

**CLEAR CREEK SCHOOL DISTRICT NO. RE-1
IDAHO SPRINGS, COLORADO**

FINANCIAL STATEMENTS

June 30, 2018

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Education
Clear Creek School District No. RE-1
Idaho Springs, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Clear Creek School District No. RE-1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Clear Creek School District No. RE-1, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of the district's proportionate share, and the schedule of the district's contributions on pages 48 - 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

December 19, 2018

Clear Creek School District RE-1

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2018

As management of the Clear Creek School District RE-1 (the District), we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of the Clear Creek School District RE-1 for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information provided by auditors in the Independent Auditor's Report.

Financial Highlights

The District's general fund balance increased to \$6,603,347 from \$6,451,864 for the year ending June 30, 2018.

The operations of the District are funded primarily by local property tax revenues and state revenues received under the State School Finance Act (the Act). Property tax revenue for the year was \$9,445,552, Specific Ownership tax revenue was \$550,186 and total State Equalization Revenue under the Act was \$527,844.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

The income statement presents information showing how the District's net assets changed during the year. All changes in the Fund Balance are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year end).

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Fund tracking is reported in the auditor's report.

Notes to Financial Statements

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

Government-wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of the District's financial position. For the year ending June 30, 2018, the District's combined assets were less than liabilities by \$9,840,992. Of this amount, \$250,840 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. \$2,334,747 is restricted for long-term obligations of the District, and \$10,320,755 is from the balance invested in capital assets. The balance unrestricted and available for meet the District's ongoing needs is negative \$(22,747,334), due to the recording of the District's share of the potential PERA net pension liability (see note 9).

Net Assets

	2018	2017
Assets		
Current Assets	\$ 10,486,902	10,646,192
Capital Assets, Net of Depreciation	<u>15,425,189</u>	<u>14,723,317</u>
Total Assets	25,912,091	26,369,509
Deferred Outflows of Resources		
Related to Pensions	10,447,169	13,643,158
Related to OPEB	30,337	
Deferred Loss on Refunding	<u>153,793</u>	<u>230,690</u>
Total Deferred Outflows of Resources	<u>10,631,299</u>	<u>13,873,848</u>
Liabilities		
Current Liabilities	812,524	917,455
Noncurrent Liabilities		
Net Pension Liability	36,357,340	35,426,858
Net OPEB Liability	830,248	
Due Within One Year	2,017,727	1,916,064
Due in More Than One year	<u>3,240,500</u>	<u>4,132,661</u>
Total Liabilities	<u>43,258,339</u>	<u>42,393,038</u>

Deferred Inflows of Resources		
Related to Pensions	3,010,600	422,084
Related to OPEB	<u>54,506</u>	<u> </u>
Total Deferred Inflows of Resources	<u>3,065,106</u>	<u>422,084</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	10,320,755	8,905,282
Restricted for Debt Service	2,334,747	2,475,123
Restricted for Emergencies	250,840	240,980
Unrestricted	<u>(22,747,334)</u>	<u>(15,193,150)</u>
Total Net Assets	\$ <u>(9,840,992)</u>	<u>(3,571,765)</u>
Change in Net Assets		
	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 271,628	102,235
Operating Grants and Contributions	1,521,255	1,547,508
General Revenues		
State Equalization	527,844	(176,213)
Specific Ownership Taxes	550,186	478,824
Local Property Taxes	9,445,552	10,276,007
Other Revenues	207,178	163,901
Interest Income	97,276	51,638
Special Item		
Sale of Capital Assets	2,931	300,671
Total Revenues	<u>12,623,850</u>	<u>12,744,571</u>
Expenses		
Instruction	9,750,388	9,441,659
Support Services	8,591,964	7,587,074
Interest and Fiscal Charges	<u>208,284</u>	<u>170,438</u>
Total Expenses	<u>18,550,636</u>	<u>17,199,171</u>
Increase (Decrease) in Net Assets	(5,926,786)	(4,454,600)
Net Assets, beginning, as restated	(3,914,206)	882,835
Net Assets, ending	\$ <u>(9,840,992)</u>	<u>(3,571,765)</u>

Financial Analysis of the District's Funds

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

As of the end of the current fiscal year the District's governmental funds reported a combined ending fund balance of \$9,519,110, compared to \$9,728,736 last year.

The general fund is the major operating fund of the District. At the end of the current fiscal year the fund balance increased by \$151,483 to \$6,603,347 from \$6,541,864 last year.

