

Elizabeth School District

Elizabeth, Colorado

Financial Statements

June 30, 2018



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Elizabeth School District

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Independent Auditors' Report

Board of Education
Elizabeth School District
Elizabeth, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Elizabeth School District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in the year ended June 30, 2018, Elizabeth School District adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed 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 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 Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elizabeth School District's basic financial statements. The supplementary information and the auditors integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the Elizabeth School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Elizabeth School District's internal control over financial reporting and compliance.

Hick & Company, PC

Greenwood Village, Colorado
December 7, 2018



**ELIZABETH SCHOOL DISTRICT
ELBERT COUNTY, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of and for the fiscal year ended June 30, 2018

As management of the Elizabeth School District, Elbert County, Colorado (the District), we offer readers of the District's Audited Financial Statements this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- Fund balance of the District's governmental funds decreased by \$19,998, resulting in an ending balance of \$5,567,920.
- The District's liabilities and deferred inflows of resources for governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$34,648,824) (net position).
- The deficit in the District's total net position for the governmental activities increased \$10,945,937 or 46% in fiscal year 2018.
- Governmental activities has (\$51,765,411) in unrestricted net position.
- The ending fund balance within the General Fund, as a percentage of expenditures, stood at 15.20%.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 4-32 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's audited financial statements a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources. The difference between them is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). Governmental activities consolidate governmental funds including the General Fund, Debt Service Fund and Special Revenue Funds.

The government-wide financial statements also include information on component units that are legally separate from the District (known as the primary government). At the close of the current fiscal year, the

District has included information for one component unit, the Legacy Academy Charter School. Financial information for the charter school is presented separately from the primary government because the charter school has a separate governing board.

The government-wide financial statements can be found on pages 4-5 of this report.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include three fund types. The fund types presented here are governmental funds, a proprietary fund and a fiduciary fund.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains five different governmental funds. The major funds are the General Fund and Bond Redemption Fund, while the nonmajor funds are the Food Services Fund, Grants Fund and the Athletics Fund.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the District's General Fund is included under required supplementary information on pages 35-36, to demonstrate compliance with the adopted budget.

The District maintains one type of proprietary fund.

The Internal Service Fund is used to account for the District's self-insurance activity. The premiums paid by employees and the District are presented as revenues, while claims and administrative fees paid are listed as expenses. The fund activity is included in governmental activities within the government-wide financial statements.

The proprietary fund financial statement is presented on pages 10-12 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 14-32 of this report.

Government-wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives 94% of the annual property tax assessment in March, May and June.

Capital assets are used in the operations of the District. These assets are land, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, accrued interest payable, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available early in the subsequent fiscal year. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available later.

The liabilities and deferred inflows of resources of the primary government exceeded assets and deferred outflows of resources by (\$34,648,824), with an unrestricted net position balance of (\$51,765,411).

The negative balance is due to the adoption of GASB Statement No. 68, resulting in a net pension liability of \$71,284,278, representing its proportionate share of the Public Employees Retirement Association (PERA) of Colorado plan's net pension liability.

A net investment of \$17,556,979 in land, buildings, equipment, and vehicles to provide the services to the District's 2,476 public school students represents 66.38% of the District's assets. Net position of \$2,207,646 accumulated due to voter approved bonded debt mill levy assessments has been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The legally required TABOR reserve has also been restricted.

The \$1,690,162 of accrued salaries and benefits as of June 30 are payables associated with teacher and other employee contracts for the 2018 school year requiring resources from fiscal year 2019 to liquidate.

Elizabeth School District No. C-1
Net position (In thousands)
As of June 30, 2018
Government-wide Total Assets as compared to Total Liabilities and Total Net position:

	Government- Wide	
	<u>2018</u>	<u>2017</u>
Assets:		
Current Assets	8,892	8,751
Capital Assets	17,557	17,653
Total Assets	26,449	26,404
Deferred Outflows of Resources	20,896	26,019
Liabilities:		
Current Liabilities	2,148	1,984
Noncurrent Liabilities	76,264	71,479
Total Liabilities	78,412	73,463
Deferred Inflows of Resources	3,581	1,083
Net position:		
Net investment in capital assets	14,359	12,925
Restricted	2,758	2,790
Unrestricted	(51,765)	(37,836)
Total Net position	(34,648)	(22,122)

Government-wide Activities

Governmental activities decreased the net position of the District by \$10,945,937. Attributing to this decrease was the District’s adoption of GASB Statement No. 75, related to other post-employment benefits. Prior year amounts have not been adjusted because information is not available. Beginning net position was restated in the amount of (\$1,581,342) see Note 10 on page 32.

Elizabeth School District No. C-1
Changes in Net position (In thousands)
For the year ended June 30, 2018

	Government- Wide	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues	\$ 3,696	\$ 3,880
General revenues	20,356	19,873
Total Revenues	24,052	23,753
Expenses:		
Governmental activities		
Instruction	20,387	18,487
Supporting services	13,461	11,936
Food services	1,053	998
Interest on long-term debt	97	141
Total Expenses	34,998	31,562
Changes in net position	(10,945)	(7,809)
Net position at beginning of fiscal year	(23,703)	(14,312)
Net position at end of fiscal year	(34,648)	(22,122)

Key elements of the change in net position for governmental activities are as follows:

- Pension and OPEB related expenses account for the largest component to the reduction in the District’s net position.

Financial Analysis of the Government’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District’s governmental funds reported a combined ending fund balance of \$5,567,920, an increase of \$19,998 in comparison with the prior year.

The General Fund is the primary operating fund of the District. The fund has \$3,155,792 in ending fund balance, of which \$550,000 is restricted for the constitutionally mandated TABOR reserve.

The Bond Redemption Fund has more than adequate reserves accumulated to make the December 2018 principal and interest payments. The mill levy to accumulate resources for the June and December 2019 principal and interest payments will be certified in December 2018.

Financial Analysis of the Proprietary Fund

Proprietary Fund. The District’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. However, the Internal Service Fund is included in governmental activities in the government-wide financial statements.

Self-Insurance Fund – The School District is self-insured for purposes of providing health, dental and vision coverage for their employees. The District pays up to \$115,000 per subscriber then stop-loss limit coverage provided by Anthem covers the balance of the claim.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was due to better information for both revenues and expenditures. An example are salaries, when the original budget was created there were numerous positions that were not filled so budgeted salaries were based on reasonable estimates, while the revised budget was able to utilize amounts that were much closer to the actual salary and benefit numbers.

