

TELLURIDE SCHOOL DISTRICT R-1
TELLURIDE, COLORADO

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

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
<i>Governmental Funds:</i>	
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities	17
<i>Fiduciary Funds:</i>	
Statement of Fiduciary Net Position – Fiduciary Funds	18
Notes to the Basic Financial Statements	19-52
Required Supplementary Information:	
<i>General Fund:</i>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	53
<i>Special Revenue Funds:</i>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Food Service Fund	54
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Pupil Activity Fund	55
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Transportation Fund	56
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Affordable Housing Fund	57
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Palm Theater Fund	58
<i>Pension (PERA):</i>	
Schedule of the District's Proportionate Share of the Net Pension Liability	59
Schedule of District Pension Contributions	60
<i>Health Care Trust Fund (OPEB):</i>	
Schedule of the District's Proportionate Share of the Net OPEB Liability	61
Schedule of District Colorado PERA Health Care Trust Fund Contributions	62

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Other Supplemental Information:	
<i>Debt Service Fund:</i>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	63
<i>Capital Related Funds:</i>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Building Fund	64
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	65
<i>Fiduciary Funds:</i>	
Statement of Changes in Fiduciary Liability – Budget and Actual – Student Activities Fund	66
<i>General Fund – Combining Schedules and Detail Budget::</i>	
Combining Balance Sheet – General Fund (Funds 10 and 19)	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund (Funds 10 and 19)	68
Supplemental Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund	69
Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund	70-71
COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS:	
Electronic Financial Data Integrity Check Figures & Bolded Balance Sheet Report	72-75

Board of Education
Telluride School District R-1
Telluride, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and each fiduciary fund type, of the Telluride School District No. R-1 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and each fiduciary fund type of the Telluride School District No. R-1 as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

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

Other Supplemental Information

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



MAGGARD & HOOD, P.C.

Glenwood Springs, Colorado

December 3, 2018

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Telluride School District R-1 is a public school district located in San Miguel County in southwest Colorado. The District consists of Telluride Elementary, Intermediate, and Middle/High School. The District is a political subdivision of the State of Colorado, and serves the towns of Telluride, Mountain Village, Ophir, Sawpit and portions of unincorporated San Miguel County.

The discussion and analysis of the Telluride School District R-1's financial performance provides an overall review of the District's financial activities. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

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

- The District has implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year which required a restatement of prior period Net Assets for the change in accounting principle. Similar to GASB Statement No. 68 which requires the reporting of the District's proportionate share of the total PERA net pension liability in its government-wide financial statements, GASB Statement No. 75 requires the District to report its proportionate share of the total PERA Health Care Trust Fund (HCTF) net Other Post-Employment Benefits (OPEB) in its government-wide financial statements. As of June 30, 2018, the District's share of the PERA net pension liability is approximately \$48.1 million and the District's share of the PERA HCTF net OPEB liability is \$1.1 million.
- The District's overall net position is negative with governmental liabilities and deferred outflows of resources exceeding assets and deferred outflows of resources by \$9.7 Million as a result of the application of GASB Statements No. 68 and No. 75 which are discussed in more detail on page 10 and in the notes to the financial statements. Fund level financial statements are not impacted by GASB 68 and GASB 75 reporting.
- The District's total net position of governmental activities decreased by \$8.4 million, primarily due to the impacts of GASB Statements No. 68 and No. 75, which is a contrast to its increase in fund balance on a governmental fund basis of \$1.1 million. A reconciliation of the differences between changes in governmental fund balances and changes in net position is found on page 17 and a discussion of the differences between the two accounting methodologies is discussed below.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Telluride School District R-1 as a financial whole, or as an entire operating activity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds with all other non-major funds presented in total in a single column. For the Telluride School District R-1, the General Fund is the most significant fund. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the reporting entity. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

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

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

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

The School District's activities as reflected on the Statement of Net Position and the Statement of Activities consist of the following:

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

The District currently has no Business-type activities, which are those provided on a charge for goods or services basis to recover all expenses of the goods and services provided.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

FUND FINANCIAL STATEMENTS

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

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

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

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

Pupil Activity Fund – The Pupil Activity Fund is a special revenue fund which accounts for student athletic/nonathletic activities with revenue sources raised specifically from such activities.

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

Affordable Housing Fund – The Affordable Housing Fund is a special revenue fund which accounts for housing units the District holds for employee housing needs.

Palm Theatre Fund – The Palm Theatre Fund is a special revenue fund which accounts for earned and contributed revenue to the theatre and expenditures for operations of the theatre.

Debt Service Fund – The Debt Service Fund accounts for property tax collections and transactions related to the District's indebtedness.

Building Fund – The Building Fund accounts for facilities acquisition and building projects funded by bond proceeds and other District resources.

Capital Projects Fund – The Capital Projects Fund accounts for the District's funding for capital needs.

Proprietary Funds – Proprietary (enterprise) funds use the same basis of accounting as business-type activities. The District currently has no proprietary funds (or business-type) activities.

Fiduciary Funds – Fiduciary (or *Agency*) funds are reported in a separate Statement of Fiduciary Net Position. This type of activity is excluded from governmental funds because the District cannot use these assets to finance its operations, and the District is acting solely as trustee or agent for the benefit of others to whom the resources belong, such as school activity accounts. The District's fiduciary fund is the:

Student Activity Fund – The Student Activity Fund accounts for student athletic/nonathletic funds held in a custodial capacity.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS

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

SUPPLEMENTAL INFORMATION

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

THE DISTRICT AS A WHOLE

The perspective of the statement of net position is of the District as a whole. Following is a summary of the District's net position for the current compared to the prior fiscal year:

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	<i>(Restated)</i>		<i>(Restated)</i>		<i>(Restated)</i>	
	2018	2017	2018	2017	2018	2017
<u>ASSETS:</u>						
Current and Other Assets	\$ 11,268	\$ 9,885	\$ -	\$ -	\$ 11,268	\$ 9,885
Capital Assets, Net	45,236	44,069	-	-	45,236	44,069
	<u>56,504</u>	<u>53,954</u>	<u>-</u>	<u>-</u>	<u>56,504</u>	<u>53,954</u>
<u>DEFERRED OUTFLOWS:</u>						
Related to Pensions	14,127	17,962	-	-	14,127	17,962
Related to OPEBs	41	-	-	-	41	-
	<u>14,168</u>	<u>17,962</u>	<u>-</u>	<u>-</u>	<u>14,168</u>	<u>17,962</u>
<u>LIABILITIES:</u>						
Current & Other Liabilities	1,894	1,667	-	-	1,894	1,667
Long-term Liabilities	26,983	25,223	-	-	26,983	25,223
Net Pension Liability	48,063	44,991	-	-	48,063	44,991
Net OPEB Liability	1,097	1,078	-	-	1,097	1,078
	<u>78,037</u>	<u>72,959</u>	<u>-</u>	<u>-</u>	<u>78,037</u>	<u>72,959</u>
<u>DEFERRED INFLOWS:</u>						
Related to Pensions	2,296	203	-	-	2,296	203
Related to OPEBs	34	-	-	-	34	-
	<u>2,330</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>2,330</u>	<u>203</u>
<u>NET POSITION:</u>						
Invested in Capital Assets,						
Net of Related Debt	19,738	19,304	-	-	19,738	19,304
Restricted	460	405	-	-	460	405
Unrestricted	(29,893)	(20,955)	-	-	(29,893)	(20,955)
	<u>\$ (9,695)</u>	<u>\$ 1,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,695)</u>	<u>\$ 1,246</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources to repay debt on these assets must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Restricted balances are amounts set aside by management to satisfy debt service requirements, finance future purchases and pay for capital projects as planned by the District. The District's Statement of Net Position also includes the District's proportionate share of the unfunded liability in the Public Employees Retirement Association (PERA) future retiree pension and PERA Health Care Trust Fund (OPEB). The negative unrestricted assets balance merely represents that there are *long-term* obligations, including Pensions and OPEB, in excess of *currently* available resources.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

THE DISTRICT AS A WHOLE -- CONTINUED

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

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	<i>(Restated)</i>		<i>(Restated)</i>		<i>(Restated)</i>	
	2018	2017	2018	2017	2018	2017
REVENUES:						
Program Revenues:						
Charges for Services & Sales	\$ 558	\$ 558	\$ -	\$ -	\$ 558	\$ 558
Operating Grants & Contributions	960	924	-	-	960	924
Capital Grants and Contributions	-	30	-	-	-	30
Total Program Revenues	1,518	1,512	-	-	1,518	1,512
General Revenues:						
Property & Ownership Taxes	9,029	8,806	-	-	9,029	8,806
Grants and Entitlements	4,248	4,193	-	-	4,248	4,193
Gain on Sale of Assets	110	-	-	-	110	-
Accretion of Bond Premium	155	152	-	-	155	152
Interest & Investment Earnings	70	25	-	-	70	25
Other General Revenues	151	145	-	-	151	145
Total General Revenues	13,763	13,321	-	-	13,763	13,321
Total Revenues	15,281	14,833	-	-	15,281	14,833
PROGRAM EXPENSES:						
Instruction	8,166	9,273	-	-	8,166	9,273
Support Services:						
Students	790	425	-	-	790	425
Instructional Staff	761	570	-	-	761	570
General Administration	414	453	-	-	414	453
School Administration	698	661	-	-	698	661
Business Support Services	281	235	-	-	281	235
Operations and Maintenance	1,350	1,025	-	-	1,350	1,025
Student Transportation	218	222	-	-	218	222
Central Support Services	329	271	-	-	329	271
Other Support Services	46	119	-	-	46	119
Food Services	332	343	-	-	332	343
Colorado Preschool	149	215	-	-	149	215
Community Services	125	164	-	-	125	164
Facilities Non Capitalized Expenses	-	29	-	-	-	29
Unallocated PERA Actuarial Adj.	8,999	7,784	-	-	8,999	7,784
Unallocated PERA OPEB Adj.	12	1,078	-	-	12	1,078
Interest and Fiscal Charges	1,060	968	-	-	1,060	968
Total (Expenses)	23,729	23,835	-	-	23,729	23,835
Increase (Decrease) in Net Position	\$ (8,448)	\$ (9,002)	\$ -	\$ -	\$ (8,448)	\$ (9,002)

