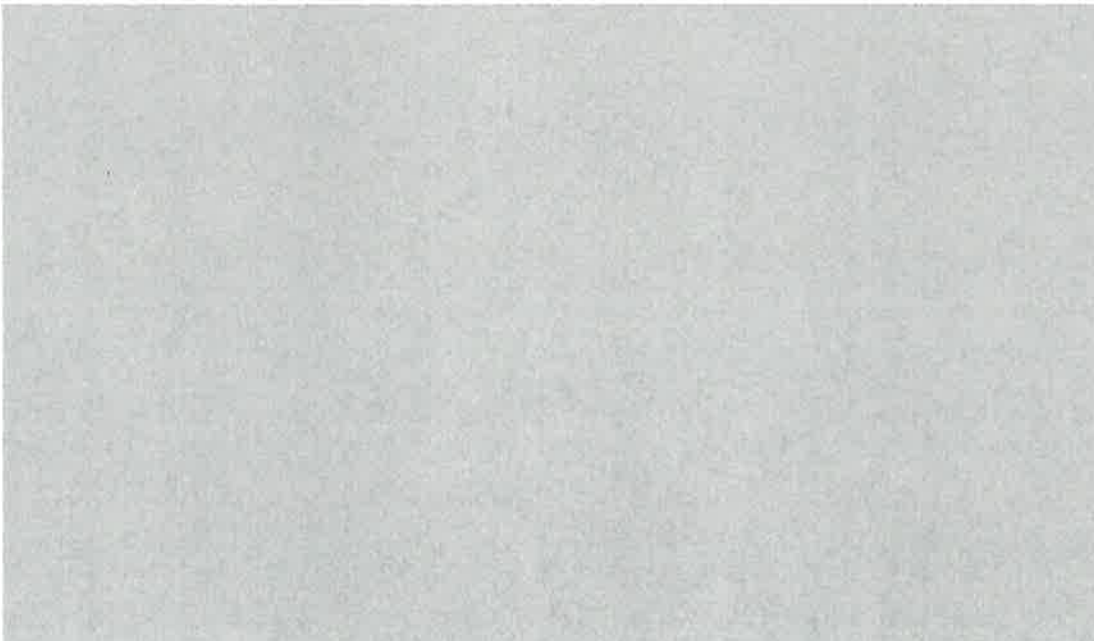


**CONEJOS SCHOOL DISTRICT NO. 6J
SANFORD, COLORADO**

FINANCIAL STATEMENTS

June 30, 2019



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

CONEJOS SCHOOL DISTRICT NO. 6J

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June 30, 2019

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
Conejos School District No. 6J
Sanford, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, 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.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

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

Other Information

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 17, 2019

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in FY 2019 are as follows:

- Net position for governmental activities increased by \$536,850
- Revenue for all governmental activities was \$4,566,982
- The District incurred \$4,030,132 in expenses related to governmental activities

Key financial highlights for the District in FY 2018 were as follows:

- Net position for governmental activities decreased by \$2,656,261
- Revenue for all governmental activities was \$4,372,471
- The District incurred \$7,028,732 in expenses related to governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position (the

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

difference between the District's assets and liabilities) is one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total assets for the District were \$23,882,493 in 2018 and \$23,582,573 in 2019. Cash and investments were \$3,842,669 in 2018 and \$4,268,446 in 2019. Property tax receivable was \$15,994 in 2018 and \$2,990 in 2019. Receivables from other governmental entities were \$13,909 in 2018 and \$6,773 in 2019. Capital assets were in the amount of \$19,987,767 in 2018 and \$19,279,668 in 2019. Current liabilities were \$442,927 in 2018 and \$481,205 in 2019.

The effect of the PERA pension and OPEB expense on the District's total net position for Fiscal Year 2019 and 2018 is summarized below:

	FY 2019	FY 2018
Net position (GAAP Basis)	\$ 12,513,406	\$ 11,976,556
GASB 68 - Pension	9,270,362	10,061,783
GASB 75 - OPEB	303,035	298,034
Net position excluding Pension and OPEB	\$ 22,086,803	\$ 22,336,373

The effect of the PERA pension and OPEB expense on the District's unrestricted net position is summarized below:

	FY19	FY18
Unrestricted - Net position (GAAP Basis)	\$ (6,382,324)	\$ (7,501,036)
GASB 68 - Pension	9,270,362	10,061,783
GASB 75 - OPEB	303,035	298,034
Net position excluding Pension and OPEB	\$ 3,191,073	\$ 2,858,781

Management's estimate of the District's proportionate share of the State On-Behalf Direct Distribution is \$51,809, which is recognized as a contribution and allocation of expenditures in the General Fund.