General Fund expenditures and transfers exceeded revenues by \$6,789 thereby decreasing the ending fund balance of the fund on a percentage basis by 0.2%.

Capital Assets and Debt Administration

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$17,556,979 (net of accumulated depreciation). This investment in capital assets includes buildings, equipment, vehicles, and land. The net decrease in the District’s investment in capital assets for the current fiscal year was \$95,684 or a 0.54% decrease, mostly due to depreciation expense exceeding capital additions.

Major capital expenditures during the current fiscal year included the following:

- A new wastewater treatment system at Singing Hills Elementary
- Numerous roof top HVAC units were replaced
- Hallways and several selected classrooms had new carpeting installed
- Ten new school busses were purchased

Elizabeth District No. C-1
Capital Assets (net of accumulated depreciation, in Thousands)

	Total Primary Government	
	2018	2017
Land	\$298	\$298
Construction in Progress	\$498	\$1,445
Buildings	\$27,537	\$25,911
Equipment, vehicles, & fixtures	\$842	\$823
Transportation equipment	\$2,424	\$2,424
Less: Accumulated Depreciation	(\$14,042)	(\$13,249)
Total capital assets	\$17,557	\$17,652

Additional information on the District's capital assets can be found in Note 3 on pages 20-21.

Long-Term Debt. At June 30, 2018 the District had total bonded debt outstanding of \$3,155,000 backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for compensated absences in the amount of \$67,913 still outstanding at the end of the current fiscal year.

Elizabeth School District No. C-1
General Obligation Bonds and Compensated Absences
June 30, 2018

Government-Wide

General obligation bonds	\$3,155,000
Compensated Absences	<u>67,913</u>
Total	<u>\$ 3,222,913</u>

Total long-term debt for the District decreased during the current fiscal year according to the normal schedule of payments.

Additional information on the District's long-term obligations can be found in Note 4 on pages 21-22 of this report.

Economic Factors and Next Year's Budget

The District is committed to an ongoing review of its programs and services for both effectiveness and efficiency. To accomplish this, the District examines how to best provide essential services on a cost-effective basis and to re-direct resources to the schools. The following factors will have a direct impact on the 2018-2019 fiscal year budget and future budgeting decisions:

- The most recent financial economic report from the State indicates that there will be a slight increase in per pupil funding for the upcoming fiscal year.
- The Public Employees Retirement Association (PERA) of Colorado, the pension plan that covers all district employees, made several changes to address its unfunded liabilities. On July 1, 2019, the District's contribution to PERA will increase .25% from 20.15% to 20.40%. Additionally, the employee's contribution rate will gradually increase from 8% to 10% beginning July1, 2019.
- The actual funded student enrollment taken on the official count day of October 1, reported that the number of students was 65 fewer students than in fiscal year 2018. This reduction will again put pressure on the District's budget for fiscal year 2019.
- Cost saving measures implemented in prior years will need to remain due to the continuing rise in costs to maintain deteriorating capital assets, unfunded state and federal mandates, all while the State continues to underfund public education using the negative factor.
- For the fiscal year that just ended, 2017-2018, the District reduced the ending fund balance of the General Fund by \$6,798. The current 2018-2019 Budget reflects a decrease in the ending fund balance to fund large capital asset repairs and purchases.
- The District is anticipating slight increases in future funding due to a relatively large residential development beginning in 2018 that should reverse the declining enrollment trend.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Elizabeth School District
Attention: Business Office
633 Dale Ct. PO Box 610
Elizabeth, CO 80107

Basic Financial Statements

Elizabeth School District
Statement of Net Position
June 30, 2018

	Primary Government	Component Unit
	Governmental Activities	Legacy Academy
Assets		
Cash and Investments	\$ 8,200,659	\$ 997,030
Restricted Cash and Investments	-	685,071
Accounts Receivable	25,462	256,391
Grants Receivable	240,658	-
Taxes Receivable	391,125	-
Inventories	33,391	-
Prepaid Expenses	-	17,781
Capital Assets, <i>Not Being Depreciated</i>	795,790	347,000
Capital Assets, <i>Net of Accumulated Depreciation</i>	16,761,189	4,022,460
Total Assets	26,448,274	6,325,733
Deferred Outflows of Resources		
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	85,543	118,628
Pensions, <i>Net of Accumulated Amortization</i>	20,744,699	3,540,404
OPEB, <i>Net of Accumulated Amortization</i>	65,719	18,964
Total Deferred Outflows of Resources	20,895,961	3,677,996
Liabilities		
Accounts Payable	187,537	26,401
Accrued Salaries and Benefits	1,690,162	129,237
Unearned Revenues	-	46,459
Accrued Interest Payable	8,136	16,769
Insurance Claims Payable	262,308	-
Noncurrent Liabilities		
Due Within One Year	1,613,112	214,615
Due in More Than One Year	1,738,382	4,816,032
Net Pension Liability	71,284,278	11,183,943
Net OPEB Liability	1,627,832	255,394
Total Liabilities	78,411,747	16,688,850
Deferred Inflows of Resources		
Pensions, <i>Net of Accumulated Amortization</i>	3,534,673	477,898
OPEB, <i>Net of Accumulated Amortization</i>	46,639	4,273
Total Deferred Inflows of Resources	3,581,312	482,171
Net Position		
Net Investment in Capital Assets	14,358,941	(542,559)
Restricted for:		
Debt Service	2,207,646	568,138
Repairs and Replacement	-	100,164
Emergencies	550,000	108,000
Unrestricted	(51,765,411)	(7,401,035)
Total Net Position	\$ (34,648,824)	\$ (7,167,292)

See Notes to the Financial Statements.