The bond redemption fund is used to collect local property tax revenues specifically raised to pay off the long-term bond debt of the District, and to make such payments as they become due. At the end of the current fiscal year the fund balance was \$2,334,747, all of which was restricted for principal and interest payments.

Proprietary-type funds. Proprietary-type funds are used to account for activities that have the characteristics of business activities. The sewer treatment plant, tuition preschools and the food service are activities of this nature. Fund balances in these funds are similar to retained earnings in business activities.

The sewer treatment plant fund was established to account for a treatment facility that is larger than is needed to service the high school, where it was built, and in anticipation of its transfer to a separate sanitation district. Currently, all of the operating costs are absorbed by the high school, its only user. The fund balance at June 30 was \$365,116 and represents the facility net of accumulated depreciation and the balance of prepaid insurance on the facility.

General Fund Budgetary Highlights

Note that for purposes of this report, "General Fund" comprises the General Fund, the Fiscal Emergency Reserve Fund, the Insurance Fund and the CPP Preschool Fund. In this grouping, the District budgeted for revenues of \$9,248,552 for the year ended June 30, 2018, before the Charter School Allocations and fees received from the Charter School. Actual revenues were \$9,862,394, also before the Charter School Allocation and fees received from the Charter School. Specific ownership taxes were \$68,618 more than expected but property tax receipts were \$50,656 lower. The district's share of Federal Forest Impact funding was higher than anticipated by \$292,010 because of the receipt of 100% of funding for 2017-18, none of which was anticipated. Additionally, the District received an unbudgeted ECEA High-Cost reimbursement of \$108,687. Receipts for transportation were less than budgeted by \$8,535: The state reimbursement was less by \$3,505, and field trip and athletic trip reimbursements were \$5,032 less.

Earnings on investments (interest) was higher than budget by \$16,487 because of increasing interest rates. Finally, the transfer to the Food Service Fund was \$31,000 less than budgeted. The net of other small differences accounted for the balance of the difference.

Also in this grouping, the District budgeted for expenditures of \$8,441,031 for the year ended June 30, 2018. Actual expenditures were \$8,476,415, a variance of \$35,384.

Salaries and wages were less than budgeted by a net of \$28,301, but the differences varied widely by building and department. Some of the differences and the reasons were:

- Transportation wages were over budget \$58,788 due to added drivers and overtime,
- Carlson's instructional salaries were over budget \$4,008 due to the use of substitutes, support wages were less by \$13,501 due to an open media position and custodial wages were over by \$5,485,
- King-Murphy's were under budget \$10,179, \$16,245 because of unfilled instructional positions, net of \$6,066 for the use of temporary help in the office,
- Middle School was over budget \$32,806 due to the reallocation of positions from high school to middle school and High School was under budget by \$111,234, for the same reasons and because of unfilled SpEd and Spanish positions,
- The District Office was over budget by \$7,649, mainly because of a vacation payout and temporary help partly offset by a position being vacant for several months,
- Maintenance salaries and wages were under budget \$9,085 due to a position being unfilled for part of the year.

Benefits were less than anticipated by a net of \$63,228, mainly due to the benefits on unfilled or late filled positions and underused group insurance benefits by eligible employees,.

Purchased Professional Services were over budget by \$40,392 mainly due to

- Legal fees over budget by \$43,048,
- Higher search and hiring costs for unfilled positions , \$12,583,
- Partly offset by an unused budget for an action plan consultant, \$5,003,
- and the net of other differences.

Purchased Property Services were \$176,760 more than budgeted mainly due to

- Unexpected school buildings repairs were over budget by \$126,881, (\$13,640 at Carlson, \$6,556 at King-Murphy and \$106,685 at the High School),
- Transportation repair costs were over budget by \$46,881,
- The net of other smaller differences comprise the balance.

Other Purchased Services were over budget a net of \$18,583 for the following main reasons:

- SpEd support costs (excess costs and tuition) were over budget \$10,123,
- Online services in Technology were over by \$9,869,
- Advertising for open positions was over by \$6,095, ,
- Unemployment claims were more than anticipated by \$8,806,
- High School online and other course fees were under budget \$4,442,
- SpEd speech and language costs under budget \$7,866,
- Other smaller differences comprise the balance.