Most of the District's revenues come from the Public School Finance Act of 1994 (SFA), which is comprised of general property taxes, specific ownership taxes and state equalization based on the statewide formula for pupil funding. In fiscal year 2018, approximately 63% of SFA funding came from state equalization and 37% from taxes. For the fiscal year 2018, the net position of the District's governmental activities decreased by approximately \$8.4 million primarily resulting from the District's allocated portion of actuarial adjustments to PERA net pension and OPEB liabilities. The District current has no business-type activities.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

THE DISTRICT AS A WHOLE -- NET COST OF SERVICES

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

<i>(In Thousands)</i>	Fiscal Year 2018		Fiscal Year 2017	
	Total Cost of Services	Net Cost of Services	<i>(Restated)</i> Total Cost of Services	<i>(Restated)</i> Net Cost of Services
Instruction	\$ 8,166	\$ 7,497	\$ 9,273	\$ 8,759
Support Services:				
Students	790	585	425	235
Instructional Staff	761	758	570	566
General Administration	414	414	453	453
School Administration	698	698	661	661
Business Support Services	281	271	235	189
Operations and Maintenance	1,350	1,192	1,025	866
Student Transportation	218	161	222	170
Central Support Services	329	329	271	271
Other Support Services	46	46	119	119
Food Services	332	91	343	49
Colorado Preschool	149	149	215	215
Community Services	125	(50)	164	(61)
Facilities Acquisition/Construction	-	-	29	1
Unallocated PERA Adjustment	8,999	8,999	7,784	7,784
Unallocated PERA OPEB Adjustment	12	12	1,078	1,078
Interest and Fiscal Charges	1,060	1,060	968	968
Total Expenses	\$ 23,729	\$ 22,212	\$ 23,835	\$ 22,323

The dependence on general revenues for governmental activities is apparent, whereas approximately 92% and 94% of instruction activities were supported through taxes and other general revenues in 2018 and 2017, respectively. The community as a whole is the primary support for District students.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

THE DISTRICT'S FUNDS

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

Governmental Funds –

The *General Fund* had an overall increase in fund balance of \$10,649. The ending fund balance of \$3,810,347 is the amount available for future spending.

The *Food Service Fund* had an overall decrease in fund balance of \$(60,856). The ending fund balance of \$45,084 is the amount available for future spending.

The *Pupil Activity Fund* had an overall increase in fund balance of \$53,386. The ending fund balance of \$53,386 is the amount available for future spending.

The *Transportation Fund* had an overall increase in fund balance of \$31,352. The ending fund balance of \$275,193 is the amount available for future spending.

The *Affordable Housing Fund* had an overall increase in fund balance of \$1,105,365 (primarily from the issuance of certificates of participation in the current fiscal year in the net amount of \$2,773,352 for construction projects). The ending fund balance of \$1,663,327 is the amount available for future spending.

The *Palm Theatre Fund* had an overall decrease in fund balance of \$(571). The ending fund balance of \$24,950 is the amount available for future spending.

The *Debt Service Fund* had an overall increase in fund balance of \$157,686. The ending fund balance of \$1,878,082 is the amount available for future spending.

The *Building Fund* had an overall decrease in fund balance of \$(240,873) which was the expenditure of the remainder of its fund balance.

The *Capital Projects Fund* had an overall increase in fund balance of \$16,147. The ending fund balance of \$1,306,278 is the amount available for future spending.

Fiduciary (Agency) Funds –

The *Student Activity Fund* ended the year with \$235,230 available for future spending.

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

GENERAL FUND BUDGETING HIGHLIGHTS

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

For the General Fund, actual revenues and other financing sources in the amount of \$12,796,823 were above budgetary expectations of \$12,281,000 by \$515,823 primarily due to additional specific ownership tax collections which are beyond the control of management.

The District's General Fund actual expenditures and other financing uses of \$12,286,174 were \$793,463 below budgeted expenditures of \$13,079,637. These major differences between budgeted amounts and actual expenditures were primarily due to excess amounts budgeted for overall purchased services, employee benefits and maintenance supplies.

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

CAPITAL ASSETS

At the end of fiscal year 2018, the District had a total of \$45,235,685 invested in capital assets for *governmental activities*. Additional information on the District's capital assets can be found in *Note 4* of the financial statements.

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

<i>(In Thousands)</i>	Governmental Activities	
	2018	2017
<i>Net of Depreciation:</i>		
Land	\$ 1,277	\$ 1,277
Construction in Progress	1,711	136
Buildings & Improvements	40,682	40,996
Solar Array	1,243	1,299
Transportation and Other Equipment	323	361
	<u>\$ 45,236</u>	<u>\$ 44,069</u>

DEBT ADMINISTRATION

At June 30, 2018 the School District's governmental activities had: 1) outstanding bonds of \$19,925,000 with a deferred premium of \$3,890,478; 2) outstanding certificates of participation of \$2,540,000 with a deferred premium of \$261,366; and 3) accrued compensated absences of \$365,803. Other long-term obligations consist of the District's proportionate share of the aforementioned PERA Net Pension Liability (see Note 1 & 10) in the amount of \$48,062,710 and PERA HCTF Net OPEB Liability (see Note 1 & 13) in the amount of \$1,097,522.

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

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

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

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

The United States and the State of Colorado have experienced unprecedented economic decline over the last recent years. One impact of this budget crisis is the reduction in the State of Colorado's general fund revenues. Because educational expenditures represent a significant portion of the State of Colorado's total expenditures, the District's revenues have been directly impacted. The District has implemented many cost-savings measures, as well as planning for utilization of existing fund balances, to maintain faculty staffing levels. The Board and Administration continue to carefully review spending to maintain a careful balance between education and fiscal responsibility.

In November of 2018, the voters of the R-1 District approved a ballot question to allow the District to collect an additional \$1,200,000 annually earmarked for retaining and recruiting teachers and staff, maintaining small class sizes, programming and general operations. The District is humbled and honored by the continued support that it receives from the community for its educational opportunities, economic support and support that is shown for its faculty and support staff.

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

As indicated in Note 18 of the financial statements, during the 2018 legislative session, the Colorado General Assembly passed significant pension reform with the goal of eliminating the unfunded actuarial accrued liability and reaching a 100 percent funded ration within the next 30 years.

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

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

TELLURIDE SCHOOL DISTRICT R-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2018

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Telluride School District R-1
Attn: Finance Director
721 West Colorado Avenue
Telluride, CO 81435

GOVERNMENT - WIDE FINANCIAL STATEMENTS

TELLURIDE SCHOOL DISTRICT R-1

STATEMENT OF NET POSITION

June 30, 2018

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 8,423,568
Restricted Cash and Cash Equivalents	1,913,298
Receivables:	
Property Taxes	712,105
Cash w/ County Treasurer	108,900
Other Receivables	103,978
Inventories	6,391
Total Current Assets	<u>11,268,240</u>
Capital Assets:	
Capital Assets, Non-depreciable	2,988,169
Capital Assets, Net of Depreciation	<u>42,247,516</u>
Total Capital Assets	<u>45,235,685</u>
TOTAL ASSETS	<u>56,503,925</u>
DEFERRED OUTFLOWS:	
Deferred Outflows Related to Pensions	14,127,277
Deferred Outflows Related to OPEBs	<u>41,350</u>
TOTAL DEFERRED OUTFLOWS	<u>14,168,627</u>
LIABILITIES:	
Accounts Payable	45,325
Accrued Salaries and Benefits	1,343,506
Accrued Interest Payable	86,567
Deposits	6,200
Unearned Revenues	412,911
Long-term Debt:	
Compensated Absences	365,803
Portion Due or Payable within One Year - Bonds Payable-Series 2005, Net	810,000
Portion Due or Payable After One Year - Bonds Payable-Series 2005, Net	23,005,478
Certificates of Participation-Series 2017, Net	2,801,366
Net Pension Liability	48,062,710
Net OPEB Liability	<u>1,097,522</u>
TOTAL LIABILITIES	<u>78,037,388</u>
DEFERRED INFLOWS:	
Deferred Inflows Related to Pensions	2,295,651
Deferred Inflows Related to OPEBs	<u>34,108</u>
TOTAL DEFERRED INFLOWS	<u>2,329,759</u>
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	19,738,330
<i>Restricted for:</i>	
Colorado Preschool Program	108,424
Emergencies	352,000
Unrestricted	<u>(29,893,349)</u>
TOTAL NET POSITION	<u>\$ (9,694,595)</u>

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

TELLURIDE SCHOOL DISTRICT R-1

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 8,165,542	\$ 90,703	\$ 578,192	\$ -
Supporting Services:				
General Support Services:				
- Students	789,619	30,406	174,688	-
- Instructional Staff	761,448	-	3,500	-
- General Administration	413,976	-	-	-
- School Administration	698,085	-	-	-
Business Support Services:				
- Business Services	280,745	-	9,445	-
- Operations and Maintenance	1,349,928	157,963	-	-
Transportation	218,281	19,518	37,327	-
Central Support Services	329,275	-	-	-
Other Support Services	45,696	-	-	-
Food Services	331,848	160,451	80,541	-
Colorado Preschool Services	149,075	-	-	-
Community Support	125,477	98,698	76,489	-
Unallocated PERA Adjustment	8,998,530	-	-	-
Unallocated OPEB Adjustment	12,142	-	-	-
Interest on Long-term Debt	1,030,256	-	-	-
Other Costs of Long-term Debt	29,514	-	-	-
Total Governmental Activities	<u>23,729,437</u>	<u>557,739</u>	<u>960,182</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 23,729,437</u>	<u>\$ 557,739</u>	<u>\$ 960,182</u>	<u>\$ -</u>

GENERAL REVENUES:

- Taxes:
 - Property Taxes, Levied For General Purposes
 - Property Taxes, Levied For Debt Service
 - Specific Ownership Taxes, for General Purposes
- Grants and Entitlements Not Restricted to Specific Programs
- Mineral and Forest Leasing Revenues
- Gain on Sale of Property
- Unrestricted Interest and Investment Earnings
- Accretion of Bond Premium
- Miscellaneous
- Total General Revenues
- Change in Net Position
- NET POSITION–BEGINNING OF YEAR (RESTATED)
- NET POSITION–END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