Elizabeth School District
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Legacy Academy
Primary Government						
<i>Governmental Activities</i>						
Instruction	\$ 20,386,394	\$ 829,018	\$ 1,403,691	\$ -	\$ (18,153,685)	\$ -
Supporting Services	13,461,718	100,842	261,632	402,972	(12,696,272)	-
Food Services	1,052,590	433,492	264,009	-	(355,089)	-
Interest on Long-Term Debt	97,184	-	-	-	(97,184)	-
Total Primary Government	\$ 34,997,886	\$ 1,363,352	\$ 1,929,332	\$ 402,972	(31,302,230)	-
Component Unit						
Legacy Academy	\$ 5,262,669	\$ 152,646	\$ 180,075	\$ -	-	(4,929,948)
General Revenues						
Local Property Taxes					7,191,505	-
Specific Ownership Taxes					1,190,504	-
State Equalization					11,211,350	-
Per Pupil Revenue					-	3,129,260
School Improvements Fees					177,786	-
Grants and Contributions not Restricted to Specific Programs					339,929	143,040
Investment Income					62,649	33,975
Other					182,570	24,321
Total General Revenues					20,356,293	3,330,596
Change in Net Position					(10,945,937)	(1,599,352)
Net Position, Beginning of year					(23,702,887)	(5,567,940)
Net Position, End of year					\$ (34,648,824)	\$ (7,167,292)

Elizabeth School District
 Balance Sheet
 Governmental Funds
 June 30, 2018

	General	Bond Redemption	Nonmajor Governmental Funds	Total
Assets				
Cash and Investments	\$ 4,617,585	\$ 2,128,632	\$ 313,860	\$ 7,060,077
Accounts Receivable	25,462	-	-	25,462
Grants Receivable	226,128	-	14,530	240,658
Taxes Receivable	303,975	87,150	-	391,125
Inventories	-	-	33,391	33,391
	<u>5,173,150</u>	<u>2,215,782</u>	<u>361,781</u>	<u>7,750,713</u>
Liabilities				
Accounts Payable	187,385	-	152	187,537
Accrued Salaries and Benefits	1,592,859	-	97,303	1,690,162
	<u>1,780,244</u>	<u>-</u>	<u>97,455</u>	<u>1,877,699</u>
Deferred Inflows of Resources				
Property Taxes	237,114	67,980	-	305,094
Fund Balances				
Nonspendable Inventories	-	-	33,391	33,391
Restricted for:				
Debt Service	-	2,147,802	-	2,147,802
Emergencies	550,000	-	-	550,000
Assigned to:				
Food Services	-	-	110,334	110,334
Athletics Programs	-	-	120,601	120,601
Unassigned	2,605,792	-	-	2,605,792
	<u>3,155,792</u>	<u>2,147,802</u>	<u>264,326</u>	<u>5,567,920</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,173,150</u>	<u>\$ 2,215,782</u>	<u>\$ 361,781</u>	<u>\$ 7,750,713</u>

Elizabeth School District
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 June 30, 2018

**Amounts Reported for Governmental Activities in the
 Statement of Net Position are Different Because:**

Total Fund Balances of Governmental Funds	\$	5,567,920
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		17,556,979
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		305,094
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Loss on debt refunding		85,543
Accrued interest payable		(8,136)
Bonds payable		(3,283,581)
Accrued compensated absences		(67,913)
Net pension liability		(71,284,278)
Pension-related deferred outflows of resources		20,744,699
Pension-related deferred inflows of resources		(3,534,673)
Net OPEB liability		(1,627,832)
OPEB-related deferred outflows of resources		65,719
OPEB-related deferred inflows of resources		(46,639)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		878,274
Total Net Position of Governmental Activities	\$	(34,648,824)

Elizabeth School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General	Bond Redemption	Nonmajor Governmental Funds	Total
Revenues				
Local Sources	\$ 7,818,787	\$ 1,614,822	\$ 559,794	\$ 9,993,403
County Sources	177,786	-	-	177,786
State Sources	12,882,026	-	94,945	12,976,971
Federal Sources	433,300	-	473,312	906,612
	<u>21,311,899</u>	<u>1,614,822</u>	<u>1,128,051</u>	<u>24,054,772</u>
Expenditures				
Current				
Instruction	12,074,283	-	727,245	12,801,528
Supporting Services	8,688,405	-	205,265	8,893,670
Food Services	-	-	708,933	708,933
Debt Service				
Principal	-	1,510,000	-	1,510,000
Interest and Fiscal Charges	-	120,643	-	120,643
	<u>20,762,688</u>	<u>1,630,643</u>	<u>1,641,443</u>	<u>24,034,774</u>
Excess Revenues Over (Under) Expenditures	<u>549,211</u>	<u>(15,821)</u>	<u>(513,392)</u>	<u>19,998</u>
Other Financing Sources (Uses)				
Transfers In	-	-	556,000	556,000
Transfers Out	(556,000)	-	-	(556,000)
	<u>(556,000)</u>	<u>-</u>	<u>556,000</u>	<u>-</u>
Net Change in Fund Balances	(6,789)	(15,821)	42,608	19,998
Fund Balances, Beginning of year	<u>3,162,581</u>	<u>2,163,623</u>	<u>221,718</u>	<u>5,547,922</u>
Fund Balances, End of year	<u>\$ 3,155,792</u>	<u>\$ 2,147,802</u>	<u>\$ 264,326</u>	<u>\$ 5,567,920</u>

Elizabeth School District
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2018

**Amounts Reported for Governmental Activities in the
 Statement of Activities are Different Because:**

Net Change in Fund Balances of Governmental Funds	\$	19,998
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Depreciation expense		(792,766)
Capital outlay		697,082
<p>Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.</p>		
		(2,823)
<p>The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.</p>		
		1,510,000
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items:</p>		
Amortization of bond premiums		69,418
Amortization of loss of debt refunding		(49,600)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:</p>		
Accrued interest payable		3,641
Accrued compensated absences		171
Net pension liability		(4,735,993)
Pension-related deferred outflows of resources		(5,139,508)
Pension-related deferred inflows of resources		(2,451,829)
Net OPEB liability		19,377
OPEB-related deferred outflows of resources		(148)
OPEB-related deferred inflows of resources		(46,639)
<p>An internal service fund is used by management to charge the costs of insurance to individual funds. The activities of the internal service fund are reported with governmental activities in the statement of activities.</p>		
		<u>(46,318)</u>
	\$	<u><u>(10,945,937)</u></u>

See Notes to the Financial Statements.