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Table 1 provides a summary of the District's net position for fiscal year 2018 & 2019:

Table 1

Condensed Statement of Net Position

	Governmental Activities		Total Percent Change
	2018	2019	2018-2019
Assets			
Current Assets	\$ 3,894,726	\$ 4,302,905	10.48%
Capital Assets	\$ 19,987,767	\$ 19,279,668	-3.54%
Total Assets	\$ 23,882,493	\$ 23,582,573	-1.26%
Deferred Outflows of Resources	\$ 3,775,856	\$ 1,979,051	-47.59%
Liabilities			
Current liabilities	\$ 442,927	\$ 481,205	8.64%
Long-term liabilities	\$ 14,441,685	\$ 7,709,725	-46.61%
Total Liabilities	\$ 14,884,612	\$ 8,190,930	-44.97%
Deferred Inflow of Resources			
Pension	\$ 769,788	\$ 4,848,661	529.87%
OPEB	\$ 11,400	\$ 5,637	-50.55%
Property Taxes	\$ 15,993	\$ 2,990	-81.30%
Net Position			
Net Investment in Capital Assets	\$ 19,055,375	\$ 18,397,836	-3.45%
Restricted for:			
Tabor	\$ 115,320	\$ 125,000	8.39%
Debt Service	\$ 157,197	\$ 188,194	19.72%
BEST Capital Renewal Reserve	\$ 149,700	\$ 184,700	23.38%
Unrestricted	\$ (7,501,036)	\$ (6,382,324)	-14.91%
Total Net Position	\$ 11,976,556	\$ 12,513,406	4.48%

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Table 2 shows the changes in net position for fiscal year 2018 & 2019:

Table 2

Changes in Net Position

	Governmental Activities	Governmental Activities	Total Percentage Change
	2018	2019	2018-2019
Revenues			
Program Revenues			
Charges for Services	\$ 47,041	\$ 45,346	-3.60%
Operating Grants & Contributions	\$ 724,974	\$ 781,596	7.81%
Property Taxes	\$ 314,041	\$ 341,361	8.70%
State Equalization	\$ 3,125,314	\$ 3,292,524	5.35%
Other	\$ 161,101	\$ 106,155	-34.11%
Total Revenues	\$ 4,372,471	\$ 4,566,982	4.44%
Expenses			
Instruction	\$ 4,678,962	\$ 2,663,265	-43.08%
Pupil & Instructional Services	\$ 202,862	\$ 88,221	-56.51%
Admin & Business	\$ 816,264	\$ 379,290	-53.53%
Maintenance & Operations	\$ 516,905	\$ 357,324	-30.87%
Transportation	\$ 290,179	\$ 172,513	-40.55%
Other	\$ 523,560	\$ 369,518	-29.42%
Total Expenses	\$ 7,028,732	\$ 4,030,132	-42.66%
Increase(Decrease) in Net Position	\$ (2,656,261)	\$ 536,850	-120.31%
Net Position- Beginning of the year	\$ 14,928,242	\$ 11,976,556	-19.77%
GASB 75 Restatement	\$ (295,425)	\$ -	0.00%
Beginning of year, Restated	\$ 14,632,817	\$ 11,976,556	-18.15%
Net Position- End of year	\$ 11,976,556	\$ 12,513,406	4.48%

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

State equalization accounted for a major portion of the District's total revenue, contributing 72.0 percent of total revenue. Another 17.1 percent came from state and federal grants, 7.5 percent came from property taxes, and the remainder from charges for services and miscellaneous sources.

The District's expenses are predominately related to instruction, (66.6 percent). The District's administrative and business activities accounted for 9.4 percent of total costs.

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$9,192.25 for 2018 and \$9,891.82 in 2019 per funded student. In fiscal year 2018 the funded pupil count was 367.6 and in fiscal year 2019 the pupil count was 359.8. Funding for the SFA comes from property taxes, specific ownership taxes, and state equalization. The District receives approximately 94 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 3 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

Table 3

Government Activities

	Total Cost of Services	Total Cost of Services	Percentage Change	Net Cost of Services	Net Cost of Services	Percentage Change
	2018	2019	2018-2019	2018	2019	2018-2019
Instruction	\$ 4,678,962	\$ 2,663,265	-43%	\$ 4,351,235	\$ 2,217,997	-49.03%
Pupil & instructional services	\$ 202,862	\$ 88,221	-57%	\$ 12,832	\$ (61,619)	-580.20%
Administration and business	\$ 816,264	\$ 379,290	-54%	\$ 816,264	\$ 371,285	-54.51%
Maintenance and operations	\$ 516,905	\$ 357,324	-31%	\$ 516,905	\$ 354,589	-31.40%
Transportation	\$ 290,179	\$ 172,513	-41%	\$ 262,174	\$ 139,321	-46.86%
Food Services	\$ 345,177	\$ 202,368	-41%	\$ 191,763	\$ 49,483	-74.20%
Other	\$ 178,383	\$ 167,151	-6%	\$ 105,544	\$ 132,135	25.19%
Total	\$ 7,028,732	\$ 4,030,132	-43%	\$ 6,256,717	\$ 3,203,190	-48.80%

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

- The cost of all governmental activities during the year 2018 was \$7,028,732. During the year 2019 it was \$4,030,133.
- Federal and state government subsidized certain programs with grants and contributions in the amount of \$724,974 in 2018 and \$781,596 in 2019.
- Most of the District's costs were financed by State and District taxpayers. This portion of governmental activities was financed with \$3,125,314 for 2018 and \$3,292,524 in 2019 in state equalization from the School Finance Act of 1994 (SFA) and \$377,672 in property and specific ownership taxes for 2018 and \$417,108 in 2019.

General Fund Budgetary Highlights

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. The most significant budgeted fund is the General Fund.

CAPITAL ASSET ADMINISTRATION

By the end of 2019, the District has invested \$19,279,668 in land, buildings, and equipment (including vehicles). By the end of 2018, the District has invested \$19,987,767 in land, buildings, and equipment (including vehicles).