Supplies, books, small equipment and other costs were less than budgeted by a net of \$7,354 from savings in all buildings and departments. Some of the differences were:

- Instructional supplies for the buildings were a total of \$19,630 less than budgeted,
- Transportation supplies and fuel was \$24,972 over budget, mostly from repair parts,
- Utilities at the District Office were \$9,072 less than budgeted,
- Maintenance supplies were less by \$11,613,
- Supplies and replacement Technology parts were \$10,421 higher,
- Other smaller differences comprise the balance.

Finally, there was \$16,356 in contingency budgets that would have offset some of the overages in related building or department budgets.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets as of June 30, 2018, amounts to \$14,143,051 (net of related depreciation). This investment in capital assets consists of land, buildings, vehicles and equipment. The detail of this investment is in Note 5 to the financial statements.

Long-term debt.

As of June 30, 2018 the District's long-term debt consisted of \$3,930,000 in General Obligation Bonds and Retirement and Leave Obligations of approximately \$411,205. The detail of Long-term debt is in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for the District continue to be student enrollment and the State's economy, which has resulted in cuts to K-12 funding. Additionally, the impending closure of the Henderson Mine, the primary taxpayer in the County, will have a significant impact on the District's funding for the next several years.

Total enrollment for the 2016-2017 school year was 859, including preschools and the charter school. The enrollment for the 2017-2018 school year was 808, a decrease of 51. Enrollment for 2018-2019 is 760, a decrease of another 48. When a District's enrollment is declining, the State's Per-Pupil funding is based on the highest average of the current and the prior two, three or four years' full-time equivalent pupils. The funded average pupil count for 2016-2017 was 827.9 and the funded count for 2017-2018 was 795.5, including a state supplemental factor for full-day kindergarten. The funded count for 2018-2019 will be 799.9, a decrease of 4.4. Further, the number of pupils attending the charter school in the district, Georgetown Community School (GCS), shifts per-pupil funding revenue from the General Fund of the District to that school. The funded pupil count for GCS, including the state supplemental factor for full-day kindergarten, was 119.5 for 2016-2017 and the count for 2017-2018 was 108.4 (after adjustment for closure of their preschool programs). The GCS count for 2018-2019 will be 97.2.

Because the County's total assessed valuation continues to decrease as a result of the gradual closure of the County's largest taxpayer, the Henderson Mine, the District's State Formula Funding for 2017-2018 was partially made up of State Equalization, making the District's Formula Funding subject to the so-called Negative Factor, which reduces or even zeroes out the State Equalization portion. For 2017-2018, State Equalization was \$1,309,946, but the Negative Factor, based on a percentage of total formula funding, was \$816,882, reducing the Districts revenues by that much. Total Formula Funding will be \$7,330,008 for 2018-2019; the State Equalization portion will be \$2,054,469 and the Negative Factor will be a \$638,085 reduction.

The District is mitigating the impact of this loss of funding by budget cuts and use of Fiscal Emergency Reserve funds until the situation improves.

In addition to the Negative Factor, as long as the District was not receiving State Equalization it was subject to Categorical Buyout, which is the repayment to the State for certain types of supplemental funding received in the prior year, such as ECEA funding and the Transportation reimbursement. For 2016-2017, the District paid back \$212,671, but the Categorical Buyout was eliminated for 2017-2018.

Requests for Information

The 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 information should be addressed to:

Clear Creek School District RE-1
320 Hwy. 103
P. O. Box 3399
Idaho Springs, CO 80452