Elizabeth School District
Statement of Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities Internal Service
Assets	
<i>Current Assets</i>	
Cash and Investments	\$ <u>1,140,582</u>
Total Assets	<u>1,140,582</u>
Liabilities	
<i>Current Liabilities</i>	
Insurance Claims Payable	<u>262,308</u>
Total Liabilities	<u>262,308</u>
Net Position	
Unrestricted	<u>878,274</u>
Total Net Position	\$ <u><u>878,274</u></u>

Elizabeth School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2018

	Governmental Activities
	Internal Service
Operating Revenues	
Charges for Services	\$ 1,377,784
Total Operating Revenues	1,377,784
Operating Expenses	
Insurance Claims	1,424,102
Total Operating Expenses	1,424,102
Changes in Net Position	(46,318)
Net Position, <i>Beginning of year</i>	924,592
Net Position, <i>End of year</i>	\$ 878,274

Elizabeth School District
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

	Governmental Activities
	Internal Service
Cash Flows From Operating Activities	
Cash Received from Other Funds	\$ 1,377,784
Cash Paid to Suppliers	<u>(1,338,394)</u>
Net Cash Provided by Operating Activities	39,390
Cash and Cash Equivalents, <i>Beginning of year</i>	<u>1,145,840</u>
Cash and Cash Equivalents, <i>End of year</i>	<u>\$ 1,185,230</u>
 Reconciliation of Change in Net Position to Net Cash Used by Operating Activities	
Change in Net Position	\$ (46,318)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities	
Change in Insurance Claims Payable	<u>85,708</u>
Net Cash Provided by Operating Activities	<u>\$ 39,390</u>

Elizabeth School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2018

	<u>Student Activity</u>
Assets	
Cash and Investments	\$ <u>337,072</u>
Total Assets	\$ <u><u>337,072</u></u>
Liabilities	
Due to Student Groups	\$ <u>337,072</u>
Total Liabilities	\$ <u><u>337,072</u></u>

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Elizabeth School District (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

The District includes the Legacy Academy charter school (the School) within its reporting entity because the School's charter is authorized by the District and the majority of the School's revenues are provided by the District. The School has a separately elected board, and is discretely presented in the financial statements. Separate financial statements for the School may be obtained by contacting the School at 1975 Legacy Circle, Elizabeth, Colorado 80107.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District and its component unit. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column. The *primary government* is reported separately from the legally separate *component unit* for which the District is financially accountable.

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

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *Bond Redemption Fund* accounts for property taxes restricted for the payment of general obligation debt issued by the District.

Additionally, the District reports the following fund types:

The *Insurance Reserve Internal Service Fund* accounts for the resources accumulated for the District's employee health and dental claims.

The *Agency Fund* is used to account for the activities of each school's student activities. In addition, the District serves as the grant agent for a local non-profit entity that provides early childhood education. The District holds all resources in a purely custodial capacity.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

Assets, Liabilities and Fund Balances/Net Position

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes.

Interfund Receivables and Payables - Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*.

Inventories - Food Services Fund inventories are recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventories are stated at average cost, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

Capital Assets - Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

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

Buildings	10 - 50 years
Equipment	8 - 20 years
Transportation Vehicles	8 - 10 years

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Deferred Inflows of Resources - Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences - Employees are allowed to accumulate unused vacation time for one year from the anniversary date on which it was granted. Accrued vacation time is paid to those eligible employees upon termination of employment.

These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

Pensions - The District participates in the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent the authority to assign fund balances to be used for specific purposes.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

District policy sets a financial goal to maintain a total fund balance in the General Fund of 2% of total operating revenues, in addition to any amounts required by State statutes.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

Note 2: Cash and Investments

At June 30, 2018, the District had the following cash and investments:

Deposits	\$ 1,805,143
Investments	<u>6,732,590</u>
Total	<u>\$ 8,537,733</u>

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 2: Cash and Investments (Continued)

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 8,200,661
Fiduciary Fund Cash and Investments	<u>337,072</u>
Total	<u>\$ 8,537,733</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2018, the District had bank deposits of \$1,742,178 collateralized with securities held by the financial institution's agent but not in the District's name.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Fair Value Measurements - At June 20, 2018, the District's investments in Colotrust and a money market fund are reported at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 2: Cash and Investments (Continued),

Investments (Continued)

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs). At June 30, 2018, the District had \$1,602,115 invested in a money market fund that was rated AAAM by Standard and Poor's.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At June 30, 2018, the District had \$5,130,475 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operate in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust is measured at the net asset value per share, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2018, is summarized below.

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Governmental Activities				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 298,022	\$ -	\$ -	\$ 298,022
Construction in Progress	1,444,940	407,234	(1,354,406)	497,768
Total Capital Assets, Not Being Depreciated	1,742,962	407,234	(1,354,406)	795,790
<i>Capital Assets, Being Depreciated</i>				
Buildings	25,911,093	1,625,816	-	27,536,909
Equipment	823,149	18,438	-	841,587
Transportation Vehicles	2,424,155	-	-	2,424,155
Total Capital Assets, Being Depreciated	29,158,397	1,644,254	-	30,802,651

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 3: Capital Assets (Continued)

	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/18</u>
Less Accumulated Depreciation				
Buildings	(10,383,572)	(689,373)	-	(11,072,945)
Equipment	(596,050)	(55,563)	-	(651,613)
Transportation Vehicles	(2,269,074)	(47,830)	-	(2,316,904)
Total Accumulated Depreciation	<u>(13,248,696)</u>	<u>(792,766)</u>	<u>-</u>	<u>(14,041,462)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>15,909,701</u>	<u>851,488</u>	<u>-</u>	<u>16,761,189</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 17,652,663</u>	<u>\$ 1,258,722</u>	<u>\$ (1,354,406)</u>	<u>\$ 17,556,979</u>

Depreciation expense of the governmental activities was charged to programs of the District as follows:

Instruction	\$ 2,290
Supporting Services	787,461
Food Services	<u>3,015</u>
Total	<u>\$ 792,766</u>

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2018.