Table 4 shows capital assets for FY 2018-2019:

Table 4

Capital Assets at June 30

	Governmental Activities	Governmental Activities	Total Percentage Change
	2018	2019	2018-2019
Land	\$ 43,969	\$ 43,969	0.00%
Land Improvements	\$ 75,103	\$ 75,103	0.00%
Buildings	\$ 20,334,922	\$ 20,334,922	0.00%
Equipment	\$ 2,120,363	\$ 2,120,363	0.00%
Buses & Vehicles	\$ 856,014	\$ 757,030	-11.56%
Total	\$ 23,430,371	\$ 23,331,387	-0.42%
Accumulated Depreciation			
Buildings	\$ 2,197,246	\$ 2,706,533	23.18%
Land Improvements	\$ 8,831	\$ 12,919	46.29%
Equipment	\$ 688,500	\$ 838,372	21.77%
Vehicles	\$ 548,027	\$ 493,895	-9.88%
Total	\$ 3,442,604	\$ 4,051,719	17.69%
Gov Activities Cap Assets, Net	\$ 19,987,767	\$ 19,279,668	-3.54%

SANFORD SCHOOL DISTRICT 6-J
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin C. Edgar, Superintendent of Sanford School District 6-J, at 755 Second Street, Sanford, CO 81151.

CONEJOS SCHOOL DISTRICT NO. 6J

BASIC FINANCIAL STATEMENTS

CONEJOS SCHOOL DISTRICT NO. 6J
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 4,268,446
Accounts Receivable	22,121
Property Tax Receivable	2,990
Due from Other Governments	6,773
Inventories	2,575
Capital Assets	
Land	43,969
Land Improvements	75,103
Buildings	20,334,922
Equipment	2,120,363
Vehicles	757,030
Less: Accumulated Depreciation	(4,051,719)
TOTAL ASSETS	23,582,573
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,957,830
OPEB	21,221
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,979,051
LIABILITIES	
Current Liabilities	
Accounts Payable	15,017
Accrued Salaries and Benefits	355,855
Unearned Grant Revenue	12,354
Accrued Interest Payable	21,186
General Obligation Bonds	52,642
Retirement Benefit	20,800
Other Current Liabilities	3,351
Long-term Liabilities	
General Obligation Bonds	829,190
Retirement Benefit	130,900
Compensated Absences	51,485
Net Pension Liability	6,379,531
Net OPEB Liability	318,619
TOTAL LIABILITIES	8,190,930
DEFERRED INFLOWS OF RESOURCES	
Pension	4,848,661
OPEB	5,637
Unavailable Revenue - Property Tax	2,990
TOTAL DEFERRED INFLOWS OF RESOURCES	4,857,288
NET POSITION	
Net Investment in Capital Assets	18,397,836
Restricted for	
TABOR	125,000
Debt Service	188,194
BEST Capital Reserve	184,700
Unrestricted	(6,382,324)
TOTAL NET POSITION	\$ 12,513,406

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 2,663,265	\$ -	\$ 445,268	\$ -	\$ (2,217,997)
Student Supporting Services	51,507	-	137,007	-	85,500
Instructional Staff Supporting Services	36,714	-	12,833	-	(23,881)
General Administration Supporting Services	194,552	-	3,820	-	(190,732)
School Administration Supporting Services	144,724	-	3,297	-	(141,427)
Business Supporting Services	40,015	-	889	-	(39,126)
Operations & Maintenance of Plant Services	357,324	-	2,735	-	(354,589)
Student Transportation Services	172,513	-	33,192	-	(139,321)
Central Supporting Services	134,349	-	35,016	-	(99,333)
Food Services	202,368	45,346	107,539	-	(49,483)
Facilities Acquisition and Construction Services	12,845	-	-	-	(12,845)
Interest on Long-term Debt	19,957	-	-	-	(19,957)
Total Governmental Activities	4,030,132	45,346	781,596	-	(3,203,190)
Total Primary Government	\$ 4,030,132	\$ 45,346	\$ 781,596	\$ -	(3,203,190)
General Revenues:					
Taxes:					
					341,361
					73,403
					2,344
					3,292,524
					24,075
					6,333
					3,740,040
					Change in Net Position 536,850
					Net Position - Beginning of Year 11,976,556
					Net Position - End of Year \$ 12,513,406

The accompanying notes are an integral part of this financial statement.

CONEJOS SCHOOL DISTRICT NO. 6J
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2019

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND
ASSETS			
Cash and Investments	\$ 3,490,994	\$ 45,466	\$ 442,237
Accounts Receivable	14,780	-	-
Property Tax Receivable	1,836	-	-
Due from Other Governments	4,924	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ 3,512,534	\$ 45,466	\$ 442,237
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 10,678	\$ 4,339	\$ -
Accrued Salaries and Benefits	311,433	28,773	-
Unearned Grant Revenue	-	12,354	-
Other Current Liabilities	3,351	-	-
TOTAL LIABILITIES	325,462	45,466	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	1,836	-	-
FUND BALANCE			
Nonspendable:			
Inventory	-	-	-
Restricted:			
TABOR	125,000	-	-
Debt Service	-	-	-
BEST Capital Reserve	-	-	184,700
Committed:			
Early Retirement of Bonds	900,000	-	-
Emergency Reserves	1,000,000	-	-
Food Services	-	-	-
Student Activities	-	-	-
Capital Projects	-	-	257,537
Assigned:			
Designated for Subsequent Years	247,500	-	-
Other Appropriated Reserves	268,000	-	-
Unassigned:			
	644,736	-	-
TOTAL FUND BALANCE	3,185,236	-	442,237
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,512,534	\$ 45,466	\$ 442,237

The accompanying notes are an integral part of this financial statement.