BASIC FINANCIAL STATEMENTS

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF NET POSITION

June 30, 2018

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES		
ASSETS				
Cash and Investments	\$ 9,905,696	\$ 140,659	\$ 10,046,355	\$ 612,994
Taxes Receivable	143,205	-	143,205	-
Grants Receivable	120,910	-	120,910	-
Accounts Receivable	134,932	-	134,932	36,900
Prepaid Items	-	2,013	2,013	9,430
Inventories	4,792	-	4,792	-
Interfund Balances	33,710	985	34,695	-
Capital Assets, Not Depreciated	868,734	-	868,734	2,638
Capital Assets, Depreciated				
Net of Accumulated Depreciation	13,274,317	1,282,138	14,556,455	61,502
TOTAL ASSETS	24,486,296	1,425,795	25,912,091	723,464
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	10,447,169	-	10,447,169	1,498,899
Related to OPEB	30,337	-	30,337	8,971
Deferred Loss on Refunding	153,793	-	153,793	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,631,299	-	10,631,299	1,507,870
LIABILITIES				
Accounts Payable	73,912	2,998	76,910	14,524
Accrued Expenses	8,077	34,695	42,772	-
Accrued Salaries and Benefits	681,209	11,033	692,242	39,423
Unearned Revenues	-	600	600	1,382
Noncurrent Liabilities				
Net Pension Liability	36,357,340	-	36,357,340	4,329,319
Net OPEB Liability	830,248	-	830,248	98,863
Due Within One Year	2,017,727	-	2,017,727	-
Due in More Than One Year	2,323,478	917,022	3,240,500	-
TOTAL LIABILITIES	42,291,991	966,348	43,258,339	4,483,511
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	3,010,600	-	3,010,600	177,031
Related to OPEB	54,506	-	54,506	1,654
TOTAL DEFERRED INFLOWS OF RESOURCES	3,065,106	-	3,065,106	178,685
NET POSITION				
Net Investment in Capital Assets	9,955,639	365,116	10,320,755	61,502
Restricted for Debt Service	2,334,747	-	2,334,747	-
Restricted for Emergencies	248,563	2,277	250,840	35,000
Unrestricted	(22,839,388)	92,054	(22,747,334)	(2,527,364)
TOTAL NET POSITION	\$ (10,300,439)	\$ 459,447	\$ (9,840,992)	\$ (2,430,862)

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 9,750,388	\$ -	\$ 579,027	\$ -
Supporting Services	8,382,713	110,261	942,228	-
Interest and Fiscal Charges	208,284	-	-	-
Total Governmental Activities	18,341,385	110,261	1,521,255	-
Business-Type Activities				
Sewer Treatment	102,717	47,456	-	-
Tuition Preschool	106,534	113,911	-	-
Total Business-Type Activities	209,251	161,367	-	-
TOTAL PRIMARY GOVERNMENT	\$ 18,550,636	\$ 271,628	\$ 1,521,255	\$ -
COMPONENT UNIT				
Charter School	\$ 2,109,667	\$ 70,212	\$ 82,447	\$ 15,159

GENERAL REVENUES

- Local Property Taxes
- Specific Ownership Taxes
- State Equalization
- Other Revenues
- Earnings on Investments
- Transfers

SPECIAL ITEM

- Sale of Capital Assets

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning, As Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGES
IN NET POSITION

PRIMARY GOVERNMENT

Governmental Activities	Business-type Activities	TOTAL	Component Unit
\$ (9,171,361)	\$ -	\$ (9,171,361)	\$ -
(7,330,224)	-	(7,330,224)	-
(208,284)	-	(208,284)	-
<u>(16,709,869)</u>	<u>-</u>	<u>(16,709,869)</u>	<u>-</u>
-	(55,261)	(55,261)	-
-	7,377	7,377	-
<u>-</u>	<u>(47,884)</u>	<u>(47,884)</u>	<u>-</u>
<u>(16,709,869)</u>	<u>(47,884)</u>	<u>(16,757,753)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,941,849)</u>
9,445,552	-	9,445,552	-
550,186	-	550,186	-
527,844	-	527,844	898,524
207,178	-	207,178	178,204
97,276	-	97,276	2,646
100	(100)	-	-
<u>2,931</u>	<u>-</u>	<u>2,931</u>	<u>-</u>
<u>10,831,067</u>	<u>(100)</u>	<u>10,830,967</u>	<u>1,079,374</u>
(5,878,802)	(47,984)	(5,926,786)	(862,475)
<u>(4,421,637)</u>	<u>507,431</u>	<u>(3,914,206)</u>	<u>(1,568,387)</u>
<u>\$ (10,300,439)</u>	<u>\$ 459,447</u>	<u>\$ (9,840,992)</u>	<u>\$ (2,430,862)</u>