	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/18</u>	<u>Due Within One Year</u>
Business-Type Activities					
2012 GO Bonds	\$ 975,000	\$ -	\$ (160,000)	\$ 815,000	\$ 165,000
2012 Bond Premium	23,662	-	(7,887)	15,775	-
2016 GO Bonds	3,690,000	-	(1,350,000)	2,340,000	1,390,000
2016 Bond Premium	174,337	-	(61,531)	112,806	-
Compensated Absences	<u>68,084</u>	<u>78,359</u>	<u>(78,530)</u>	<u>67,913</u>	<u>58,112</u>
Total	<u>\$ 4,931,083</u>	<u>\$ 78,359</u>	<u>\$ (1,657,948)</u>	<u>\$ 3,351,494</u>	<u>\$ 1,613,112</u>

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

General Obligation Bonds

\$2,745,000 General Obligation Refunding Bonds, Series 2012, were issued to refund certain existing bond obligations originally issued to construct and equip a new high school building. Principal payments are due annually on December 1, through 2019. Interest accrues at rates ranging from 2% to 2.25% per annum, and is payable semi-annually on June 1 and December 1.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 4: Long-Term Debt (Continued)

In April 2016, \$5,060,000 General Obligation Refunding Bonds, Series 2016, were issued to refund the General Obligation Refunding Bonds, Series 2005. Principal payments are due annually on December 1, through 2019. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3% to 4% per annum.

Bond payments to maturity are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,555,000	\$ 75,125	\$ 1,630,125
2020	<u>1,600,000</u>	<u>26,310</u>	<u>1,626,310</u>
Total	<u>\$ 3,155,000</u>	<u>\$ 101,435</u>	<u>\$ 3,256,435</u>

Note 5: Interfund Transactions

During the year ended June 30, 2018, the General Fund subsidized the activities of the Food Services and Athletics Funds through interfund transfers of \$50,000 and \$506,000, respectively.

Note 6: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and health and dental claims of its employees. The District accounts for and finances its risk activities in the General and Insurance Reserve Internal Service Funds.

The District purchases commercial insurance for property, liability, and workers compensation risks of loss. Under the District's employee health and dental plan, the District provides coverage for up to a maximum of \$115,000 per employee for each calendar year. The aggregate stop-loss limit for the District is 120% of expected claims, or \$1,499,976 for the year ended June 30, 2018.

Claims liabilities are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Other than current amounts, the District does not believe the estimated claims liability is fully measurable, and the District could incur additional costs related to incurred but not reported claims.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 6: Risk Management (Continued)

Changes in claims payable for the employee health and dental plan were as follows:

Claims Payable, June 30, 2016	\$	176,600
Claims Incurred and Adjustments		1,517,241
Payments		(1,512,665)
Claims Payable, June 30, 2017		181,176
Claims Incurred and Adjustments		1,424,102
Payments		(1,342,970)
Claims Payable, June 30, 2018	\$	262,308

Note 7: Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, 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 consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Disability benefits are available for plan participants once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions - The District and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The District's contribution rate for calendar years 2017 and 2018 was 19.65% and 20.15% of covered salaries, respectively. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 8). The District's contributions to the SDTF for the year ended June 30, 2018, were \$2,026,165, equal to the required contributions.

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 net pension liability of \$71,284,278, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at 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 SDTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.2204456159%, which was a decrease of 0.0030667861% from its proportion measured at December 31, 2016.

During the 2018 legislative session, the State Legislature passed Senate Bill (SB) 18-200 with the goal of eliminating the unfunded pension liability of the SDTF within the next 30 years. The significant provisions of the legislation include increased age and service requirements to receive full retirement benefits, highest average salary calculated over five years rather than three years, changes to includable employee salaries, increased contributions from employees and employers, and an annual direct distribution from the State of Colorado. The District's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was \$32,205,619.

For the year ended June 30, 2018, the District recognized pension expense of \$14,251,325. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 7: Defined Benefit Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,310,614	\$ -
Changes of assumptions and other inputs	18,201,522	115,506
Net difference between projected and actual earnings on plan investments	-	2,799,401
Changes in proportion	-	619,766
Contributions subsequent to the measurement date	1,232,563	-
Total	\$ 20,744,699	\$ 3,534,673

District contributions subsequent to the measurement date of \$1,232,563 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

2019	\$ 10,886,350
2020	6,155,378
2021	(11,120)
2022	(1,053,145)
Total	\$ 15,977,463

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate ¹	5.26%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	2.0%
Hired after 12/31/2006	ad hoc

¹The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 4.78%.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 7: Defined Benefit Pension Plan (Continued)

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. 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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, which were effective on December 31, 2016. The significant changes affecting the plan included decreasing the investment rate of return assumption from 7.5% per year, compounded annually, net of investment expenses, to 7.25%, and updating mortality assumptions based on RP-2014 mortality tables.

The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

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

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 7: Defined Benefit Pension Plan (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 4.78%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%.

Based on the assumptions described previously, the SDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate, defined as the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index, was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on plan investments was applied to all periods through 2041, and the municipal bond index rate was applied to periods after 2041 to develop the discount rate. On the measurement date of December 31, 2017, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%. The discount rate at the prior measurement date was 5.26%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (3.78%) or one percentage point higher (5.78%) than the current rate, as follows:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$ 90,044,166	\$ 71,284,278	\$ 55,997,110

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 8: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (See Note 7) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2018, was \$28,570, equal to the required amount.

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 net OPEB liability of \$1,830,194, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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 ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.1252563509%, which was a decrease of 0.001707290% from its proportion measured at December 31, 2016.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 8: Postemployment Healthcare Benefits (Continued)

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 \$123,286. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,699	\$ -
Net difference between projected and actual earnings on plan investments	-	27,234
Changes in proportion	-	19,405
Contributions subsequent to the measurement date	<u>65,719</u>	<u>-</u>
Total	<u>\$ 73,418</u>	<u>\$ 46,639</u>

District contributions subsequent to the measurement date of \$65,719 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,

2019	\$ (9,108)
2020	(9,108)
2021	(9,108)
2022	(9,108)
2023	(2,300)
2024	<u>(208)</u>
Total	<u>\$ (38,940)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 8: Postemployment Healthcare Benefits (Continued)

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

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums:	
3% for 2017, gradually rising to 4.25% in 2023	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. 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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

The long-term expected rate of return on the HCTF investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 7.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 8: Postemployment Healthcare Benefits (Continued)

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%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ <u>1,830,194</u>	\$ <u>1,627,832</u>	\$ <u>1,455,109</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the District's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ <u>1,583,044</u>	\$ <u>1,627,832</u>	\$ <u>1,681,776</u>

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Elizabeth School District
Notes to Financial Statements
June 30, 2018

Note 9: Commitments and Contingencies

Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. 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. At June 30, 2018, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

TABOR Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the "Amendment") to the State Constitution which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment.