TOTAL NONMAJOR GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS	
\$	289,749	\$	4,268,446
	7,341		22,121
	1,154		2,990
	1,849		6,773
	2,575		2,575
<u>\$</u>	<u>302,668</u>	<u>\$</u>	<u>4,302,905</u>

\$	-	\$	15,017
	15,649		355,855
	-		12,354
	-		3,351
<u>\$</u>	<u>15,649</u>	<u>\$</u>	<u>386,577</u>

<u>1,154</u>	<u>2,990</u>
--------------	--------------

2,575	2,575
-	125,000
188,194	188,194
-	184,700
-	900,000
-	1,000,000
211	211
94,885	94,885
-	257,537
-	247,500
-	268,000
-	644,736
<u>285,865</u>	<u>3,913,338</u>

<u>\$</u>	<u>302,668</u>	<u>\$</u>	<u>4,302,905</u>
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CONEJOS SCHOOL DISTRICT NO. 6J
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total governmental fund balances	\$	3,913,338
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,279,668
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		1,979,051
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Refunding Bonds	\$ (881,832)	
Accrued Interest Payable	(21,186)	
Retirement Benefit	(151,700)	
Compensated Absences	<u>(51,485)</u>	
		(1,106,203)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(6,698,150)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		<u>(4,854,298)</u>
Net position of governmental activities	\$	<u><u>12,513,406</u></u>

CONEJOS SCHOOL DISTRICT NO. 6J
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	GENERAL FUND	GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND
REVENUES			
Local Sources	\$ 363,288	\$ -	\$ -
State Sources	3,569,728	51,356	-
Federal Sources	68,788	121,931	-
TOTAL REVENUES	4,001,804	173,287	-
EXPENDITURES			
Instructional Program	2,217,932	173,287	-
Student Supporting Services	70,258	-	-
Instructional Staff Supporting Services	45,710	-	-
General Administration Supporting Services	252,529	-	-
School Administration Supporting Services	194,771	-	-
Business Supporting Services	53,509	-	-
Operations and Maintenance of Plant Services	398,836	-	-
Student Transportation Services	156,685	-	-
Central Supporting Services	139,610	-	-
Food Services	-	-	-
Facilities Acquisition and Construction Services	-	-	12,845
Debt Service	-	-	-
TOTAL EXPENDITURES	3,529,840	173,287	12,845
Excess (Deficiency) of			
Revenues Over Expenditures	471,964	-	(12,845)
OTHER FINANCING SOURCES (USES)			
Transfers (to)/from Other Funds	(156,941)	-	75,000
TOTAL OTHER FINANCING SOURCES (USES)	(156,941)	-	75,000
Net Change in Fund Balance	315,023	-	62,155
Fund Balance at Beginning of Year	2,870,213	-	380,082
Fund Balance at End of Year	\$ 3,185,236	\$ -	\$ 442,237

The accompanying notes are an integral part of this financial statement.

TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 286,515	\$ 649,803
3,724	3,624,808
101,652	292,371
<u>391,891</u>	<u>4,566,982</u>
159,422	2,550,641
-	70,258
-	45,710
-	252,529
-	194,771
-	53,509
-	398,836
-	156,685
-	139,610
213,102	213,102
-	12,845
87,901	87,901
<u>460,425</u>	<u>4,176,397</u>
(68,534)	390,585
<u>81,941</u>	-
<u>81,941</u>	-
13,407	390,585
272,458	3,522,753
<u>\$ 285,865</u>	<u>\$ 3,913,338</u>

CONEJOS SCHOOL DISTRICT NO. 6J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ 390,585

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

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 and reported as depreciation expense. This is the activity in the capital assets in the current period.

Depreciation expense (708,099)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Payments on General Obligation Bonds	50,560	
Change in accrued interest payable	3,501	
		54,061

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

Compensated Absences	\$ 6,283	
Retirement Benefit	7,600	
		13,883

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense.

	786,420	
Change in net position of governmental activities	\$ 536,850	

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

Conejos School District No. 6J is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the Conejos School District No. 6J has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each reported as a separate column.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Governmental Designated Purpose Grants Fund** is used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The federal, state and local grants account for revenue and expenses specifically related to grants which have various restrictions based on the specific grant.
- The **Capital Reserve Capital Projects Fund** is used to account for the purposes and limitations specified by Section 22-45-103(1), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

Certain eliminations have been made as prescribed in GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with initial maturity of three months or less.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2019 have been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and construction in progress are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-50
Equipment	4-20
Vehicles	7-20

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

Compensated Absences

Employees of the District receive from 4.5 to 6 days each term for sick leave. At the end of each term, an employee has the option to either accumulate unused sick leave or be paid for the unused sick leave of that term provided they have 20 days or more of accumulated sick leave. Employees of the District shall receive reimbursement at the rate of \$75 per day for certified employees and \$65 per day for non-certified employees for unused sick leave, up to a maximum of 30 days, upon separation from the District. A liability for accrued personal leave is accrued in the government-wide financial statements.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pensions must be deferred.

Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan 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.

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

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of the annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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.

