>	<u>89,182,544</u>	<u>61,436,125</u>	<u>27,746,419</u>	<u>75,156,855</u>
<b>Net Change in Fund Balance</b>	(80,282,544)	(54,405,077)	25,877,467	(73,087,510)
<b>Fund Balances - Beginning of the Year</b>	<u>80,282,544</u>	<u>60,070,884</u>	<u>(20,211,660)</u>	<u>133,158,394</u>
<b>Fund Balances - End of the Year</b>	<u>\$ -</u>	<u>\$ 5,665,807</u>	<u>\$ 5,665,807</u>	<u>\$ 60,070,884</u>

**ROARING FORK SCHOOL DISTRICT RE-1**  
**Schedule of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (GAAP Basis)**  
**District Housing Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	2018			2017 Actual
	Original and Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	
<b>Operating Revenues:</b>				
Charges for services	\$ 348,500	\$ 257,475	\$ (91,025)	\$ -
<b>Total Operating Revenues</b>	<u>348,500</u>	<u>257,475</u>	<u>(91,025)</u>	<u>-</u>
<b>Operating Expenses:</b>				
Purchased property services	348,500	70,440	278,060	-
Repairs and maintenance	-	2,013	(2,013)	-
<b>Total Operating Expenses</b>	<u>348,500</u>	<u>72,453</u>	<u>276,047</u>	<u>-</u>
<b>Income (Loss) From Operations</b>	-	185,022	185,022	-
<b>Non Operating Revenues (Expenses)</b>				
Capital contributions	8,700,000	8,596,386	(103,614)	-
Depreciation	(217,500)	(128,946)	88,554	-
<b>Total Non Operating Revenues (Expenses)</b>	<u>8,482,500</u>	<u>8,467,440</u>	<u>(15,060)</u>	<u>-</u>
<b>Change in Net Position</b>	\$ 8,482,500	\$ 8,652,462	\$ 169,962	-
<b>Fund Balances - Beginning of the Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - End of the Year</b>	<u>\$ 8,482,500</u>	<u>\$ 8,652,462</u>	<u>\$ 169,962</u>	<u>\$ -</u>

**ROARING FORK SCHOOL DISTRICT RE-1**  
**Schedule of Fiduciary Fund Increases and Decreases - Budget and Actual (GAAP Basis)**  
**Fiduciary Fund**  
**Student Activities Fund**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals For the Year Ended June 30, 2017)**

	<u>2018</u>			<u>2017</u> <u>Actual</u>
	<u>Original and</u> <u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Final Budget</u> <u>Variance</u> <u>Positive</u> <u>(Negative)</u>	
<b>Increases:</b>				
Student activities	\$ 1,000,000	\$ 1,008,190	\$ 8,190	\$ 1,038,442
<b>Total Increases</b>	<u>1,000,000</u>	<u>1,008,190</u>	<u>8,190</u>	<u>1,038,442</u>
<b>Decreases:</b>				
Student activities	1,639,245	967,678	671,567	1,098,355
<b>Total Decreases</b>	<u>1,639,245</u>	<u>967,678</u>	<u>671,567</u>	<u>1,098,355</u>
<b>Change in Due to Students</b>	(639,245)	40,512	679,757	(59,913)
<b>Due to Students - Beginning of Year</b>	<u>639,245</u>	<u>432,669</u>	<u>(206,576)</u>	<u>492,582</u>
<b>Due to Students - End of Year</b>	<u>\$ -</u>	<u>\$ 473,181</u>	<u>\$ 473,181</u>	<u>\$ 432,669</u>



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1180 - ROARING FORK RE-1  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

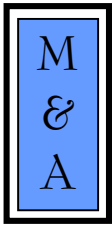
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	13,227,612	56,943,737	55,799,931	14,371,419
18 Risk Mgmt Sub-Fund of General Fund	0	693,121	693,121	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>13,227,612</b>	<b>57,636,859</b>	<b>56,493,052</b>	<b>14,371,419</b>
11 Charter School Fund	239,698	1,669,806	1,589,191	320,314
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	458,631	1,536,118	1,533,210	461,539
22 Govt Designated-Purpose Grants Fund	0	2,913,439	2,913,439	0
23 Pupil Activity Special Revenue Fund	589,543	1,643,742	1,706,173	527,112
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	11,612,548	15,001,713	14,846,282	11,767,979
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	60,070,882	7,031,048	61,436,124	5,665,806
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	4,573,651	1,753,358	2,588,057	3,738,952
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>90,772,566</b>	<b>89,186,082</b>	<b>143,105,529</b>	<b>36,853,120</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	8,853,861	201,399	8,652,462
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>8,853,861</b>	<b>201,399</b>	<b>8,652,462</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	432,669	1,008,190	967,678	473,181
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>432,669</b>	<b>1,008,190</b>	<b>967,678</b>	<b>473,181</b>