In November, 1996, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2018, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$550,000.

Note 10: Change in Accounting Principle

For the year ended June 30, 2018, the District adopted the standards of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position of the governmental activities at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2017, were not available and have not been reported in the financial statements

	Governmental Activities
Net Position, June 30, 2017, <i>as Originally Stated</i>	\$ (22,121,545)
Deferred Outflows of Resources	65,867
Net OPEB Liability	(1,647,209)
Net Position, June 30, 2017, <i>as Restated</i>	\$ (23,702,887)

Required Supplementary Information

Elizabeth School District
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability and Contributions
 Public Employees' Retirement Association of Colorado School Division Trust Fund
 June 30, 2018

	<u>12/31/2017</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
Proportionate Share of the Net Pension Liability					
District's Proportion of the Net Pension Liability	0.2204456159%	0.2235124020%	0.2259040660%	0.2288515898%	0.2428819967%
District's Proportionate Share of the Net Pension Liability	\$ 71,284,278	\$ 66,548,285	\$ 34,550,432	\$ 31,017,078	\$ 30,979,533
District's Covered Payroll	\$ 10,168,895	\$ 10,031,633	\$ 9,844,881	\$ 9,587,231	\$ 9,791,336
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%
District Contributions					
Statutorily Required Contribution	\$ 1,922,340	\$ 1,878,956	\$ 1,766,053	\$ 1,632,231	\$ 1,535,299
Contributions in Relation to the Statutorily Required Contribution	<u>(1,922,340)</u>	<u>(1,878,956)</u>	<u>(1,766,053)</u>	<u>(1,632,231)</u>	<u>(1,535,299)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,178,906	\$ 10,220,669	\$ 9,942,516	\$ 9,665,927	\$ 9,606,475
Contributions as a Percentage of Covered Payroll	18.89%	18.38%	17.76%	16.89%	15.98%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Elizabeth School District
 Required Supplementary Information
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions
 Public Employees' Retirement Association of Colorado Health Care Trust Fund
 June 30, 2018

	<u>12/31/17</u>
Proportionate Share of the Net OPEB Liability	
District's Proportion of the Net OPEB Liability	0.1252563509%
District's Proportionate Share of the Net OPEB Liability	\$ 1,627,832
District's Covered-Employee Payroll	\$ 10,168,895
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18%
	<u>6/30/18</u>
District's Contributions	
Statutorily Required Contribution	\$ 103,825
Contributions in Relation to the Statutorily Required Contribution	<u>(103,825)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 10,178,906
Contributions as a Percentage of Covered-Employee Payroll	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Elizabeth School District
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues				
<i>Local Sources</i>				
Property Taxes	\$ 5,551,962	\$ 5,588,123	\$ 5,587,611	\$ (512)
Specific Ownership Taxes	990,139	1,052,455	1,190,504	138,049
Tuition and Fees	530,000	530,000	737,771	207,771
Investment Income	17,000	23,000	54,544	31,544
Rental Income	60,000	60,000	65,787	5,787
Other	35,000	31,000	182,570	151,570
Total Local Sources	<u>7,184,101</u>	<u>7,284,578</u>	<u>7,818,787</u>	<u>534,209</u>
<i>County Sources</i>				
School Improvements Fees	<u>120,000</u>	<u>140,000</u>	<u>177,786</u>	<u>37,786</u>
<i>State Sources</i>				
State Equalization	11,713,970	11,202,871	11,211,350	8,479
Vocational Education	25,000	25,000	22,616	(2,384)
Special Education	442,108	442,108	636,855	194,747
Transportation	205,000	206,989	207,477	488
Small Rural Schools Additional Aid	-	414,391	339,929	(74,462)
Computer Science Grant	-	-	15,672	15,672
BEST Grant	691,348	691,348	402,972	(288,376)
READ Act	50,000	61,860	39,885	(21,975)
Additional At-Risk Funding	-	-	5,270	5,270
Total State Sources	<u>13,127,426</u>	<u>13,044,567</u>	<u>12,882,026</u>	<u>(162,541)</u>
<i>Federal Sources</i>				
Special Education	<u>475,169</u>	<u>535,169</u>	<u>433,300</u>	<u>(101,869)</u>
Total Federal Sources	<u>475,169</u>	<u>535,169</u>	<u>433,300</u>	<u>(101,869)</u>
Total Revenues	<u>20,906,696</u>	<u>21,004,314</u>	<u>21,311,899</u>	<u>307,585</u>
Expenditures				
Instruction	<u>12,382,497</u>	<u>12,707,802</u>	<u>12,074,283</u>	<u>633,519</u>
<i>Supporting Services</i>				
Students	1,182,758	1,182,758	1,249,568	(66,810)
Instructional Staff	281,881	281,881	284,721	(2,840)
General Administration	391,676	391,676	404,680	(13,004)
School Administration	1,077,459	1,077,459	1,051,083	26,376
Business Services	517,853	517,853	513,159	4,694
Operations and Maintenance	2,129,211	2,129,211	1,975,991	153,220
Student Transportation	1,020,855	1,020,855	989,837	31,018
Central Support	848,448	848,448	847,731	717
Community Services	137,576	137,576	124,074	13,502
Facilities Acquisition	1,441,000	1,441,000	1,247,561	193,439
Total Supporting Services	<u>9,028,717</u>	<u>9,028,717</u>	<u>8,688,405</u>	<u>340,312</u>
Total Expenditures	<u>21,411,214</u>	<u>21,736,519</u>	<u>20,762,688</u>	<u>973,831</u>

See accompanying Independent Auditors' Report. (Continued)

Elizabeth School District
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2017
 (Continued)

	Budget		Activities	Variance
	Original	Final		Positive (Negative)
Excess of Revenues Over (Under) Expenditures	\$ (504,518)	\$ (732,205)	\$ 549,211	\$ 1,281,416
Other Financing Sources (Uses)				
Transfers Out	<u>(566,000)</u>	<u>(556,000)</u>	<u>(556,000)</u>	<u>-</u>
Net Change In Fund Balance	(1,070,518)	(1,288,205)	(6,789)	1,281,416
Fund Balance, Beginning of year	<u>3,075,688</u>	<u>3,162,581</u>	<u>3,162,581</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 2,005,170</u>	<u>\$ 1,874,376</u>	<u>\$ 3,155,792</u>	<u>\$ 1,281,416</u>

Elizabeth School District
Notes to Required Supplementary Information
June 30, 2018

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The District's contributions and related ratios represent cash contributions and any related accruals that coincide with the District's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2018, the total pension liability was determined by an actuarial valuation as of December 31, 2016. The following revised economic and demographic assumptions were effective as of December 31, 2016.