Other Postemployment Benefits

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent is expressed by the Board of Education.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Conejos School District No. 6J follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks and on Hand	\$ 3,813,000
COLOTRUST Investments	<u>455,446</u>
Total cash, deposits, and investments on the Statement of Net Position	<u><u>\$ 4,268,446</u></u>

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a deposit policy for custodial credit risk. As of year-end, \$2,842,664 of the District's bank balance of \$3,692,438 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

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

- Obligations of the United States and certain U.S. governments agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

COLOTRUST is a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
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COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com. The total COLOTRUST investment was valued at \$455,446 at June 30, 2019 with a credit rating of AAAM by Standard & Poors.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by Nationally Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2019, the District's General Fund and Bond Redemption Fund had an estimated property tax receivable of \$1,836 and \$1,154, respectively.

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2019, the District had \$6,773 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND TRANSFERS

Interfund Transfers

Interfund transfers for the year ended June 30, 2019, were as follows:

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Total</u>
Capital Reserve Capital Projects Fund	General Fund	\$ 75,000
Food Service Fund	General Fund	45,000
Student Activity Fund	General Fund	36,941
	Total	<u>\$ 156,941</u>

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

These transfers were made to set aside funds for capital projects and subsidize the Food Service and Student Activity Funds.

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 06/30/2018	Additions	Deletions	Balance 06/30/2019
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 43,969	\$ -	\$ -	\$ 43,969
Total capital assets not being depreciated	43,969	-	-	43,969
Capital assets being depreciated				
Land Improvements	75,103	-	-	75,103
Buildings	20,334,922	-	-	20,334,922
Equipment	2,120,363	-	-	2,120,363
Vehicles	856,014	-	98,984	757,030
Total capital assets being depreciated	23,386,402	-	98,984	23,287,418
Less accumulated depreciation for:				
Land Improvements	8,831	4,088	-	12,919
Buildings	2,197,246	509,287	-	2,706,533
Equipment	688,500	149,872	-	838,372
Vehicles	548,027	44,852	98,984	493,895
Total accumulated depreciation	3,442,604	708,099	98,984	4,051,719
Total Capital Assets being depreciated, net	19,943,798	(708,099)	-	19,235,699
Governmental Activities Capital Assets, net	<u>\$ 19,987,767</u>	<u>\$ (708,099)</u>	<u>\$ -</u>	<u>\$ 19,279,668</u>

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

Governmental activities:

Instructional Program	\$ 641,152
Student Transportation Services	44,852
Food Services	22,095
Total depreciation expense – governmental activities	<u>\$ 708,099</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis and, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$355,855.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 LONG-TERM DEBT

Changes in Long-Term Debt

Long-term liability balances for the year ended June 30, 2019, were as follows:

	Beginning Balance <u>06/30/2018</u>	Additions	Deletions	Ending Balance <u>06/30/2019</u>	Due Within One Year
<i>Governmental Activities:</i>					
G.O. Bonds Payable-Series 2011	\$ 932,392	\$ -	\$ (50,560)	\$ 881,832	\$ 52,642
Retirement Benefit	159,300	-	(7,600)	151,700	20,800
Compensated Absences	57,768	-	(6,283)	51,485	-
Total	<u>\$ 1,149,460</u>	<u>\$ -</u>	<u>\$ (64,443)</u>	<u>\$ 1,085,017</u>	<u>\$ 73,442</u>

General Obligation Bonds Payable

On December 8, 2011, the District issued general obligation bonds series 2011 in the amount of \$1,197,335 with an interest rate of 4.12% to be paid in full on December 1, 2031. The District issued the bonds to fulfill the required match of the Building Excellent Schools Today Act (BEST). The bond proceeds were used for the construction and renovation of schools within the District. The bonds are subject to redemption prior to maturity at the option of the District, in whole, but not in part on December 31, 2021, and any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount redeemed, plus accrued interest to the redemption date.

The annual debt service for the General Obligation Bonds Payable is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
FY 2020	\$ 52,642	\$ 36,318	\$ 88,960
FY 2021	54,810	34,150	88,960
FY 2022	57,068	31,893	88,961
FY 2023	59,418	29,542	88,960
FY 2024	61,865	27,095	88,960
FY 2025 - FY 2029	349,709	95,093	444,802
FY 2030 - FY 2032	246,320	20,563	266,883
	<u>\$ 881,832</u>	<u>\$ 274,655</u>	<u>\$ 1,156,487</u>

Retirement Benefit

The District offers a retirement benefit for eligible staff. The amount of the benefit is based on the length of employment by the District. Part time employees will be eligible for one-half of this benefit if the length of their employment meets the requirements noted in the policy. The retirement benefit will be paid to the employee, or the designated beneficiary after retirement in five equal yearly payments.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified in C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2018. Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2019 Through June 30, 2019	January 1, 2018 Through December 31, 2018
Employer Contribution Rate	<u>10.15%</u>	<u>10.15%</u>
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	<u>-1.02%</u>	<u>-1.02%</u>
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	<u>5.50%</u>	<u>5.50%</u>
Total Employer Contribution Rate to the SCHDTF	<u><u>19.13%</u></u>	<u><u>19.13%</u></u>

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes. For Fiscal Year 2019, the portion of the direct distribution allocated to the District was \$51,809.