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	GENERAL	GRANT	BOND REDEMPTION	NONMAJOR FUNDS
ASSETS				
Cash and Investments	\$ 7,164,548	\$ -	\$ 2,211,531	\$ 529,617
Taxes Receivable	21,473	-	121,732	-
Grants Receivable	-	110,705	-	10,205
Accounts Receivable	134,932	-	-	-
Inventories	-	-	-	4,792
Due from Other Funds	-	-	1,484	67,029
TOTAL ASSETS	\$ 7,320,953	\$ 110,705	\$ 2,334,747	\$ 611,643
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 73,868	\$ -	\$ -	\$ 44
Accrued Expenses	7,978	99	-	-
Accrued Salaries and Benefits	615,130	35,496	-	30,583
Due to Other Funds	20,630	14,173	-	-
Unearned Revenues	-	60,937	-	-
TOTAL LIABILITIES	717,606	110,705	-	30,627
FUND BALANCES				
Nonspendable	-	-	-	4,792
Restricted for Emergencies	244,880	-	-	3,683
Restricted for Insurance	37,609	-	-	-
Restricted for CPP Preschool Expenses	58,983	-	-	-
Restricted for Debt Service	-	-	2,334,747	-
Restricted for Food Service	-	-	-	1,079
Committed for Operating Requirements	5,652,967	-	-	-
Committed for Accrued Salaries	616,568	-	-	-
Assigned for Capital Expenses	-	-	-	571,462
Unassigned	(7,660)	-	-	-
TOTAL FUND BALANCES	6,603,347	-	2,334,747	581,016
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,320,953	\$ 110,705	\$ 2,334,747	\$ 611,643

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

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

Long-term liabilities, including bonds payable (\$3,930,000), long-term retirement (\$182,889), compensated absences (\$228,316), and deferred charges net of amortization \$153,793, are not due and payable in the current period and are not reported in the funds.

Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$36,357,340), net OPEB liability (\$830,248), deferred outflows related to pensions and OPEB \$10,477,506, and deferred inflows related to pensions and OPEB (\$3,065,106).

Net position of governmental activities

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

TOTALS

2018	2017
9,905,696	\$ 10,369,459
143,205	140,332
120,910	84,057
134,932	55,967
4,792	5,668
68,513	229,598
<u>\$ 10,378,048</u>	<u>\$ 10,885,081</u>

\$ 73,912	\$ 111,493
8,077	23,774
681,209	726,907
34,803	238,889
60,937	55,282
<u>858,938</u>	<u>1,156,345</u>

4,792	5,668
248,563	240,980
37,609	36,999
58,983	45,080
2,334,747	2,475,123
1,079	829
5,652,967	5,649,692
616,568	390,588
571,462	791,881
(7,660)	91,896
<u>9,519,110</u>	<u>9,728,736</u>

14,143,051 14,723,317

(4,187,412) (5,818,035)

(29,775,188) (22,205,784)

\$ (10,300,439) \$ (3,571,766)

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	GENERAL	GRANT	BOND REDEMPTION	NONMAJOR FUNDS
REVENUES				
Local Sources	\$ 7,300,266	\$ 5,192	\$ 1,886,011	\$ 134,726
County Sources	296,510	-	-	-
State Sources	1,329,525	27,212	-	3,515
Federal Sources	-	260,529	-	114,616
	<u>8,926,301</u>	<u>292,933</u>	<u>1,886,011</u>	<u>252,857</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Instruction	3,749,727	268,588	-	-
Supporting Services	4,726,691	24,345	-	283,746
Capital Outlay	-	-	-	491,275
Debt Service				
Principal	-	-	1,895,000	-
Interest and Fiscal Charges	-	-	131,387	-
	<u>8,476,418</u>	<u>292,933</u>	<u>2,026,387</u>	<u>775,021</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>449,883</u>	<u>-</u>	<u>(140,376)</u>	<u>(522,164)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	2,931
Transfers In	-	-	-	298,500
Transfers Out	(298,400)	-	-	-
	<u>(298,400)</u>	<u>-</u>	<u>-</u>	<u>301,431</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	151,483	-	(140,376)	(220,733)
FUND BALANCES, Beginning	<u>6,451,864</u>	<u>-</u>	<u>2,475,123</u>	<u>801,749</u>
FUND BALANCES, Ending	<u>\$ 6,603,347</u>	<u>\$ -</u>	<u>\$ 2,334,747</u>	<u>\$ 581,016</u>

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

TOTALS

2018	2017
\$ 9,326,195	\$ 9,996,048
296,510	506,661
1,360,252	470,156
375,145	384,752
11,358,102	11,357,617
4,018,315	4,297,439
5,034,782	4,886,658
491,275	215,095
1,895,000	1,865,000
131,387	170,438
11,570,759	11,434,630
(212,657)	(77,013)
2,931	300,671
298,500	287,500
(298,400)	(360,841)
3,031	227,330
(209,626)	150,317
9,728,736	9,578,419
\$ 9,519,110	\$ 9,728,736