- Investment rate of return assumption decreased from 7.5% per year, compounded annually, net of investment expenses, to 7.25%.
- Price inflation assumption decreased from 2.8% per year to 2.4%.
- Real rate of investment return assumption increased from 4.7% per year, net of investment expenses, to 4.85%.
- Wage inflation assumption decreased from 3.9% per year to 3.5%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year end.

Supplementary Information

Elizabeth School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			Total
	Food Services	Grants	Athletics	
Assets				
Cash and Investments	\$ 152,799	\$ 22,319	\$ 138,742	\$ 313,860
Accounts Receivable	-	-	-	-
Grants Receivable	-	14,530	-	14,530
Inventories	33,391	-	-	33,391
	<u>186,190</u>	<u>36,849</u>	<u>138,742</u>	<u>361,781</u>
Total Assets				
	<u>186,190</u>	<u>36,849</u>	<u>138,742</u>	<u>361,781</u>
Liabilities and Fund Balances				
<i>Liabilities</i>				
Accounts Payable	-	-	152	152
Accrued Salaries and Benefits	42,465	36,849	17,989	97,303
Interfund Payables	-	-	-	-
	<u>42,465</u>	<u>36,849</u>	<u>18,141</u>	<u>97,455</u>
Total Liabilities				
	<u>42,465</u>	<u>36,849</u>	<u>18,141</u>	<u>97,455</u>
<i>Fund Balances</i>				
Nonspendable Inventories	33,391	-	-	33,391
Assigned to:				
Food Services	110,334	-	-	110,334
Athletics Programs	-	-	120,601	120,601
	<u>143,725</u>	<u>-</u>	<u>120,601</u>	<u>264,326</u>
Total Fund Balances				
	<u>143,725</u>	<u>-</u>	<u>120,601</u>	<u>264,326</u>
Total Liabilities and Fund Balances				
	<u>\$ 186,190</u>	<u>\$ 36,849</u>	<u>\$ 138,742</u>	<u>\$ 361,781</u>

Elizabeth School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue			Total
	Food Services	Grants	Athletics	
Revenues				
Local Sources	\$ 433,492	\$ -	\$ 126,302	\$ 559,794
State Sources	8,667	86,278	-	94,945
Federal Sources	255,342	217,970	-	473,312
Total Revenues	<u>697,501</u>	<u>304,248</u>	<u>126,302</u>	<u>1,128,051</u>
Expenditures				
Current				
Instruction	-	247,521	479,724	727,245
Supporting Services	-	56,727	148,538	205,265
Food Services	708,933	-	-	708,933
Total Expenditures	<u>708,933</u>	<u>304,248</u>	<u>628,262</u>	<u>1,641,443</u>
Excess of Revenues Over (Under) Expenditures	(11,432)	-	(501,960)	(513,392)
Other Financing Sources				
Transfers In	50,000	-	506,000	556,000
Net Change in Fund Balances	38,568	-	4,040	42,608
Fund Balances, Beginning of year	<u>105,157</u>	<u>-</u>	<u>116,561</u>	<u>221,718</u>
Fund Balances, End of year	<u>\$ 143,725</u>	<u>\$ -</u>	<u>\$ 120,601</u>	<u>\$ 264,326</u>

Elizabeth School District
 Budgetary Comparison Schedule
 Food Services Fund
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
Charges for Services				
Student Meals	\$ 430,000	\$ 413,979	\$ 426,449	\$ 12,470
Catering	7,000	7,000	7,043	43
State Sources				
Grants	9,000	9,464	8,667	(797)
Federal Sources				
National School Lunch and Breakfast Programs	225,000	230,382	255,342	24,960
Total Revenues	<u>671,000</u>	<u>660,825</u>	<u>697,501</u>	<u>36,676</u>
Expenditures				
Salaries	281,693	285,193	288,124	(2,931)
Benefits	103,179	103,179	102,457	722
Purchased Services	26,000	26,000	18,472	7,528
Supplies and Materials	326,000	299,622	291,066	8,556
Property	5,000	5,000	8,814	(3,814)
Total Expenditures	<u>741,872</u>	<u>718,994</u>	<u>708,933</u>	<u>10,061</u>
Over Excess of Revenues (Under) Expenditures	(70,872)	(58,169)	(11,432)	46,737
Other Financing Sources				
Transfers In	50,000	50,000	50,000	-
Net Change in Fund Balance	(20,872)	(8,169)	38,568	46,737
Fund Balance, Beginning of year	<u>103,023</u>	<u>104,807</u>	<u>105,157</u>	<u>350</u>
Fund Balance, Ending of year	<u>\$ 82,151</u>	<u>\$ 96,638</u>	<u>\$ 143,725</u>	<u>\$ 47,087</u>

Elizabeth School District
 Budgetary Comparison Schedule
 Grants Fund
 Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
State Grants	\$ 74,818	\$ 84,143	\$ 86,278	\$ 2,135
Federal Grants	229,274	212,594	217,970	5,376
Total Revenues	<u>304,092</u>	<u>296,737</u>	<u>304,248</u>	<u>7,511</u>
Expenditures				
Salaries	156,694	180,694	189,686	(8,992)
Benefits	44,854	37,854	37,142	712
Purchased Services	70,223	35,868	35,215	653
Supplies and Materials	49,897	49,897	22,954	26,943
Other	12,424	12,424	19,251	(6,827)
Total Expenditures	<u>334,092</u>	<u>316,737</u>	<u>304,248</u>	<u>12,489</u>
Excess of Revenues Over (Under) Expenditures	(30,000)	(20,000)	-	20,000
Other Financing Sources				
Transfers In	30,000	20,000	-	(20,000)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Elizabeth School District
 Budgetary Comparison Schedule
 Athletics Fund
 Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 120,000	\$ 120,000	\$ 126,302	\$ 6,302
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>126,302</u>	<u>6,302</u>
Expenditures				
Salaries	350,443	350,443	351,509	(1,066)
Benefits	89,907	103,217	105,139	(1,922)
Purchased Services	60,600	60,600	53,195	7,405
Supplies and Materials	23,000	23,000	18,128	4,872
Property	56,400	56,400	56,499	(99)
Other	44,650	44,650	43,792	858
Total Expenditures	<u>625,000</u>	<u>638,310</u>	<u>628,262</u>	<u>10,048</u>
Excess of Revenues Over (Under) Expenditures	(505,000)	(518,310)	(501,960)	16,350
Other Financing Sources				
Transfers In	<u>486,000</u>	<u>486,000</u>	<u>506,000</u>	<u>20,000</u>
Net Change in Fund Balance	(19,000)	(32,310)	4,040	36,350
Fund Balance, Beginning of year	<u>82,925</u>	<u>116,561</u>	<u>116,561</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 63,925</u>	<u>\$ 84,251</u>	<u>\$ 120,601</u>	<u>\$ 36,350</u>