Governmental Activities	Business-type Activities	Total
\$ (7,496,647)	<i>(not applicable)</i>	\$
(584,525)		(584,525)
(757,948)		(757,948)
(413,976)		(413,976)
(698,085)		(698,085)
(271,300)		(271,300)
(1,191,965)		(1,191,965)
(161,436)		(161,436)
(329,275)		(329,275)
(45,696)		(45,696)
(90,856)		(90,856)
(149,075)		(149,075)
49,710		49,710
(8,998,530)		(8,998,530)
(12,142)		(12,142)
(1,030,256)		(1,030,256)
(29,514)		(29,514)
<u>(22,211,516)</u>		<u>(22,211,516)</u>
<u>(22,211,516)</u>		<u>(22,211,516)</u>
6,779,390		6,779,390
1,850,415		1,850,415
398,945		398,945
4,248,098		4,248,098
33,178		33,178
110,000		110,000
69,953		69,953
155,229		155,229
118,046		118,046
<u>13,763,254</u>		<u>13,763,254</u>
(8,448,262)		(8,448,262)
<u>(1,246,333)</u>		<u>(1,246,333)</u>
<u>\$ (9,694,595)</u>		<u>\$ (9,694,595)</u>

FUND FINANCIAL STATEMENTS

TELLURIDE SCHOOL DISTRICT R-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Food Service Fund	Pupil Activity Fund	Transportation Fund
ASSETS:				
Cash and Cash Equivalents	\$ 5,117,184	\$ 48,802	\$ 59,012	\$ 264,568
Restricted Cash and Cash Equivalents	-	-	-	-
Receivables:				
Property Taxes, Net	542,692	-	-	15,196
Cash w/ County Treasurer	82,927	-	-	2,311
Other Receivables	93,619	9,159	-	-
Due from Other Funds	1,500	-	-	-
Inventories	-	6,391	-	-
	-	6,391	-	-
TOTAL ASSETS	\$ 5,837,922	\$ 64,352	\$ 59,012	\$ 282,075
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 45,199	\$ -	\$ (142)	\$ -
Accrued Salaries and Benefits	1,315,598	19,268	5,768	860
Due to Other Funds	-	-	-	-
Accrued Interest	-	-	-	-
Deposits	5,000	-	-	-
Unearned Revenues	412,911	-	-	-
Total Liabilities	1,778,708	19,268	5,626	860
Deferred Inflows of Resources:				
Unavailable Property Tax Revenue	248,867	-	-	6,022
Total Deferred Inflows of Resources	248,867	-	-	6,022
Fund Balances:				
Non-spendable	-	6,391	-	-
Restricted				
Colorado Preschool Program	108,424	-	-	-
Emergencies	352,000	-	-	-
Committed				
Theatre	-	-	-	-
Property Tax Shortfall	1,148,931	-	-	-
Assigned				
State Funding Shortfall	2,090,943	-	-	-
Debt Service	-	-	-	-
Pupil Activities	-	-	53,386	-
Transportation	-	-	-	275,193
Affordable Housing	-	-	-	-
Food Service	-	38,693	-	-
Capital Projects	-	-	-	-
Unassigned	110,049	-	-	-
Total Fund Balances	3,810,347	45,084	53,386	275,193
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,837,922	\$ 64,352	\$ 59,012	\$ 282,075

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

Affordable Housing Fund	Palm Theatre Fund	Debt Service Fund	Building Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,600,762	\$ 26,962	\$ -	\$ -	\$ 1,306,278	\$ 8,423,568
62,833	-	1,850,465	-	-	1,913,298
-	-	154,217	-	-	712,105
-	-	23,662	-	-	108,900
1,200	-	-	-	-	103,978
-	-	-	-	-	1,500
-	-	-	-	-	6,391
<u>\$ 1,664,795</u>	<u>\$ 26,962</u>	<u>\$ 2,028,344</u>	<u>\$ -</u>	<u>\$ 1,306,278</u>	<u>\$ 11,269,740</u>
\$ 268	\$ -	\$ -	\$ -	\$ -	\$ 45,325
-	2,012	-	-	-	1,343,506
-	-	1,500	-	-	1,500
-	-	78,721	-	-	78,721
1,200	-	-	-	-	6,200
-	-	-	-	-	412,911
<u>1,468</u>	<u>2,012</u>	<u>80,221</u>	<u>-</u>	<u>-</u>	<u>1,888,163</u>
-	-	70,041	-	-	324,930
-	-	70,041	-	-	324,930
-	-	-	-	-	6,391
-	-	-	-	-	108,424
-	-	-	-	-	352,000
-	24,950	-	-	-	24,950
-	-	-	-	-	1,148,931
-	-	-	-	-	2,090,943
-	-	1,878,082	-	-	1,878,082
-	-	-	-	-	53,386
-	-	-	-	-	275,193
1,663,327	-	-	-	-	1,663,327
-	-	-	-	-	38,693
-	-	-	-	1,306,278	1,306,278
-	-	-	-	-	110,049
<u>1,663,327</u>	<u>24,950</u>	<u>1,878,082</u>	<u>-</u>	<u>1,306,278</u>	<u>9,056,647</u>
<u>\$ 1,664,795</u>	<u>\$ 26,962</u>	<u>\$ 2,028,344</u>	<u>\$ -</u>	<u>\$ 1,306,278</u>	<u>\$ 11,269,740</u>

TELLURIDE SCHOOL DISTRICT R-1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2018

TOTAL GOVERNMENTAL FUND BALANCES \$ 9,056,647

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

Property taxes receivable that are due later than 60 days after year-end are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds. 324,930

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

Governmental Capital Assets	\$ 60,876,260	
Less Accumulated Depreciation	<u>(15,640,575)</u>	45,235,685

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

Bond Premium, Net of Accretion	\$ (3,890,478)	
COPs Premium, Net of Accretion	<u>(261,366)</u>	(4,151,844)

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

Accrued Interest on Certif of Participation	\$ (7,846)	
Current Portion of Long-term Liabilities	<u>(810,000)</u>	(817,846)

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

Compensated Absences	\$ (365,803)	
Bonds Payable	(19,115,000)	
Certificates of Participation Payable	(2,540,000)	
Net Pension Liability	(48,062,710)	
Net OPEB Liability	(1,097,522)	
Deferred Outflows of Resources	14,168,627	
Deferred Inflows of Resources	<u>(2,329,759)</u>	<u>(59,342,167)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (9,694,595)

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	General Fund	Food Service Fund	Pupil Activity Fund	Transportation Fund
REVENUES:				
Local Sources	\$ 7,352,060	\$ 160,451	\$ 28,715	\$ 214,150
Intermediate Sources	33,178	-	-	-
State Sources	4,720,483	3,030	-	37,327
Federal Sources	150,004	77,511	-	-
Total Revenues	<u>12,255,725</u>	<u>240,992</u>	<u>28,715</u>	<u>251,477</u>
EXPENDITURES:				
Instruction	7,319,522	-	170,329	-
Supporting Services:				
Students	748,042	-	-	-
Instructional Staff	761,448	-	-	-
General Administration	412,132	-	-	1,844
School Administration	698,085	-	-	-
Business Services	280,745	-	-	-
Operations and Maintenance	1,147,154	-	-	-
Transportation	-	-	-	218,281
Central Services	339,275	-	-	-
Other Support Services	45,696	-	-	-
Food Services	-	331,848	-	-
Colorado Preschool	149,075	-	-	-
Community Services	-	-	-	-
Facilities Acquisition/Construction	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total Expenditures	<u>11,901,174</u>	<u>331,848</u>	<u>170,329</u>	<u>220,125</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>354,551</u>	<u>(90,856)</u>	<u>(141,614)</u>	<u>31,352</u>
OTHER FINANCING SOURCES (USES):				
Net Proceeds from Certificates of Participation	-	-	-	-
Net Proceeds from Sale of Property	-	-	-	-
Transfers In	41,098	30,000	195,000	-
Transfers (Out)	<u>(385,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(343,902)</u>	<u>30,000</u>	<u>195,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	10,649	(60,856)	53,386	31,352
FUND BALANCE – BEGINNING	<u>3,799,698</u>	<u>105,940</u>	<u>-</u>	<u>243,841</u>
FUND BALANCE – ENDING	<u>\$ 3,810,347</u>	<u>\$ 45,084</u>	<u>\$ 53,386</u>	<u>\$ 275,193</u>

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

Affordable Housing Fund	Palm Theatre Fund	Debt Service Fund	Building Fund	Capital Projects Fund	Total Governmental Funds
\$ 72,930	\$ 32,589	\$ 1,946,559	\$ -	\$ 95,370	\$ 9,902,824
-	-	-	-	-	33,178
-	-	-	-	-	4,760,840
-	-	-	-	-	227,515
<u>72,930</u>	<u>32,589</u>	<u>1,946,559</u>	<u>-</u>	<u>95,370</u>	<u>14,924,357</u>
-	-	-	-	-	7,489,851
-	-	-	-	-	748,042
-	-	-	-	-	761,448
-	-	-	-	-	413,976
-	-	-	-	-	698,085
-	-	-	-	-	280,745
97,905	-	-	-	126,258	1,371,317
-	-	-	-	-	218,281
-	-	-	-	-	339,275
-	-	-	-	-	45,696
-	-	-	-	-	331,848
-	-	-	-	-	149,075
-	93,160	-	-	-	93,160
1,681,877	-	-	240,873	52,965	1,975,715
-	-	795,000	-	-	795,000
71,135	-	951,275	-	-	1,022,410
-	-	1,500	-	-	1,500
<u>1,850,917</u>	<u>93,160</u>	<u>1,747,775</u>	<u>240,873</u>	<u>179,223</u>	<u>16,735,424</u>
<u>(1,777,987)</u>	<u>(60,571)</u>	<u>198,784</u>	<u>(240,873)</u>	<u>(83,853)</u>	<u>(1,811,067)</u>
2,773,352	-	-	-	-	2,773,352
110,000	-	-	-	-	110,000
-	60,000	-	-	100,000	426,098
-	-	(41,098)	-	-	(426,098)
<u>2,883,352</u>	<u>60,000</u>	<u>(41,098)</u>	<u>-</u>	<u>100,000</u>	<u>2,883,352</u>
1,105,365	(571)	157,686	(240,873)	16,147	1,072,285
<u>557,962</u>	<u>25,521</u>	<u>1,720,396</u>	<u>240,873</u>	<u>1,290,131</u>	<u>7,984,362</u>
<u>\$ 1,663,327</u>	<u>\$ 24,950</u>	<u>\$ 1,878,082</u>	<u>\$ -</u>	<u>\$ 1,306,278</u>	<u>\$ 9,056,647</u>

TELLURIDE SCHOOL DISTRICT R-1
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 1,072,285