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

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 - total governmental funds	\$ (209,626)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation (\$991,376) exceeded capital outlay of \$411,110 in the current period.	(580,266)
Deferred charges are expensed when the bonds are issued in the governmental funds and decrease fund balance. In the government-wide statements, however, these costs are capitalized and amortized over the life of the bonds. This is the amount of amortization expense for the year.	(76,897)
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	(6,719,533)
Repayments of bond principal \$1,895,000, increase in long -term retirement (\$180,048), and increase in compensated absences (\$7,432), are expenditures in the governmental funds but reduce long-term liabilities in the statement of net position.	<u>1,707,520</u>
Change in net position of governmental activities	<u>\$ (5,878,802)</u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPES
 June 30, 2018

	SEWER TREATMENT	NONMAJOR TUITION PRESCHOOL	Totals	
			2018	2017
ASSETS				
Current Assets				
Cash and Investments	\$ -	\$ 140,659	\$ 140,659	\$ 83,229
Prepaid Items	2,013	-	2,013	3,037
Due from Other Funds	985	-	985	10,635
Total Current Assets	2,998	140,659	143,657	96,901
Non-Current Assets				
Capital Assets, Net of Accumulated Depreciation	1,282,138	-	1,282,138	1,337,399
TOTAL ASSETS	1,285,136	140,659	1,425,795	1,434,300
LIABILITIES				
Accounts Payable	2,998	-	2,998	1,593
Accrued Salaries and Benefits	-	11,033	11,033	6,610
Due to Other Funds	-	34,695	34,695	1,344
Unearned Revenue	-	600	600	300
Long-Term Liabilities				
Due in More than One Year	917,022	-	917,022	917,022
TOTAL LIABILITIES	920,020	46,328	966,348	926,869
NET POSITION				
Investment in Capital Assets	365,116	-	365,116	420,377
Restricted for Emergencies	-	2,277	2,277	2,038
Unrestricted	-	92,054	92,054	85,016
TOTAL NET POSITION	\$ 365,116	\$ 94,331	\$ 459,447	\$ 507,431

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
Year Ended June 30, 2018

	SEWER TREATMENT	NONMAJOR	Totals	
		TUITION PRESCHOOL	2018	2017
OPERATING REVENUES				
Charges for Services				
Other	\$ 47,456	\$ -	\$ 47,456	\$ 49,549
Tuition	-	113,911	113,911	101,596
TOTAL OPERATING REVENUES	<u>47,456</u>	<u>113,911</u>	<u>161,367</u>	<u>151,145</u>
OPERATING EXPENSES				
Salaries	-	77,615	77,615	61,708
Benefits	-	28,109	28,109	17,422
Purchased Services	28,662	56	28,718	33,309
Supplies and Materials	18,794	655	19,449	17,009
Property	-	-	-	399
Other	-	99	99	-
Depreciation	55,261	-	55,261	50,589
TOTAL OPERATING EXPENSES	<u>102,717</u>	<u>106,534</u>	<u>209,251</u>	<u>180,436</u>
OPERATING INCOME (LOSS)	<u>(55,261)</u>	<u>7,377</u>	<u>(47,884)</u>	<u>(29,291)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers In	-	-	-	73,341
Transfers Out	(100)	-	(100)	-
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(100)</u>	<u>-</u>	<u>(100)</u>	<u>73,341</u>
NET INCOME (LOSS)	<u>(55,361)</u>	<u>7,377</u>	<u>(47,984)</u>	<u>44,050</u>
NET POSITION, Beginning	<u>420,477</u>	<u>86,954</u>	<u>507,431</u>	<u>463,381</u>
NET POSITION, Ending	<u>\$ 365,116</u>	<u>\$ 94,331</u>	<u>\$ 459,447</u>	<u>\$ 507,431</u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended June 30, 2018
 Increase (Decrease) in Cash