Elizabeth School District
 Budgetary Comparison Schedule
 Bond Redemption Fund
 Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Property Taxes	\$ 1,601,325	\$ 1,603,000	\$ 1,606,717	\$ 3,717
Investment Income	-	-	8,105	8,105
	<u>1,601,325</u>	<u>1,603,000</u>	<u>1,614,822</u>	<u>11,822</u>
Total Revenue				
Expenditures				
Debt Service				
Principal	1,600,000	1,520,000	1,510,000	10,000
Interest and Fiscal Charges	123,000	133,000	120,643	12,357
Reserves	-	-	-	-
	<u>1,723,000</u>	<u>1,653,000</u>	<u>1,630,643</u>	<u>22,357</u>
Total Expenditures				
Net Change in Fund Balance	(121,675)	(50,000)	(15,821)	34,179
Fund Balance, Beginning of year	<u>2,121,552</u>	<u>2,163,623</u>	<u>2,163,623</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 1,999,877</u>	<u>\$ 2,113,623</u>	<u>\$ 2,147,802</u>	<u>\$ 34,179</u>

Elizabeth School District
 Budgetary Comparison Schedule
 Insurance Reserve Fund
 Year Ended June 30, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,830,000	\$ 1,830,000	\$ 1,377,784	\$ (452,216)
Expenses				
Insurance Claims	1,830,000	1,830,000	1,424,102	405,898
Change in Net Position	-	-	(46,318)	(46,318)
Net Position, Beginning of year	950,218	924,592	924,592	-
Net Position, End of year	\$ 950,218	\$ 924,592	\$ 878,274	\$ (46,318)

Elizabeth School District
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2018

Student Activity Fund	Balances 6/30/17	Additions	Deductions	Balances 6/30/18
Assets				
Cash and Investments	\$ 299,147	\$ 468,827	\$ 430,902	\$ 337,072
Accounts Receivable	-	-	-	-
Due from Other Entities	11,291	-	11,291	-
	<u>11,291</u>	<u>-</u>	<u>11,291</u>	<u>-</u>
Total Assets	<u>\$ 310,438</u>	<u>\$ 468,827</u>	<u>\$ 442,193</u>	<u>\$ 337,072</u>
Liabilities				
Accounts Payable	\$ 223	\$ -	\$ 223	\$ -
Accrued Liabilities				
Due to Student Groups	300,891	468,827	432,646	337,072
Due to Other Entities	9,324	-	9,324	-
	<u>9,324</u>	<u>-</u>	<u>9,324</u>	<u>-</u>
Total Liabilities	<u>\$ 310,438</u>	<u>\$ 468,827</u>	<u>\$ 442,193</u>	<u>\$ 337,072</u>

Compliance Section

Single Audit



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Board of Education
Elizabeth School District
Elizabeth, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Elizabeth School District, and have issued our report thereon dated December 7, 2018. The financial statements of Legacy Academy, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hick & Company, PC

Greenwood Village, Colorado
December 7, 2018





**Independent Auditors' Report on Compliance for each
Major Federal Program, Internal Control over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Board of Education
Elizabeth School District
Elizabeth, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Elizabeth School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Elizabeth School District's major federal programs for the year ended June 30, 2018. The Elizabeth School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Elizabeth School District. We issued our report thereon dated December 7, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elizabeth School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
December 7, 2018



Elizabeth School District
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
U.S. Department of Education			
Passed through Colorado Department of Education			
Title I	4010	84.010	\$ 151,407
Special Education Cluster			
Special Education	4027/5027	84.027	415,488
Special Education Preschool	4173	84.173	17,812
Supporting Effective Instruction	4367	84.367	41,390
Passed through Colorado Community College System			
Career and Technical Education		84.048	<u>14,258</u>
Total U.S. Department of Education			<u>640,355</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through Colorado Department of Education			
School Breakfast Program	4553	10.553	23,926
National School Lunch Program	4555	10.555	179,645
Passed through Colorado Department of Human Services			
Food Commodities		10.555	<u>51,771</u>
Total U.S. Department of Agriculture			<u>255,342</u>
Total Federal Financial Assistance			<u>\$ 895,697</u>

Elizabeth School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The District does not charge a de minimis indirect cost rate.

Elizabeth School District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted?

- Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

- Yes No

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
84.027	Special Education
84.173	Special Education Preschool

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

- Yes No

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Section III: Federal Awards Findings and Questioned Costs

No current year findings or questioned costs were reported.

State Compliance



Colorado Department of Education
Auditors Integrity Report
 District: 0920 - ELIZABETH SCHOOL DISTRICT
 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	3,162,582	17,626,638	17,633,428	3,155,792
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	3,162,582	17,626,638	17,633,428	3,155,792
11 Charter School Fund	718,937	3,663,317	3,269,862	1,112,392
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	105,157	747,502	708,933	143,726
22 Govt Designated-Purpose Grants Fund	0	304,248	304,248	0
23 Pupil Activity Special Revenue Fund	116,561	632,302	628,262	120,601
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,163,623	1,614,822	1,630,644	2,147,802
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	6,266,860	24,588,830	24,175,377	6,680,313
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	924,592	0	46,318	878,274
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	924,592	0	46,318	878,274
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	310,216	468,826	441,970	337,072
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	310,216	468,826	441,970	337,072

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.