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 \$391,352 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the District reported a liability of \$6,379,531 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer

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contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Conejos School District's proportionate share of the net position liability	\$	6,379,531
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Sanford School District		872,312
Total	<u>\$</u>	<u>7,251,843</u>

At December 31, 2018, the District's proportion was 0.0360 percent, which was a decrease of 0.0043 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$(791,421) and revenue of \$51,809 for support from the State as a nonemployer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 216,401	\$ -
Changes of assumptions or other inputs	1,190,767	3,967,382
Net difference between projected and actual earnings on pension plan investments	347,724	-
Changes in proportion share and differences between contributions recognized and proportionate share of contributions	-	881,279
Contributions subsequent to the measurement date	202,938	-
Total	<u>\$ 1,957,830</u>	<u>\$ 4,848,661</u>

\$202,938 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	\$ (629,110)
2021	(1,604,350)
2022	(1,050,520)
2023	190,212
2024	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent

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Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	4.78 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	0% through 2019 and 1.5% Compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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 Employee 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 changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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

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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 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	100.00%	

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

Discount rate. The discount rate used to measure the total pension liability was 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:

- 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 rates in effect for each year, including the scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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.

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- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of District 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 8,110,483	\$ 6,379,531	\$ 4,926,971

Pension plan fiduciary net position- Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium

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subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

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.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$20,867 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$318,619 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District's proportion of the

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net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District proportion was 0.0234 percent, which was an increase of 0.0004 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019 the District recognized OPEB expense of \$5,001. At June 30, 2019, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,157	\$ 485
Net difference between projected and actual earnings on OPEB plan investments	1,832	-
Changes of assumptions or other inputs	2,235	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,176	5,152
Contributions subsequent to the measurement date	10,821	-
Total	\$ 21,221	\$ 5,637

\$10,821 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2020	537
2021	537
2022	538
2023	1,810
2024	1,286
Thereafter	55

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	

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Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025

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.

The actuarial assumptions used in December 31, 2017, 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 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$736	\$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	\$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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, 2017, the health

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care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

Healthy, post-retirement mortality assumptions for the 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 health care cost assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.
- 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.

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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%.

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>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	<u>\$309,821</u>	<u>\$318,619</u>	<u>\$328,739</u>

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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, 2018, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 356,507	\$ 318,619	\$ 286,228

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 12 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

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2019, program members contributed \$2,711 for the Voluntary Investment Program.

NOTE 13 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entity. This joint venture and related party does not meet the criteria for inclusion within the reporting entity because the following entity:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- has governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2019. Complete separate financial statements may be obtained from BOCES.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 15 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

Self Insurance Program

Health Insurance

Effective July 1, 2014, the District began a level-funding self-insurance program, accounted for in the General Fund, to internally provide services previously purchased through a third party contract. The purpose of the program is to pay medical and prescription claims of the District employees and minimize annual medical insurance costs to the District. Medical claims exceeding \$20,000 per covered individual claim liability is covered by a private insurance carrier. The District does not report a liability based on the requirements of Governmental Accounting Standards Board No. 10, as the plan is a level-funding health plan in which monthly payments to the Third Party Administrator are fixed.

NOTE 16 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

In November 1996, voters approved a ballot which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1996-97 budget year and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is accounted for as a restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

CONEJOS SCHOOL DISTRICT NO. 6J

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liabilities is required to supplement the basic financial statements.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 303,200	\$ 303,200	\$ 363,288	\$ 60,088
State Sources	3,520,500	3,530,500	3,569,728	39,228
Federal Sources	3,500	3,500	68,788	65,288
TOTAL REVENUES	3,827,200	3,837,200	4,001,804	164,604
EXPENDITURES				
Instructional Program	2,431,450	2,454,450	2,217,932	236,518
Student Supporting Services	116,000	93,500	70,258	23,242
Instructional Staff Supporting Services	53,000	53,000	45,710	7,290
General Administration Supporting Services	258,500	260,500	252,529	7,971
School Administration Supporting Services	191,250	192,750	194,771	(2,021)
Business Supporting Services	69,000	55,000	53,509	1,491
Operations and Maintenance of Plant Services	452,000	474,000	398,836	75,164
Student Transportation Services	186,000	187,000	156,685	30,315
Central Supporting Services	125,000	139,000	139,610	(610)
Reserves	143,800	143,800	-	143,800
TOTAL EXPENDITURES	4,026,000	4,053,000	3,529,840	523,160
Excess (Deficiency) of Revenues Over Expenditures	(198,800)	(215,800)	471,964	687,764
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(192,500)	(196,000)	(156,941)	39,059
TOTAL OTHER FINANCING SOURCES (USES)	(192,500)	(196,000)	(156,941)	39,059
Net Change in Fund Balance	(391,300)	(411,800)	315,023	726,823
Fund Balance at Beginning of Year	391,300	411,800	2,870,213	2,458,413
Fund Balance at End of Year	\$ -	\$ -	\$ 3,185,236	\$ 3,185,236