	SEWER TREATMENT	NONMAJOR	Totals	
		TUITION PRESCHOOL	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Operations	\$ 47,456	\$ 113,911	\$ 161,367	\$ 151,145
Cash Paid to Suppliers and Employees	(47,356)	(56,481)	(103,837)	(157,187)
Net Cash Provided (Used) by Operating Activities	<u>100</u>	<u>57,430</u>	<u>57,530</u>	<u>(6,042)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	-	-	-	(73,242)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash (Paid) Received from Transfers	(100)	-	(100)	73,341
NET INCREASE IN CASH	-	57,430	57,430	(5,943)
CASH, Beginning	-	83,229	83,229	89,172
CASH, Ending	<u>\$ -</u>	<u>\$ 140,659</u>	<u>\$ 140,659</u>	<u>\$ 83,229</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	\$ (55,261)	\$ 7,377	\$ (47,884)	\$ (29,291)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities				
Depreciation Expense	55,261	-	55,261	50,589
Changes in Assets and Liabilities				
Prepaid Items	1,024	-	1,024	(87)
Due from Other Funds	(2,329)	-	(2,329)	(9,197)
Accounts Payable	1,405	-	1,405	(2,796)
Accrued Salaries and Benefits	-	4,423	4,423	(6,962)
Unearned Revenues	-	300	300	(200)
Due to Other Funds	-	45,330	45,330	(8,098)
Total Adjustments	<u>55,361</u>	<u>50,053</u>	<u>105,414</u>	<u>23,249</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 100</u>	<u>\$ 57,430</u>	<u>\$ 57,530</u>	<u>\$ (6,042)</u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2018

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 202,313</u>
LIABILITIES	
Due to Student Groups	<u><u>\$ 202,313</u></u>

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Clear Creek School District No. RE-1 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any 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 provides benefits to, or imposes financial burdens on the District.

Discretely Presented Component Unit

Georgetown Community School is a public school authorized by the State of Colorado to provide alternatives for parents, pupils, and teachers. The School has a separate governing board but is fiscally dependent on the District for a majority of funding and their exclusion would render the District’s financial statements incomplete. Separate financial statements are available at the School’s office.

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 of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* 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.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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. Fiduciary funds utilize 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

Operating expenses for enterprise 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 non-operating revenues and expenses.

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

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

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

The *Grants Fund* accounts for Federal, State and local grants received by the District.

The *Bond Redemption Fund* accounts for resources accumulated for, and payments made on, long-term debt obligations of the District.

The *Sewer Treatment Enterprise Fund* accounts for the maintenance and operation of the sewer treatment plant at the High School.

Additionally, the District reports the following fund type:

The *Agency Fund* is used to account for resources used to support each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are stated at fair value.

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventories – Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

Due To and Due From Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives.

Land Improvements	25 years
Buildings	50 years
Equipment	5 to 20 years

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned Revenues – The unearned revenues include amounts received but not yet available for expenditure.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. These compensated absences are recognized as current salary costs when accrued in the proprietary fund types and when paid in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The District considers its inventories as nonspendable as of June 30, 2018.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. They have also restricted funds for insurance, CPP Preschool expenses, debt service, and food service.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of June 30, 2018, the District has a portion of its fund balance in the General Fund committed to reflect the amount of property taxes collected in May 2018 that will be used to pay future operating requirements. This was approved by the Board in October 2017.
- Assigned – These amounts do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. As of June 30, 2018, the District’s fund balance in the Capital Reserve Fund is assigned to future capital expenditures. These amounts are assigned by the Finance Director per the financial policy established by the Board.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balances.

Property Tax Revenues

Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November. Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Funds which budget on a Non-GAAP basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools 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. All budgets lapse at year end.
- 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.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund equity at fiscal year-end because they have lapsed and are pending reinstatement.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 3: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$	200
Deposits		399,108
Investments		<u>9,849,360</u>
Total Cash and Investments		<u>\$ 10,248,668</u>

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

Governmental Activities	\$	9,905,696
Business - Type Activities		140,659
Fiduciary Funds		<u>202,313</u>
Total		<u>\$ 10,248,668</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

At June 30, 2018, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At June 30, 2018, the District had deposits with financial institutions with a carrying amount of \$399,108. The bank balances with the financial institutions were \$530,089. Of these balances, \$286,201 was covered by federal depository insurance and \$243,888 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

As of June 30, 2018, the District has the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>
ColoTrust	\$ 383,319	N/A	AAAm
CSAFE	<u>9,466,041</u>	N/A	AAAm
Total	<u>\$ 9,849,360</u>		

Interest Rate Risk

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

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado school districts.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools

The District had invested \$9,466,041 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

The District had invested \$383,319 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

NOTE 4: INTERFUND BALANCES AND TRANSFERS

Interfund Balances at June 30, 2018 are as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 20,630	\$ -
Grant Fund	14,173	-
Bond Redemption Fund	-	1,484
Food Service Fund	-	23,764
Capital Reserve Fund	-	43,265
Sewer Treatment Fund	34,695	-
Tuition Preschool	-	985
	<hr/>	<hr/>
Total	<u>\$ 69,498</u>	<u>\$ 69,498</u>

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4: INTERFUND BALANCES AND TRANSFERS (Continued)

These balances are due to cash transactions that were received or paid by the General Fund on behalf of another fund.