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

In Governmental Funds, revenues for property taxes are measured by the amount of current financial resources provided, including amounts due within 60 days after the end of the year; whereas, in the Statement of Activities, property taxes are measured as the revenue is earned. This is the amount by which current property taxes to be received after 60 days from the end of the year increased from the previous fiscal year: 91,589

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

Current Period Capitalized Outlay	\$ 2,007,104	
Current Period Depreciation	(840,875)	
Adj. to Sale/Disposal Gain (Loss)	-	1,166,229

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Activities, the premium is allocated over the term of the long-term debt as accretion of premium. This is the amount of accretion of premiums recognized on the current year statement of activities. 155,229

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

Current Period Debt Proceeds	\$ (2,801,366)	
Current Period Debt Repayment	795,000	(2,006,366)

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

Change in Accrued Interest on COPs	\$ (7,846)	
Change in Compensated Absences	91,290	
Change in Net Pension Liability	(3,071,793)	
Change in Net OPEB Liability	(19,384)	
Change in Deferred Outflows	(3,793,018)	
Change in Deferred Inflows	(2,126,477)	(8,927,228)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (8,448,262)

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2018

	Student Activity Fund
ASSETS:	
Cash and Cash Equivalents	\$ 235,955
Total Assets	\$ 235,955
LIABILITIES:	
Accounts Payable	\$ 725
Due Student Groups/Agency	235,230
Total Liabilities:	\$ 235,955

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Telluride School District R-1 are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). In addition, the District conforms to the Colorado Department of Education Financial Policies and Procedures Handbook in all material respect, as required by Colorado statutes. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Financial Reporting Entity

The Telluride School District R-1 a public school district organized under the laws of the State of Colorado and is governed by an elected five member Board of Education. Board of Education members are elected by the citizens of San Miguel County, not appointed by any other governing body. The Board selects the superintendent of schools and senior level administrators. The Board is solely responsible for the District's budget adoption process. The District meets the criteria of a primary government; its Board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent with the authority to: a) determine its budget without another government's authority to approve or modify; b) levy taxes or charges without another government's approval; and, c) issue bonded debt without approval by another government

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture: Uncompahgre Valley Board of Cooperative Educational Services

The District is one of five school districts participating in the Uncompahgre Valley Board of Cooperative Educational Services (UnBOCES). The UnBOCES is a regional education service unit created under the “Board of Cooperative Services Act of 1965” and is governed by a board consisting of representatives from each participating district.

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

C. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than special assessments and expendable trusts that are legally restricted to expend funds for specified purposes. The individual special revenue fund revenues/resources are as follows: 1) the *Food Service Fund* amounts are grants and other revenues for general food services; 2) the *Pupil Activity Fund* amounts are from fees for athletics and other activities to be used for these programs; 3) the *Transportation Fund* amounts are from designated property taxes and other local revenues; 4) the *Affordable Housing Fund* amounts are from rental revenues; and 5) the *Palm Theatre Fund* amounts are from ticket sales and contributions.

Debt Service Funds – The District's *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term bond obligation principal, interest and related costs.

Capital Improvements Funds – The District's *Building Fund* is used to account for monies to be used for facility acquisition and construction and the District's *Capital Projects Fund* is used to account for the District's general capital needs.

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises – where the intent is that a) the costs of goods or services provided to the general public on a continuing basis be financed or recovered primarily through user charges; or b) the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District currently has no Proprietary (Enterprise) Funds.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

FIDUCIARY FUNDS

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

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's single Agency Fund is the *Student Activity Fund*, which accounts for various student-managed activities.

E. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FUND FINANCIAL STATEMENTS

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

Like the government-wide financial statements, enterprise funds, when applicable, are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operations are included a the statement of net position. For enterprise funds a statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) therein, while a statement of cash flows reflects how the fund finances and meets the cash flow needs. The District currently has no enterprise funds.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

BASIS OF ACCOUNTING

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

Exchange and Non-exchange Transactions

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

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

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

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

Proprietary fund types, when applicable, use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. The District currently has no proprietary (enterprise) funds.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgets and Budgetary Accounting

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

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

G. Assets, Liabilities and Fund Equity

1) Cash and Investments

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2) Receivables

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

3) Internal Balances

Internal balances arise from outstanding amounts due to/from the District’s various funds during the course of normal operations. Internal balances within governmental activities are eliminated on the government-wide Statement of Net Position. As of year-end, \$1,500 was due from the Debt Service Fund to the General Fund.

4) Inventory

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

5) Property Taxes Receivable/Property Tax Revenues

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

<u>Assessed</u> <u>Valuation</u>	<u>Mill</u> <u>Levy</u>	<u>Amount of Taxes</u>		
		<u>Levied</u>	<u>Recognized</u>	<u>Percent Collected</u>
<i>General Fund:</i>				
\$784,327,990	8.428	\$6,610,316	\$5,995,289	91%
<i>Debt Service Fund:</i>				
\$784,327,990	2.395	\$1,878,466	\$1,703,692	91%
<i>Transportation Fund:</i>				
\$784,327,990	0.236	\$ 185,101	\$ 167,879	91%

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

6) Capital Assets

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

Buildings	40 years
Improvements	10-15 years
Solar Array	25 years
Vehicles and Other Equipment	3-10 years

7) Accrued Salaries and Benefits

The accrued salaries and benefits in the governmental funds represent the difference between wages earned and paid resulting from contracts being paid over a 12-month period, which are earned over a 9-month school year. Administrative and professional services employees that are given vacation time are 12-month employees. The amount of vacation and other compensation and benefit terms are spelled out in their individual contracts. Any vacation payout would be subject to the terms of their individual contract. For support staff, vacation must be used before year-end, or it is lost. There is no vacation payout for support staff unless the employee quits or is dismissed mid-year; then the amount of vacation that has been earned for the current fiscal year is paid out at the employee's per diem rate of pay.

8) Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In the government-wide financial statements, a long-term liability is accrued for vacation and sick pay as earned. At the governmental fund level, a liability is accrued only if matured, for example, as a result of employee resignations or retirements.

9) Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported as liabilities in the government-wide Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Proprietary (enterprise funds), when applicable, use this same method of reporting. Governmental funds report liabilities that, once incurred, are paid in a timely manner and in full from current financial resources as obligations of the funds and bonds are recognized as a liability when due. The face amount of debt issued and premiums are reported as other financing sources and discounts as other financing uses. At both the government-wide and fund level, debt issuance costs, whether or not withheld from the actual debt proceeds received, are expensed as incurred.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Fund Equity (continued)

10) Net Position and Fund Balances

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

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

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

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

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

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

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

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

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

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

At June 30, 2018, the amounts restricted were \$108,424 for the District's Colorado Preschool Program and \$352,000 for Tabor Emergency reserves

The District recognizes that good fiscal management comprises the foundational support of the entire District. To make that support as effective as possible, the Board's intent is to maintain a minimum total fund balance of 20% of the District's General Fund annual operating expenditures. If a fund balance drops below 20% the intent is that it shall be recovered at a rate of 1% minimally, each year.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Unearned Revenues

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

I. Deferred Outflows and Inflows of Resources

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

J. Pensions

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

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

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

K. Contributed Capital

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Inter-fund Transactions

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

M. Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Board of Education recognizes the importance of prudent and profitable investment of District monies and its responsibility in overseeing the District's financial program. The District does not have a formally adopted deposit or investment policy in place to specifically address credit risk, custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk; however, it is the policy of the District to invest public funds in a manner which will ensure the safety of funds, ensure that adequate funds are available at all times to meet the financial obligations of the District when due, ensure a market rate of return on the funds available for investment throughout the budget cycle, and ensure that all funds are deposited and invested in accordance with all federal, state and local statutes governing the investment of public funds. The District limits investments to Certificates of Deposit in local banks and daily cash accumulation fund with local government investment pools. This policy applies to the investment of all financial assets of the District over which it exercises financial control. As summary of the District's deposits and investments follows:

	Fair Value
Checking/Savings/Certificates of Deposit	\$ 696,638
Colo Local Govt Liquid Asset Trust (COLOTRUST)	8,022,919
Colo Surplus Asset Fund Trust (CSAFE)	158,310
Cash with Fiscal Agent	1,913,298
Less Outstanding Items	(218,344)
Total Cash and Investments	\$ 10,572,821

Restricted cash and investments includes amounts on deposit for future debt service and bond monies for specified building projects.

This above amount is reflected in the accompanying financial statements within Governmental Activities \$10,336,866 and Fiduciary Activities \$235,955.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

The District's bank deposits were entirely covered by federal depository insurance (FDIC) or uninsured but collateralized under PDPA in accordance with state statute, and had bank balances of \$2,609,936 of which \$250,000 was covered by FDIC insurance and \$2,359,936 by PDPA as described above.

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Local Government Investment Pool (COLOTRUST)

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAAM by Standard & Poor's, Fitch's and Moody's rating services. The custodian's internal records segregate investments owned by the Trust. As of June 30, 2018, the District had \$0 invested in COLOTRUST PRIME, and \$8,022,919 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form. The District has \$158,310 on deposit in the Colorado Surplus Asset Fund Trust (CSAFE).

Maturities of the District's investments are as follows:

	<u>Rating</u>	<u>Fair Value</u>	<u>Maturities</u>
COLOTRUST	AAAm	\$ 8,022,919	< 1 year
CSAFE	AAAm	\$ 158,310	< 1 year

Risk Disclosures

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Risk Disclosures – continued

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

The District was not subject to foreign currency risk.