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
State Sources	\$ 18,000	\$ 53,000	\$ 51,356	\$ (1,644)
Federal Sources	100,000	123,000	121,931	(1,069)
TOTAL REVENUES	118,000	176,000	173,287	(2,713)
EXPENDITURES				
Instructional Program	118,000	176,000	173,287	2,713
TOTAL EXPENDITURES	118,000	176,000	173,287	2,713
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0360281919%	0.0403763758%	0.0413975578%	0.0426188835%	0.0438161782%	0.0413653489%
District's proportionate share of the net pension liability (asset)	\$ 6,379,531	\$ 13,056,284	\$ 12,325,653	\$ 6,518,257	\$ 5,938,564	\$ 5,276,139
State's proportionate share of the net pension liability (asset) associated with the District	872,312	-	-	-	-	-
Total	\$ 7,251,843	\$ 13,056,284	\$ 12,325,653	\$ 6,518,257	\$ 5,938,564	\$ 5,276,139
District's covered payroll	\$ 1,980,663	\$ 1,865,776	\$ 1,858,496	\$ 1,857,318	\$ 1,834,005	\$ 1,667,568
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.2%	700%	663%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.1%	59.2%	62.8%	64.1%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 391,352	\$ 361,636	\$ 340,754	\$ 328,964	\$ 314,426	\$ 283,681	\$ 243,211	\$ 211,910	\$ 198,561
Contributions in relation to the contractually required contribution	(391,352)	(361,636)	(340,754)	(328,964)	(314,426)	(283,681)	(243,211)	(211,910)	(198,561)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,045,758	\$ 1,914,423	\$ 1,853,383	\$ 1,854,277	\$ 1,861,402	\$ 1,772,892	\$ 1,611,807	\$ 1,593,183	\$ 1,494,115
Contributions as a percentage of covered payroll	19.13%	18.89%	18.39%	17.74%	16.89%	16.00%	15.09%	13.30%	13.29%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTH CARE TRUST FUND
For the Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0234185276%	0.0229416933%	0.0235308493%
District's proportionate share of the net OPEB liability	\$ 318,619	\$ 298,201	\$ 305,085
District's covered payroll	\$ 1,980,663	\$ 1,865,776	\$ 1,858,496
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	20.07%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
COLORADO PERA HEALTH CARE TRUST FUND

For the Years Ended June 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 20,867	\$ 19,527	\$ 18,905	\$ 18,914	\$ 18,986	\$ 18,083	\$ 16,440	\$ 16,250	\$ 15,240
Contributions in relation to the contractually required contribution	(20,867)	(19,527)	(18,905)	(18,914)	(18,986)	(18,083)	(16,440)	(16,250)	(15,240)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,045,758	\$ 1,914,423	\$ 1,853,383	\$ 1,854,277	\$ 1,861,402	\$ 1,772,892	\$ 1,611,807	\$ 1,593,183	\$ 1,494,115
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

See Notes to Required Supplementary Information

CONEJOS SCHOOL DISTRICT NO. 6J
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2019

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31 measurement period for the following years ended:

2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

2017 The discount rate was lowered from 5.26% to 4.78%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

CONEJOS SCHOOL DISTRICT NO. 6J

SUPPLEMENTARY INFORMATION

These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

CONEJOS SCHOOL DISTRICT NO. 6J
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Food Service Fund - This fund is used to account for the operations of the school breakfast and lunch programs.

Student Activity Fund – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

DEBT SERVICE FUND

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Bond Redemption Fund- This fund is used to account for the accumulation of resources and for the payment of principal, interest, and related expenses on the long-term general obligation debt.

CONEJOS SCHOOL DISTRICT NO. 6J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>FOOD SERVICE FUND</u>	<u>STUDENT ACTIVITY FUND</u>	<u>BOND REDEMPTION FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Investments	\$ 15,860	\$ 94,885	\$ 179,004	\$ 289,749
Accounts Receivable	-	-	7,341	7,341
Property Tax Receivable	-	-	1,154	1,154
Due from Other Governments	-	-	1,849	1,849
Inventories	2,575	-	-	2,575
TOTAL ASSETS	<u>\$ 18,435</u>	<u>\$ 94,885</u>	<u>\$ 189,348</u>	<u>\$ 302,668</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	15,649	-	-	15,649
TOTAL LIABILITIES	<u>15,649</u>	<u>-</u>	<u>-</u>	<u>15,649</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	-	-	1,154	1,154
FUND BALANCE				
Nonspendable:				
Inventory	2,575	-	-	2,575
Restricted:				
Debt Service	-	-	188,194	188,194
Committed:				
Food Services	211	-	-	211
Student Activities	-	94,885	-	94,885
TOTAL FUND BALANCE	<u>2,786</u>	<u>94,885</u>	<u>188,194</u>	<u>285,865</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 18,435</u>	<u>\$ 94,885</u>	<u>\$ 189,348</u>	<u>\$ 302,668</u>