FINAL

Roaring Fork School District RE-1

Reports and Schedules for Reporting Requirements  
Of Uniform Guidance





# MCMAHAN AND ASSOCIATES, L.L.C.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**To the Board of Education  
Roaring Fork School District RE-1  
Glenwood Springs, CO**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roaring Fork School District RE-1 (the "District") 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 and have issued our report thereon dated December 18, 2018.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit on the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion of the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*Member: American Institute of Certified Public Accountants*

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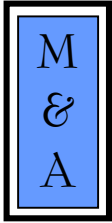
**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Education**  
**Roaring Fork School District RE-1**  
**Glenwood Springs, CO**

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**December 18, 2018**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Education  
Roaring Fork School District RE-1  
Glenwood Springs, CO**

### ***Report on Compliance for Each Major Program***

We have audited the compliance of the Roaring Fork School District RE-1 (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibilities***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibilities***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based in our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the Guide. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Education**  
**Roaring Fork School District RE-1**  
**Glenwood Springs, CO**

***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based in the requirements of Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**December 18, 2018**

**Roaring Fork School District RE-1  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018**

**Part I: Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

*Federal Awards*

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No
Major programs -	
School Breakfast Program	CFDA# 10.553
National School Lunch Program	CFDA# 10.555
Food Distribution, Commodities	CFDA# 10.555
Summer Food Service Program for Children	CFDA# 10.559
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

**Part II: Findings Related to Financial Statements**

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

**Part III: Findings Related to Federal Awards**

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

**Roaring Fork School District RE-1  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018**

**Note:** There were no findings for the fiscal year ended June 30, 2017.

**Roaring Fork School District RE-1  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Project Code</u>	<u>Expenditures</u>	
<b>United States Department of Education</b>				
<b>Passed through Colorado Department of Education:</b>				
Title I Grants to Local Educational Agencies	84.010	4010	\$ 516,320	
English Language Acquisition State Grants	84.365	4365	123,839	
Improving Teacher Quality State Grants	84.367	4367	114,626	
Race to the Top - Early Learning Challenge	84.412	5412	3,662	
Student Support and Academic Enrichment Program	84.424	5424	12,683	
<b>Total United States Department of Education</b>			<u>771,130</u>	
<b>United States Department of Agriculture:</b>				
<b>Passed through Garfield and Eagle County Treasurers:</b>				
Schools and Roads - Grants to States	10.665	7665	363,009	<b>A</b>
<b>Passed through Colorado Department of Education:</b>				
School Breakfast Program	10.553	4553	173,617	<b>B</b>
National School Lunch Program	10.555	4555	818,124	<b>B</b>
Summer Food Service Program for Children	10.559	4559	61,244	<b>B</b>
<b>Passed through Colorado Department of Human Services:</b>				
Food Distribution, Commodities (noncash)	10.555	4555	88,455	<b>B</b>
<b>Total United States Department of Agriculture</b>			<u>1,504,449</u>	
<b>Total Federal Expenditures</b>			<u>\$ 2,275,579</u>	

**Additional Information for Clusters:**

<b>A</b> Forest Service Schools and Roads Cluster	\$ 363,009
<b>B</b> Child Nutrition Cluster	\$1,141,440

**Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2018:**

**Note 1. Basis of Presentation:**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Roaring Fork School District RE-1, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of these general purpose financial statements.

**Note 2. Determining the Value of Non-Cash Awards Expended:**

Food Commodities: Assessed value provided by the Federal agency.

**Note 3. Sub recipients:**

Roaring Fork School District RE-1 did not provide any federal awards received to sub recipients.

**Note 4. Indirect Facilities and Administration Costs:**

Roaring Fork School District RE-1 has elected to not use the 10% de minimis cost rate allowed in § 200.414, Indirect (F&A) Costs, of the Uniform Guidance.