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

NOTE 3 - FAIR VALUES OF FINANCIAL INSTRUMENTS

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

NOTE 4 - CAPITAL ASSETS

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

<u>GOVERNMENTAL ACTIVITIES</u>	Balances June 30, 2017	Additions	Reclassif./ Dispositions	Balances June 30, 2018
Land	\$ 1,276,648	\$ -	\$ -	\$ 1,276,648
Construction-in-Progress	136,054	1,922,750	(347,283)	1,711,521
Depreciable Capital Assets:				
Buildings and Improvements	54,151,843	60,224	347,283	54,559,350
Solar Array	1,412,128	-	-	1,412,128
Transportation Equipment	807,224	-	-	807,224
Other Equipment	1,085,260	24,129	-	1,109,389
Total Capital Assets	<u>58,869,157</u>	<u>2,007,103</u>	<u>-</u>	<u>60,876,260</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(13,155,449)	(721,618)	-	(13,877,067)
Solar Array	(112,970)	(56,485)	-	(169,455)
Transportation and Other Equipment	<u>(1,531,281)</u>	<u>(62,772)</u>	<u>-</u>	<u>(1,594,053)</u>
Total Accum Depreciation	<u>(14,799,700)</u>	<u>(840,875)</u>	<u>-</u>	<u>(15,640,575)</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	 <u>\$ 44,069,457</u>	 <u>\$ 1,166,228</u>	 <u>\$ -</u>	 <u>\$ 42,235,685</u>

Depreciation expense was charged to functions/programs as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	
Instruction	\$ 766,982
Supporting Services	41,577
Community Services	<u>32,316</u>
Total for Governmental Activities	<u>\$ 840,875</u>

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM OBLIGATIONS

Long-term obligation activity for the fiscal year ended June 30, 2018, was as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Obligation					
Bonds – Series 2015	\$ 20,720,000	\$ -	\$ (795,000)	\$ 19,925,000	\$ 810,000
Series 2015 Premium	4,045,707	-	(155,229)	3,890,478	-
Certificates of Participation – Series 2017	-	2,540,000	-	2,540,000	-
Series 2017 Premium	-	261,366	-	261,366	-
Compensated Absences	457,093	-	(91,290)	365,803	-
GOVERNMENTAL TOTAL					
LONG-TERM DEBT, NET	<u>\$ 25,222,800</u>	<u>\$ 2,801,366</u>	<u>\$ (1,041,519)</u>	<u>\$ 26,982,647</u>	<u>\$ 810,000</u>

General Obligation and Refunding Bonds - Series 2015

General Obligation Bonds in the face amount of \$22,260,000 were issued January 15, 2015 for the purpose of financing the construction, renovation and other capital improvements approved by the District voters and to pay the cost of issuance. Interest rates range from 2.0% to 5.0% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2034.

The District’s general obligation bonds are paid from the Debt Service Fund.

The annual requirements to amortize the general obligation bonds are as follows:

<u>Fiscal year ending December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 810,000	\$ 936,550	\$ 1,746,550
2020	830,000	911,850	1,741,850
2021	860,000	873,750	1,733,750
2022	905,000	829,625	1,734,625
2023	950,000	792,750	1,742,750
2024-2028	5,405,000	3,243,125	8,648,125
2029-2033	6,895,000	1,712,625	8,607,625
2034-2035	3,270,000	165,500	3,435,500
TOTAL	<u>\$ 19,925,000</u>	<u>\$ 9,465,775</u>	<u>\$ 29,390,775</u>

The premium on the 2015 Series Bonds is being amortized over the term of the Bonds using the effective interest method.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM OBLIGATIONS - continued

Certificates of Participation - Series 2017

Certificates of Participation in the face amount of \$2,540,000 were issued August 1, 2017 for the purpose of financing the construction of affordable housing units for the District. The Certificates evidence proportionate interests in the base rentals and other revenues under a Lease Purchase Agreement between UMB Bank, n.a., solely in its capacity as trustee lessor and the District as lessee. Interest rates range from 3.0% to 4.0% payable semi-annually on June 1 and December 1, with principal due and payable on December 1, and a final maturity date of December 1, 2037.

The certificates of participation are intended to be paid from the Affordable Housing Fund.

The annual requirements to amortize the general obligation bonds are as follows:

Fiscal year ending	<u>December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 94,150	\$ 94,150	\$ 94,150
2020	95,000	92,725	187,725	187,725
2021	100,000	89,800	189,800	189,800
2022	105,000	86,725	191,725	191,725
2023	105,000	83,575	188,575	188,575
2024-2028	585,000	364,750	949,750	949,750
2029-2033	700,000	242,000	942,000	942,000
2034-2037	850,000	87,800	937,800	937,800
TOTAL	<u>\$ 2,540,000</u>	<u>\$ 1,141,525</u>	<u>\$ 3,681,525</u>	<u>\$ 3,681,525</u>

The premium on the 2017 Series Certificates of Participation is being amortized over the term of the debt using the effective interest method.

Compensated Absences

The District's compensated absences are liquidated by the General, Transportation, Theatre and Food Service Fund in relation to the applicable employee salary.

NOTE 6 - COMMITMENTS

Operating Leases

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 - CONTINGENCIES

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

NOTE 8 - INVENTORIES

Food Service inventory of \$6,391 remained as of June 30, 2018 consisting of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Department of Agriculture, are recorded at their estimated fair market value when received.

NOTE 9 - JOINTLY GOVERNED ORGANIZATION

The District is a member of the Uncompahgre Board of Cooperative Educational Services (UnBOCES), a jointly governed organization of five regional school districts. The UnBOCES is a regional educational service unit designed to provide Special Educational services and supporting instructional, administrative, staff and other services determined by participating member districts. The UnBOCES does not meet the criteria for inclusion within the reporting entity of the District. Financial statements for the UnBOCES can be obtained directly from UnBOCES by contacting their administrative offices at 1115 W. Clinton, Ridgway, CO 81432; (970) 626-2977.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

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

General Information about the Pension Plan

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided as of December 31, 2017

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

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

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

It is possible for employees participating in the SCHDTF to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer; therefore the DPS Benefit Structure is shown below, where the lifetime retirement benefit for all eligible retiring employees under the DPS Benefit Structure is the greater of the:

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

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN - continued

Benefits Provided - continued

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula show above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions as of June 30, 2018

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,308,709 during the year ended June 30, 2018.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

At June 30, 2018, the District reported a liability of \$48,062,710 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 0.1486332493% which was an decrease of 0.0024754991% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$10,307,239. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 883,671	\$ -
Changes of assumptions or other inputs	12,272,196	77,876
Net difference between projected and actual earnings on pension plan investments	-	1,887,468
Changes in proportion and differences between contributions recognized and proportionate share of contributions	293,253	330,307
Contributions subsequent to the measurement date	678,157	-
TOTAL	\$ 14,127,277	\$ 2,295,651

The amount of \$678,157 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for changes in proportion and differences between contributions recognized and proportionate share of contributions will be recognized in pension expenses as follows:

<u>Year Ended June 30,</u>	<u>Outflows</u>	<u>Inflows</u>
2019	\$ 206,212	137,057
2020	86,689	137,057
2021	352	56,193
2022	-	-
2023	-	-
Thereafter	-	-

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age
Price Inflation	2.40 percent
Real Wage Growth	1.10 percent
Wage Inflation	3.50 percent
Salary Increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	5.26 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Actuarial Assumptions - continued

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

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

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Actuarial Assumptions - continued

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103% at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

Actuarial Assumptions - continued

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

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

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

Sensitivity of the Net Pension Liability	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate Share of the Net Pension Liability	\$60,711,378	\$48,062,710	\$37,755,491

Pension Plan Fiduciary Net Position

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

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

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

At June 30, 2018, the District reported a liability of \$48,062,710 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 22,435,973

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$22,435,973 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN: Voluntary Investment Program

Plan Description

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District currently has no matching contributions for covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2018 program members contributed \$159,902.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

General Information about the OPEB Plan

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

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. Section 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PERA Benefit Structure

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

PERA Benefit Structure - continued

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

It is possible for employees to have earned service credit under the Denver Public Schools (DPS) Benefit Structure while working for a previous employer. Under the DPS Benefit Structure, the maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount. For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$70,683 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$1,097,522 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.0844507728%, which was an decrease of 0.0014379103% from its proportion measured at December 31, 2016.

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$82,826. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,190	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	18,361
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	15,747
Contributions subsequent to the measurement date	36,160	-
TOTAL	\$ 41,350	\$ 34,108

The amount of \$36,160 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Outflows</u>	<u>Inflows</u>
2019	\$ -	\$ 3,094
2020	-	3,093
2021	-	3,094
2022	-	3,093
2023	-	3,094
Thereafter	-	279

Actuarial Assumptions

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

Actuarial Assumptions - continued

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

Health care cost trend rates reflect the change in per capital health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A. Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys on conjunction with actual plan experience (if credible), building block models and heuristics developed by plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Actuarial Assumptions - continued

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

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

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

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

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

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

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

Actuarial Assumptions - continued

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

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

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

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

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

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

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

<i>Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates</i>	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00 %	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$1,067,325	\$1,097,522	\$1,133,893

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

Discount Rate

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

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

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

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

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

<i>Sensitivity of the Net OPEB Liability To Changes in the Discount Rate</i>	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$1,233,960	\$1,097,522	\$981,069

OPEB Plan Fiduciary Net Position

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District is a member of the Colorado School Districts Self-Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program with member school districts, boards of cooperative educational services and charter schools.

The District pays an annual premium to the Pool for its property, casualty and liability insurance coverage. The Pool has reinsurance coverage for its property, automobile and general liability policies, errors and omissions and employment practices liability policies, referred to as school entity liability. The District carries commercial insurance for other risks of loss, including workers compensation and employee health insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

In the ordinary course of operations, the District can be involved in various litigation. In the opinion of management, any liability from claims or proceedings in excess of the amount covered by insurance would not have a material adverse effect on the District's net position, changes in position or cash flows.

NOTE 16 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

TABOR Amendment – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all Colorado local governments. The initial base for local government spending and revenue limits was June 30, 1993 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. TABOR requires that revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. TABOR also requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Except for bond refinancing at a lower interest rate or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

In November 1996 the District's electorate passed a ballot issue allowing the District to collect, retain and expend revenues not withstanding any of TABOR'S revenue limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service and expenditures of Federal Awards). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The total emergency reserve was \$352,000 as of June 30, 2018.

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

TELLURIDE SCHOOL DISTRICT R-1
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 17 - RESTATEMENT OF NET ASSETS

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

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

Net Position at June 30, 2017 as Previously Reported	\$ (168,195)
Cumulative Effect of GASB No 75 Net OPEB Liability	<u>(1,078,138)</u>
Net Position at June 30, 2017 as Restated	<u>\$ (1,246,333)</u>

NOTE 18 - SUBSEQUENT EVENTS

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

- 1) During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200, *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years. A brief description of some of the major changes to plan provisions required by SB 18-200 including an estimate of the impact on the District's share of the net pension liability if SB-200 had been enacted on December 31, 2017 are included in Note 11.

- 2) In the November 2018 election, voters approved a mill levy override anticipated to raise approximately \$1.2 million annually earmarked for retaining and recruiting teachers and staff, maintaining small class sizes, programming and general operations.