CONEJOS SCHOOL DISTRICT NO. 6J
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>FOOD SERVICE FUND</u>	<u>STUDENT ACTIVITY FUND</u>	<u>BOND REDEMPTION FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 45,345	\$ 122,272	\$ 118,898	\$ 286,515
State Sources	3,724	-	-	3,724
Federal Sources	101,652	-	-	101,652
TOTAL REVENUES	<u>150,721</u>	<u>122,272</u>	<u>118,898</u>	<u>391,891</u>
EXPENDITURES				
Instructional Program	-	159,422	-	159,422
Food Services	213,102	-	-	213,102
Debt Service	-	-	87,901	87,901
TOTAL EXPENDITURES	<u>213,102</u>	<u>159,422</u>	<u>87,901</u>	<u>460,425</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(62,381)</u>	<u>(37,150)</u>	<u>30,997</u>	<u>(68,534)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>45,000</u>	<u>36,941</u>	<u>-</u>	<u>81,941</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,000</u>	<u>36,941</u>	<u>-</u>	<u>81,941</u>
Net Change in Fund Balance	(17,381)	(209)	30,997	13,407
Fund Balance at Beginning of Year	<u>20,167</u>	<u>95,094</u>	<u>157,197</u>	<u>272,458</u>
Fund Balance at End of Year	<u>\$ 2,786</u>	<u>\$ 94,885</u>	<u>\$ 188,194</u>	<u>\$ 285,865</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 50,000	\$ 50,000	\$ 45,345	\$ (4,655)
State Sources	3,500	3,500	3,724	224
Federal Sources	102,500	102,500	101,652	(848)
TOTAL REVENUES	<u>156,000</u>	<u>156,000</u>	<u>150,721</u>	<u>(5,279)</u>
EXPENDITURES				
Food Services				
Salaries	86,000	86,000	90,403	(4,403)
Fringe Benefits	40,000	40,000	22,927	17,073
Supplies and Materials	101,000	101,000	99,584	1,416
Purchased Services	2,000	2,000	-	2,000
Other Operating	2,000	2,000	188	1,812
TOTAL EXPENDITURES	<u>231,000</u>	<u>231,000</u>	<u>213,102</u>	<u>17,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(75,000)</u>	<u>(75,000)</u>	<u>(62,381)</u>	<u>12,619</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>75,000</u>	<u>75,000</u>	<u>45,000</u>	<u>(30,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>75,000</u>	<u>75,000</u>	<u>45,000</u>	<u>(30,000)</u>
Net Change in Fund Balance	-	-	(17,381)	(17,381)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>20,167</u>	<u>20,167</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,786</u>	<u>\$ 2,786</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 175,000	\$ 175,000	\$ 122,272	\$ (52,728)
TOTAL REVENUES	<u>175,000</u>	<u>175,000</u>	<u>122,272</u>	<u>(52,728)</u>
EXPENDITURES				
Instructional Program	220,000	221,000	159,422	61,578
TOTAL EXPENDITURES	<u>220,000</u>	<u>221,000</u>	<u>159,422</u>	<u>61,578</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,000)</u>	<u>(46,000)</u>	<u>(37,150)</u>	<u>8,850</u>
OTHER FINANCING SOURCES (USES)				
Transfer to/from Other Funds	45,000	46,000	36,941	(9,059)
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,000</u>	<u>46,000</u>	<u>36,941</u>	<u>(9,059)</u>
Net Change in Fund Balance	-	-	(209)	(209)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>95,094</u>	<u>95,094</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,885</u>	<u>\$ 94,885</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 89,000	\$ 89,000	\$ 118,898	\$ 29,898
TOTAL REVENUES	<u>89,000</u>	<u>89,000</u>	<u>118,898</u>	<u>29,898</u>
EXPENDITURES				
Debt Service	<u>89,000</u>	<u>89,000</u>	<u>87,901</u>	<u>1,099</u>
TOTAL EXPENDITURES	<u>89,000</u>	<u>89,000</u>	<u>87,901</u>	<u>1,099</u>
Net Change in Fund Balance	-	-	30,997	30,997
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>157,197</u>	<u>157,197</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,194</u>	<u>\$ 188,194</u>

CONEJOS SCHOOL DISTRICT NO. 6J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Facilities Acquisition and Construction Services	485,000	485,000	12,845	472,155
TOTAL EXPENDITURES	485,000	485,000	12,845	472,155
Excess (Deficiency) of Revenues Over Expenditures	(485,000)	(485,000)	(12,845)	472,155
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	75,000	75,000	75,000	-
TOTAL OTHER FINANCING SOURCES (USES)	75,000	75,000	75,000	-
Net Change in Fund Balance	(410,000)	(410,000)	62,155	472,155
Fund Balance at Beginning of Year	410,000	410,000	380,082	(29,918)
Fund Balance at End of Year	\$ -	\$ -	\$ 442,237	\$ 442,237

CONEJOS SCHOOL DISTRICT NO. 6J

CDE COMPLIANCE SECTION



Wall,
Smith,
Bateman Inc.

REPORT ON COMPLIANCE WITH CDE-FINANCIAL POLICIES AND PROCEDURES MANUAL

To the Board of Education
Conejos School District No. 6J
Sanford, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos School District No. 6J (the District), as of and for the year ended June 30, 2019 which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated December 17, 2019.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 17, 2019

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com



Colorado Department of Education
Auditors Integrity Report
 District: 0560 - Sanford 6J
 Fiscal Year 2018-19
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	2,872,777		3,586,361		3,299,697		3,159,442
18 Risk Mgmt-Sub-Fund of General Fund	5,940		100,000		85,171		20,769
19 Colorado Preschool Program Fund	-8,504		158,500		144,971		5,025
Sub-Total	2,870,213		3,844,861		3,529,839		3,185,236
11 Charter School Fund	0		0		0		0
2026-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const. Tech. Main. Fund	0		0		0		0
21 Food Service Spec Revenue Fund	20,166		195,722		213,103		2,785
22 Govt Designated-Purpose Grants Fund	0		173,286		173,286		0
23 Pupil Activity Special Revenue Fund	95,094		159,213		159,422		94,885
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	157,197		118,898		87,901		188,194
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	380,082		75,000		12,845		442,237
46 Supplemental Cap Const. Tech. Main Fund	0		0		0		0
Totals	3,522,753		4,566,980		4,176,396		3,913,337
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
6065-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
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	0		0		0		0
79 GASB 34-Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0
FINAL							0