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

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE
GENERAL FUND AND SPECIAL REVENUES FUNDS

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2018

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 6,201,780	\$ 6,617,537	\$ 6,503,239	\$ (114,298)
Specific Ownership Taxes	197,791	192,516	301,940	109,424
Local Grants	107,000	167,416	187,336	19,920
Other Local Revenues	332,530	307,030	314,731	7,701
Intergovernmental:				
Intermediate Sources	14,000	32,875	33,178	303
State Sources	5,101,606	4,768,408	4,720,483	(47,925)
Federal Sources	107,000	129,120	150,004	20,884
Interest Earnings	16,000	25,000	44,814	19,814
Total Revenues	<u>12,077,707</u>	<u>12,239,902</u>	<u>12,255,725</u>	<u>15,823</u>
EXPENDITURES:				
Instruction	7,346,540	7,815,736	7,319,522	496,214
Supporting Services:				
Students	679,803	747,886	748,042	(156)
Instructional Staff	833,735	843,802	761,448	82,354
General Administration	447,789	462,400	412,132	50,268
School Administration	725,962	748,400	698,085	50,315
Business Services	289,784	331,600	280,745	50,855
Operations and Maintenance	1,145,085	1,217,500	1,147,154	70,346
Central Services	339,340	344,000	339,275	4,725
Other Support Services	-	(5,187)	45,696	(50,883)
Colorado Preschool	184,816	183,500	149,075	34,425
Total Expenditures	<u>11,992,854</u>	<u>12,689,637</u>	<u>11,901,174</u>	<u>788,463</u>
Excess of Revenues Over (Under) Expenditures	<u>84,853</u>	<u>(449,735)</u>	<u>354,551</u>	<u>804,286</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	41,098	41,098	-
Operating Transfers (Out)	(308,000)	(390,000)	(385,000)	5,000
Total Other Financing Sources (Uses)	<u>(308,000)</u>	<u>(348,902)</u>	<u>(343,902)</u>	<u>5,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(223,147)	(798,637)	10,649	809,286
FUND BALANCE-BEGINNING	<u>3,200,000</u>	<u>3,799,698</u>	<u>3,799,698</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ 2,976,853</u>	<u>\$ 3,001,061</u>	<u>\$ 3,810,347</u>	<u>\$ 809,286</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2018

	FOOD SERVICE FUND			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GAAP BASIS REVENUES:				
Local Sources	\$ 176,000	\$ 175,000	\$ 160,451	\$ (14,549)
Intergovernmental:				
State Sources	3,500	2,480	3,030	550
Federal Sources	78,000	78,000	77,511	(489)
GAAP BASIS OTHER FINANCING SOURCES:				
Operating Transfers In	-	30,000	30,000	-
BUDGETARY BASIS ADJUSTMENTS:				
Less Noncash Commodities	<u>-</u>	<u>-</u>	<u>(13,908)</u>	<u>(13,908)</u>
 Total Budgetary Basis Revenues	 <u>257,500</u>	 <u>285,480</u>	 <u>257,084</u>	 <u>(28,396)</u>
 GAAP BASIS EXPENDITURES:				
Food Services:				
Salaries	133,340	154,000	121,741	32,259
Employee Benefits	59,514	70,000	44,424	25,576
Purchased Services	6,000	21,800	19,932	1,868
Supplies and Materials:				
Purchased Food/Supplies	135,000	136,700	131,135	5,565
Donated Commodities	-	-	13,908	(13,908)
Capital Outlay/Other	1,000	1,000	708	292
BUDGETARY BASIS ADJUSTMENTS:				
Less Noncash Commodities	<u>-</u>	<u>-</u>	<u>(13,908)</u>	<u>13,908</u>
 Total Budgetary Basis Expenditures	 <u>334,854</u>	 <u>383,500</u>	 <u>317,940</u>	 <u>65,560</u>
 Budgetary Change in Fund Balance	 (77,354)	 (98,020)	 (60,856)	 37,164
 FUND BALANCE - BEGINNING	 <u>78,182</u>	 <u>105,940</u>	 <u>105,940</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ 828</u>	 <u>\$ 7,920</u>	 <u>\$ 45,084</u>	 <u>\$ 37,164</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – PUPIL ACTIVITY FUND
For the Fiscal Year Ended June 30, 2018

	PUPIL ACTIVITY FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources:				
Fees	\$ 37,425	\$ 37,425	\$ 28,715	\$ (8,710)
Other Local Revenues	-	-	-	-
Total Revenues	<u>37,425</u>	<u>37,425</u>	<u>28,715</u>	<u>(8,710)</u>
EXPENDITURES:				
Pupil Activities:				
Salaries	76,265	109,000	92,494	16,506
Benefits	17,160	28,400	22,999	5,401
Purchased Services	66,150	74,000	46,438	27,562
Supplies	20,125	21,000	8,398	12,602
Total Expenditures	<u>179,700</u>	<u>232,400</u>	<u>170,329</u>	<u>62,071</u>
Excess of Revenues Over (Under) Expenditures	(142,275)	(194,975)	(141,614)	53,361
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>143,000</u>	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	725	25	53,386	53,361
FUND BALANCE – BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 725</u>	<u>\$ 25</u>	<u>\$ 53,386</u>	<u>\$ 53,361</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2018

	TRANSPORTATION FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 200,000	\$ 200,000	\$ 184,562	\$ (15,438)
Specific Ownership Taxes	10,000	10,000	10,070	70
Other Local Revenues	-	-	19,518	19,518
Intergovernmental:				
State Sources	35,000	32,200	37,327	5,127
Total Revenues	245,000	242,200	251,477	9,277
EXPENDITURES:				
Supporting Services:				
General Administration	2,800	2,800	1,844	956
Transportation	310,079	343,700	218,281	125,419
Total Expenditures	312,879	346,500	220,125	126,375
Excess of Revenues Over (Under) Expenditures	(67,879)	(104,300)	31,352	135,652
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(67,879)	(104,300)	31,352	135,652
FUND BALANCE – BEGINNING	162,720	243,841	243,841	-
FUND BALANCE – ENDING	\$ 94,841	\$ 139,541	\$ 275,193	\$ 135,652

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – AFFORDABLE HOUSING FUND
For the Fiscal Year Ended June 30, 2018

	<u>AFFORDABLE HOUSING FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources:				
Rentals	\$ 60,600	\$ 60,600	\$ 57,000	\$ (3,600)
Interest Earnings	-	-	15,930	15,930
Total Revenues	<u>60,600</u>	<u>60,600</u>	<u>72,930</u>	<u>12,330</u>
EXPENDITURES:				
Operations and Maintenance:				
Purchased Services	108,000	160,125	95,051	65,074
Supplies	-	-	(824)	824
Other	6,500	6,500	3,678	2,822
Facilities Acquisition/Construction	2,600,000	2,640,000	1,681,877	958,123
Debt Service:				
Principal	-	-	-	-
Interest	-	47,075	71,135	(24,060)
Total Expenditures	<u>2,714,500</u>	<u>2,853,700</u>	<u>1,850,917</u>	<u>1,002,783</u>
Excess of Revenues Over (Under) Expenditures	(2,653,900)	(2,793,100)	(1,777,987)	1,015,113
OTHER FINANCING SOURCES (USES):				
Net Proceeds from Certificates of Participation	2,600,000	2,640,000	2,773,352	133,352
Proceeds from Sale of Property	-	110,000	110,000	-
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(53,900)	(43,100)	1,105,365	1,148,465
FUND BALANCE – BEGINNING	<u>549,324</u>	<u>557,962</u>	<u>557,962</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 495,424</u>	<u>\$ 514,862</u>	<u>\$ 1,663,327</u>	<u>\$ 1,148,465</u>

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – PALM THEATRE FUND
For the Fiscal Year Ended June 30, 2018

	<u>PALM THEATRE FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources:				
Grants, Contributions and Sponsorships	\$ 62,068	\$ 38,500	\$ 32,589	\$ (5,911)
Other Local Revenue	-	-	-	-
Total Revenues	<u>68,068</u>	<u>38,500</u>	<u>32,589</u>	<u>(5,911)</u>
EXPENDITURES:				
Community Services:				
Salaries	94,605	77,000	73,610	3,390
Employee Benefits	32,463	26,500	18,980	7,520
Purchased Services	-	-	570	(570)
Total Expenditures	<u>127,068</u>	<u>103,500</u>	<u>93,160</u>	<u>10,340</u>
Excess of Revenues Over (Under) Expenditures	(65,000)	(65,000)	(60,571)	4,429
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>65,000</u>	<u>65,000</u>	<u>60,000</u>	<u>(5,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	-	-	(571)	(571)
FUND BALANCE – BEGINNING	<u>25,476</u>	<u>25,521</u>	<u>25,521</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 25,476</u>	<u>\$ 25,521</u>	<u>\$ 24,950</u>	<u>\$ (571)</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

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

AND

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2018

<u>Colorado PERA:</u>	<u>Reporting Fiscal Year / (Measurement Date)</u>			
	<u>2018 / (2017)</u>	<u>2017 / (2016)</u>	<u>2016 / (2015)</u>	<u>2015 / (2014)</u>
District's proportion of the Net Pension Liability	0.1486332493%	0.1511087484%	0.14565957072%	0.1456150362%
District's proportionate share of the Net Pension Liability	\$ 48,062,710	\$ 44,990,918	\$ 22,420,778	\$ 19,735,729
District's covered-employee payroll	\$ 6,856,108	\$ 6,781,768	\$ 6,383,408	\$ 6,100,384
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	701%	663%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.84%

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

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

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
JUNE 30, 2018

	Reporting Fiscal Year			
	2018	2017	2016	2015
<u>Colorado PERA:</u>				
Statutorily Required Contribution	\$ 1,308,709	\$ 1,256,693	\$ 1,196,503	\$ 1,065,796
District Contributions in relation to the statutorily required contribution	<u>1,308,709</u>	<u>1,256,693</u>	<u>1,196,503</u>	<u>1,065,796</u>
District contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,929,693	\$ 6,835,748	\$ 6,746,394	\$ 6,321,947
District's contributions as a percentage of covered-employee payroll	18.89%	18.38%	17.74%	16.86%

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

AND

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

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018

<u>Colorado PERA HCTF:</u>	<u>Reporting Fiscal Year / (Measurement Date)</u>	
	<u>2018 / (2017)</u>	<u>2017 / (2016)</u>
District's proportion of the Net OPEB Liability	0.0844507728%	0.0858886831%
District's proportionate share of the Net OPEB Liability	\$ 1,097,522	\$ 1,113,576
District's covered-employee payroll	\$ 6,856,108	\$ 6,781,768
District's proportionate share of the Net OPEB Liability as a percentage of its covered employee payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

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

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

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF THE DISTRICT'S PERA COLORADO HEALTH CARE TRUST FUND CONTRIBUTIONS
JUNE 30, 2018

	Reporting Fiscal Year	
	2018	2017
<u>Colorado PERA:</u>		
Contractually Required Contribution	\$ 70,683	\$ 69,725
District Contributions in relation to the contractually required contribution	70,683	69,725
District contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 6,929,693	\$ 6,835,748
District's contributions as a percentage of covered-employee payroll	1.02%	1.02%

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

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

OTHER SUPPLEMENTAL INFORMATION

DEBT SERVICE FUND

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2018

	<u>DEBT SERVICE FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources:				
Property Taxes	\$ 1,810,000	\$ 1,810,000	\$ 1,850,415	\$ 40,415
Specific Ownership Taxes	74,000	74,000	86,935	12,935
Interest Earnings	<u>1,000</u>	<u>1,000</u>	<u>9,209</u>	<u>8,209</u>
Total Revenues	<u>1,885,000</u>	<u>1,885,000</u>	<u>1,946,559</u>	<u>61,559</u>
EXPENDITURES:				
Debt Service:				
Principal	795,000	795,000	795,000	-
Interest	952,600	952,600	951,275	1,325
Other Costs	<u>4,000</u>	<u>4,000</u>	<u>1,500</u>	<u>2,500</u>
Total Expenditures	<u>1,751,600</u>	<u>1,751,600</u>	<u>1,747,775</u>	<u>3,825</u>
Excess of Revenues Over (Under) Expenditures	133,400	133,400	198,784	65,384
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>-</u>	<u>(41,098)</u>	<u>(41,098)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	133,400	92,302	157,686	65,384
FUND BALANCE – BEGINNING	<u>1,684,047</u>	<u>1,720,396</u>	<u>1,720,396</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 1,817,447</u>	<u>\$ 1,812,698</u>	<u>\$ 1,878,082</u>	<u>\$ 65,384</u>

OTHER SUPPLEMENTAL INFORMATION

CAPITAL RELATED FUNDS
(BUILDING FUND AND CAPITAL PROJECTS FUND)

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BUILDING FUND
For the Fiscal Year Ended June 30, 2018

	BUILDING FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Other Local Revenues	-	-	-	-
	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES:				
Facilities Acquisition/Construction	600,000	240,873	240,873	-
	600,000	240,873	240,873	-
Total Expenditures	600,000	240,873	240,873	-
Excess of Revenues Over (Under) Expenditures	(600,000)	(240,873)	(240,873)	-
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(600,000)	(240,873)	(240,873)	-
FUND BALANCE – BEGINNING	600,000	240,873	240,873	-
FUND BALANCE – ENDING	\$ -	\$ -	\$ -	\$ -

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

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2018

	<u>CAPITAL PROJECTS FUND</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local Sources:				
Solar Electric Credits	\$ 92,000	\$ 92,000	\$ 95,370	\$ 3,370
Other Local Revenues	-	-	-	-
Total Revenues	<u>92,000</u>	<u>92,000</u>	<u>95,370</u>	<u>3,370</u>
EXPENDITURES:				
Operations and Maintenance:				
Capital Outlay	130,000	140,000	126,258	13,742
Facilities Acquisition and Construction:				
Capital Outlay	-	40,000	52,965	(12,965)
Total Expenditures	<u>130,000</u>	<u>180,000</u>	<u>179,223</u>	<u>777</u>
Excess of Revenues Over (Under) Expenditures	(38,000)	(88,000)	(83,853)	4,147
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	62,000	12,000	16,147	4,147
FUND BALANCE – BEGINNING	<u>1,347,795</u>	<u>1,290,131</u>	<u>1,290,131</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 1,409,795</u>	<u>\$ 1,302,131</u>	<u>\$ 1,306,278</u>	<u>\$ 4,147</u>

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

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY (AGENCY) – STUDENT ACTIVITY FUND

TELLURIDE SCHOOL DISTRICT R-1
STATEMENT OF CHANGES IN FIDUCIARY LIABILITY
FIDUCIARY (AGENCY) FUND – STUDENT ACTIVITIES FUND
For the Fiscal Year Ended June 30, 2018

	STUDENT ACTIVITIES FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS:				
Activity Fees and Contributions	\$ 350,000	\$ 350,000	\$ 207,565	\$ (142,435)
Total Additions	350,000	350,000	207,565	(142,435)
REDUCTIONS:				
Pupil Activities	350,000	350,000	197,388	152,612
Total Reductions	350,000	350,000	197,388	152,612
Net Activity	-	-	10,177	10,177
FIDUCIARY LIABILITY – BEGINNING	206,687	225,053	225,053	-
FIDUCIARY LIABILITY – ENDING	\$ 206,687	\$ 225,053	\$ 235,230	\$ 10,177

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

(COMBINING SCHEDULES AND DETAIL BUDGET)

TELLURIDE SCHOOL DISTRICT R-1
COMBINING SCHEDULE FOR BALANCE SHEET
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Fiscal Year Ended June 30, 2018

	<u>GENERAL</u> <u>(FUND 10)</u>	<u>PRESCHOOL</u> <u>(FUND 19)</u>	<u>TOTAL</u> <u>GENERAL</u> <u>FUND</u>
ASSETS:			
Cash and Cash Equivalents	\$ 4,984,528	\$ 132,656	\$ 5,117,184
Receivables:			
Property Taxes , Net	542,692	-	542,692
Cash w/ County Treasurer	82,927	-	82,927
Other Receivables	93,619	-	93,619
Due from Other Funds	<u>1,500</u>	<u>-</u>	<u>1,500</u>
 TOTAL ASSETS	 <u>\$ 5,705,266</u>	 <u>\$ 132,656</u>	 <u>\$ 5,837,922</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 42,132	\$ 3,067	\$ 45,199
Accrued Salaries and Benefits	1,294,433	21,165	1,315,598
Deposits	5,000	-	5,000
Unearned Revenues	<u>412,911</u>	<u>-</u>	<u>412,911</u>
Total Liabilities	<u>1,754,476</u>	<u>24,232</u>	<u>1,778,708</u>
 Deferred Inflows of Resources:			
Unavailable Property Tax Revenue	<u>248,867</u>	<u>-</u>	<u>248,867</u>
Total Deferred Inflows of Resources	<u>248,867</u>	<u>-</u>	<u>248,867</u>
 Fund Balances:			
Restricted			
Colorado Preschool Program	-	108,424	108,424
Emergencies	352,000	-	352,000
Committed			
Property Tax Shortfall	1,148,931	-	1,148,931
Assigned			
State Funding Shortfall	2,090,943	-	2,090,943
Unassigned	<u>110,049</u>	<u>-</u>	<u>110,049</u>
Total Fund Balances	<u>3,701,923</u>	<u>108,424</u>	<u>3,810,347</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 5,705,266</u>	 <u>\$ 132,656</u>	 <u>\$ 5,837,922</u>

TELLURIDE SCHOOL DISTRICT R-1
COMBINING SCHEDULE FOR STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND (FUND 10: GENERAL AND FUND 19: PRESCHOOL FUND)
For the Year Ended June 30, 2018

	<u>GENERAL (FUND 10)</u>	<u>PRESCHOOL (FUND 19)</u>	<u>TOTAL GENERAL FUND</u>
REVENUES:			
Local Sources	\$ 7,352,060	\$ -	\$ 7,352,060
Intermediate Sources	33,178	-	33,178
State Sources	4,720,483	-	4,720,483
Federal Sources	<u>150,004</u>	<u>-</u>	<u>150,004</u>
Total Revenues	<u>12,255,725</u>	<u>-</u>	<u>12,255,725</u>
EXPENDITURES:			
Instructional	7,319,522	-	7,319,522
Supporting Services:			
Students	748,042	-	748,042
Instructional Staff	761,448	-	761,448
General Administration	412,132	-	412,132
School Administration	698,085	-	698,085
Business Services	280,745	-	280,745
Operations and Maintenance	1,147,154	-	1,147,154
Central Services	339,275	-	339,275
Other Support Services	45,696	-	45,696
Colorado Preschool	<u>-</u>	<u>149,075</u>	<u>149,075</u>
Total Expenditures	<u>11,752,099</u>	<u>149,075</u>	<u>11,901,174</u>
Excess of Revenues Over (Under) Expenditures	<u>503,626</u>	<u>(149,075)</u>	<u>354,551</u>
OTHER FINANCING SOURCES (USES):			
Transfers In (Out), Net	<u>(532,805)</u>	<u>188,903</u>	<u>(343,902)</u>
Total Other Financing Sources (Uses)	<u>(532,805)</u>	<u>188,903</u>	<u>(343,902)</u>
Excess of Revenues and Other Financings Sources Over (Under) Expenditures and Other Financing (Uses)	(29,179)	39,828	10,649
FUND BALANCES – Beginning	<u>3,731,102</u>	<u>68,596</u>	<u>3,799,698</u>
FUND BALANCES – Ending	<u>\$ 3,701,923</u>	<u>\$ 108,424</u>	<u>\$ 3,810,347</u>

TELLURIDE SCHOOL DISTRICT R-1
DETAIL SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Revenue from Local Sources and Interest:			
Property Taxes	\$ 6,617,537	\$ 6,503,239	\$ (114,298)
Specific Ownership Taxes	192,516	301,940	109,424
Grants and Contributions	167,416	187,336	19,920
Tuition and Fees	171,500	191,137	19,637
Rental Income	99,530	100,918	1,388
Other Local Revenues	36,000	22,676	(13,324)
Interest Earnings	25,000	44,814	19,814
Total Local Sources and Interest:	<u>7,309,499</u>	<u>7,352,060</u>	<u>42,561</u>
Revenue from Intermediate Sources:			
Mineral and Forest Leasing Revenues	32,875	32,909	34
Division of Wildlife	-	269	269
Total Intermediate Sources	<u>32,875</u>	<u>33,178</u>	<u>303</u>
Revenue from State Sources:			
State Equalization	4,201,846	4,248,098	46,252
ELPA Grants	40,607	45,119	4,512
Counselor Grant	162,800	161,458	(1,342)
Read Act	48,055	20,449	(27,606)
Library Grant	3,500	3,500	-
NBCT Stipend Grant	9,600	8,000	(1,600)
Small Rural Schools Grant	223,000	150,578	(72,422)
Rural and Low Income Grant	-	20,252	20,252
IDEA-D (MTSS) Grant	5,000	5,000	-
AP Incentive Grant	4,000	5,913	1,913
At Risk Supplemental Grant	-	2,413	2,413
Vocational Education	70,000	49,703	(20,297)
Total State Sources	<u>4,768,408</u>	<u>4,720,483</u>	<u>(47,925)</u>
Revenue from Federal Sources:			
Title I	69,945	70,173	228
Title II A – Teacher Quality	15,280	15,380	100
Title III – Immigration/Part A/Formula	16,812	16,812	-
Title IV – Rural Education & Part A	10,000	30,668	20,668
Carl Perkins Grant	12,342	12,230	(112)
REAP Grant	4,741	4,741	-
Total Federal Sources	<u>129,120</u>	<u>150,004</u>	<u>20,884</u>
TOTAL REVENUES	12,239,902	12,255,725	15,823
Transfers In	<u>41,098</u>	<u>41,098</u>	<u>-</u>
BUDGETARY REVENUES	<u>\$ 12,281,000</u>	<u>\$ 12,296,823</u>	<u>\$ 15,823</u>

TELLURIDE SCHOOL DISTRICT R-1

DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
INSTRUCTION:			
Salaries	\$ 5,287,799	\$ 5,143,629	\$ 144,170
Employee Benefits	1,748,497	1,477,176	271,321
Purchased Services	283,641	253,019	30,622
Supplies and Materials	310,787	249,055	61,732
Capital Outlay	185,012	196,144	(11,132)
Other Expenditures	-	499	(499)
	<u>7,815,736</u>	<u>7,319,522</u>	<u>496,214</u>
TOTAL INSTRUCTION			
GENERAL SUPPORTING SERVICES:			
<i>Student Support:</i>			
Salaries	411,664	438,553	(26,889)
Employee Benefits	136,153	132,097	4,056
Purchased Services	170,193	153,851	16,342
Supplies and Materials	29,876	23,541	6,335
Subtotal	<u>747,886</u>	<u>748,042</u>	<u>(156)</u>
<i>Instructional Staff:</i>			
Salaries	505,140	478,772	26,368
Employee Benefits	160,235	131,271	28,964
Purchased Services	138,941	125,488	13,453
Supplies and Materials	39,486	25,554	13,932
Capital Outlay	-	363	(363)
Subtotal	<u>843,802</u>	<u>761,448</u>	<u>82,354</u>
<i>General Administration:</i>			
Salaries	210,540	216,535	(5,995)
Employee Benefits	79,960	73,082	6,878
Purchased Services	149,900	102,504	47,396
Supplies and Materials	6,000	6,451	(451)
Other Expenditures	16,000	13,560	2,440
Subtotal	<u>462,400</u>	<u>412,132</u>	<u>50,268</u>
<i>School Administration:</i>			
Salaries	514,060	499,307	14,753
Employee Benefits	222,940	193,953	28,987
Purchased Services	7,500	2,916	4,584
Supplies and Materials	900	239	661
Other Expenditures	3,000	1,670	1,330
Subtotal	<u>748,400</u>	<u>698,085</u>	<u>50,315</u>
	<u>2,802,488</u>	<u>2,619,707</u>	<u>182,781</u>
TOTAL GENERAL SUPPORT			

(continued on next page)

TELLURIDE SCHOOL DISTRICT R-1
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

<i>(continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BUSINESS SUPPORTING SERVICES:			
<i>Business Services:</i>			
Salaries	\$ 209,576	\$ 190,365	\$ 19,211
Employee Benefits	74,924	60,746	14,178
Purchased Services	15,100	12,743	2,357
Supplies	28,000	15,869	12,131
Capital Outlay	3,000	807	2,193
Other Expenditures	1,000	215	785
Subtotal	<u>331,600</u>	<u>280,745</u>	<u>50,855</u>
 <i>Operations and Maintenance:</i>			
Salaries	273,228	233,783	39,445
Employee Benefits	64,272	78,753	(14,481)
Purchased Services	433,000	421,743	11,257
Supplies and Materials	447,000	376,064	70,936
Capital Outlay	-	36,811	(36,811)
Subtotal	<u>1,217,500</u>	<u>1,147,154</u>	<u>70,346</u>
 TOTAL BUSINESS SUPPORT	 <u>1,549,100</u>	 <u>1,427,899</u>	 <u>121,201</u>
 CENTRAL SUPPORTING SERVICES:			
Salaries	78,500	70,624	7,876
Employee Benefits	24,500	19,823	4,677
Purchased Services	237,000	242,858	(5,858)
Supplies and Materials	3,400	5,970	(2,570)
Capital Outlay	600	-	600
Subtotal	<u>344,000</u>	<u>339,275</u>	<u>4,725</u>
 TOTAL OTHER SUPPORT	 <u>344,000</u>	 <u>339,275</u>	 <u>4,725</u>
 OTHER SUPPORTING SERVICES:			
Salaries	2,968	36,142	(33,174)
Employee Benefits	43	9,554	(9,511)
Other Expenditures	(8,198)	-	(8,198)
Subtotal	<u>(5,187)</u>	<u>45,696</u>	<u>(50,883)</u>
 TOTAL CENTRAL SUPPORT	 <u>(5,187)</u>	 <u>45,696</u>	 <u>(50,883)</u>
 COLORADO PRESCHOOL:			
Salaries	61,000	70,572	(9,572)
Employee Benefits	22,500	23,300	(800)
Purchased Services	76,000	43,091	32,909
Supplies	15,000	2,667	12,333
Other Expenditures	9,000	9,445	(445)
Subtotal	<u>183,500</u>	<u>149,075</u>	<u>34,425</u>
 TOTAL COLORADO PRESCHOOL	 <u>183,500</u>	 <u>149,075</u>	 <u>34,425</u>
 OTHER FINANCING USES:			
Transfers Out	390,000	385,000	5,000
Subtotal	<u>390,000</u>	<u>385,000</u>	<u>5,000</u>
 TOTAL BUDGETARY EXPENDITURES AND OTHER FINANCING USES	 <u>\$ 13,079,637</u>	 <u>\$ 12,286,174</u>	 <u>\$ 793,463</u>

COLORADO DEPARTMENT OF EDUCATION REQUIREMENTS

ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES

AND

BOLDED BALANCE SHEET REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 2830 - TELLURIDE R-1
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	3,731,102	11,722,921	11,752,099	3,701,923
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	68,596	188,903	149,074	108,424
Sub- Total	3,799,698	11,911,823	11,901,174	3,810,347
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	583,483	3,048,872	1,944,078	1,688,278
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	105,940	270,993	331,848	45,084
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	223,715	170,329	53,386
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	243,841	251,477	220,125	275,193
31 Bond Redemption Fund	1,720,396	1,905,461	1,747,775	1,878,082
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	240,873	0	240,873	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,290,131	195,370	179,222	1,306,278
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	7,984,363	17,807,711	16,735,425	9,056,649
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
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	225,053	207,565	197,388	235,230
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	225,053	207,565	197,388	235,230

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2830 - TELLURIDE R-1
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental					Proprietary					Fiduciary			Totals	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79		Foundations Fund 85
Cash and Investments (8100-8104,8111)	4,984,528	0	132,656	2,014,138	0	48,802	1,850,465	1,306,278	0	0	0	0	235,955	0	10,572,822
Cash with Fiscal Agent (8105)	82,927	0	0	2,311	0	0	23,662	0	0	0	0	0	0	0	108,900
Taxes Receivable (8121,8122)	542,692	0	0	15,196	0	0	154,218	0	0	0	0	0	0	0	712,106
Interfund Loans Receivable (8131,8132)	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500
Grants Accounts Receivable (8142)	84,431	0	0	0	0	9,159	0	0	0	0	0	0	0	0	93,589
Other Receivables (8151-8154,8161)	9,189	0	0	1,200	0	0	0	0	0	0	0	0	0	0	10,389
Inventories (8171,8172,8173)	0	0	0	0	0	6,392	0	0	0	0	0	0	0	0	6,392
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	5,705,266	0	132,656	2,032,845	0	64,352	2,028,344	1,306,278	0	0	0	0	235,955	0	11,505,697

	Governmental						Proprietary					Fiduciary			
LIABILITIES & FUND EQUITY															
LIABILITIES	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	0	0	0	0	0	0	1,500	0	0	0	0	0	0	0	1,500
Other Payables (7421-7423)	42,131	0	3,067	126	0	0	0	0	0	0	0	0	725	0	46,050
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	78,721	0	0	0	0	0	0	0	78,721
Accrued Expenses (7461)	1,180,317	0	19,720	5,386	0	17,138	0	0	0	0	0	0	0	0	1,222,561
Payroll Ded. and Withholdings (7471-7473)	114,116	0	1,445	3,254	0	2,130	0	0	0	0	0	0	0	0	120,945
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	412,911	0	0	0	0	0	0	0	0	0	0	0	0	0	412,911
Other Current Liabilities (7491,7492,7499)	5,000	0	0	1,200	0	0	0	0	0	0	0	0	0	0	6,200
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	248,867	0	0	6,022	0	0	70,041	0	0	0	0	0	0	0	324,931
Total Liabilities	2,003,342	0	24,232	15,989	0	19,268	150,262	0	0	0	0	0	725	0	2,213,818

Governmental

Proprietary

Fiduciary

FUND EQUITY															
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	6,392	0	0	0	0	0	0	0	0	6,392
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	352,000	0	0	0	0	0	0	0	0	0	0	0	0	0	352,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	108,424	0	0	0	0	0	0	0	0	0	0	0	108,424
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	1,148,931	0	0	24,950	0	0	0	0	0	0	0	0	0	0	1,173,881
Assigned Fund Balance 6760	2,090,943	0	0	1,991,906	0	38,693	1,878,082	1,306,278	0	0	0	0	0	0	7,305,902
Unassigned Fund Balance 6770	110,049	0	0	0	0	0	0	0	0	0	0	0	235,230	0	345,280
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	3,701,923	0	108,424	2,016,856	0	45,084	1,878,082	1,306,278	0	0	0	0	235,230	0	9,291,879

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	5,705,266	0	132,656	2,032,845	0	64,352	2,028,344	1,306,278	0	0	0	0	235,955	0	11,505,697

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