The District made the following transfers during the year.

<u>Transfer to</u>	<u>Transfer From</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 54,000
Capital Reserve Fund	General Fund	244,500
General Fund	Sewer Treatment Fund	<u>100</u>
Total		<u>\$ 298,600</u>

The General Fund transferred funds to the Capital Reserve fund for capital and related expenses. The General Fund also made a transfer to the Food Service to subsidize operations. The Sewer Treatment fund made a transfer to the General Fund to subsidize operations.

NOTE 5: CAPITAL ASSETS

	<u>Balances</u> <u>6/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/18</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ <u>868,734</u>	\$ -	\$ -	\$ <u>868,734</u>
Capital Assets, depreciated				
Buildings	30,668,189	51,606	451,128	30,268,667
Site Improvements	2,723,696	-	-	2,723,696
Equipment	<u>2,735,622</u>	<u>359,504</u>	<u>18,050</u>	<u>3,077,076</u>
Total Capital Assets, depreciated	<u>36,127,507</u>	<u>411,110</u>	<u>469,178</u>	<u>36,069,439</u>
Less Accumulated Depreciation				
Buildings	18,188,166	674,438	451,128	18,411,476
Site Improvements	1,741,590	137,391	-	1,878,981
Equipment	<u>2,343,168</u>	<u>179,547</u>	<u>18,050</u>	<u>2,504,665</u>
Total Accumulated Depreciation	<u>22,272,924</u>	<u>991,376</u>	<u>469,178</u>	<u>22,795,122</u>
Total Capital Assets, depreciated, Net	<u>13,854,583</u>	<u>(580,266)</u>	<u>-</u>	<u>13,274,317</u>
Governmental Activities, Capital Assets, Net	<u>\$ 14,723,317</u>	<u>\$ (580,266)</u>	<u>\$ -</u>	<u>\$ 14,143,051</u>

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 5: CAPITAL ASSETS (Continued)

	Balances <u>6/30/17</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/18</u>
Business-Type Activities				
Capital Assets, depreciated				
Building	\$ 1,967,938	\$ -	\$ -	\$ 1,967,938
Equipment	<u>27,779</u>	<u>-</u>	<u>-</u>	<u>27,779</u>
Total Capital Assets, depreciated	<u>1,995,717</u>	<u>-</u>	<u>-</u>	<u>1,995,717</u>
Less Accumulated Depreciation				
Buildings	606,341	52,483	-	658,824
Equipment	<u>51,977</u>	<u>2,778</u>	<u>-</u>	<u>54,755</u>
Total Accumulated Depreciation	<u>658,318</u>	<u>55,261</u>	<u>-</u>	<u>713,579</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 1,337,399</u>	<u>\$ (55,261)</u>	<u>\$ -</u>	<u>\$ 1,282,138</u>

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

Governmental Activities

Instruction	<u>\$ 991,376</u>
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NOTE 6: 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, as of June 30, 2018, were \$615,130, \$35,496, \$30,583 and \$11,033. These amounts are recorded in the General, Grants, Food Service and Tuition Preschool Funds, respectively.

NOTE 7: LONG-TERM DEBT

The following is a summary of the District's Governmental Activities long-term debt transactions for the year ended June 30, 2018:

	Balance <u>6/30/17</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/18</u>	Due In <u>One Year</u>
2011 GO Refunding Bonds	\$5,825,000	\$ -	\$ 1,895,000	\$ 3,930,000	\$ 1,940,000
Early Retirement	2,841	200,637	20,589	182,889	58,891
Compensated Absences	<u>220,884</u>	<u>40,641</u>	<u>33,029</u>	<u>228,316</u>	<u>18,836</u>
Total	<u>\$ 6,048,725</u>	<u>\$ 241,098</u>	<u>\$ 1,948,618</u>	<u>\$ 4,341,205</u>	<u>\$ 2,017,727</u>

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

Compensated absences and early retirement are expected to be liquidated with revenues of the General Fund.

General Obligation Bonds

On June 1, 2002, the District issued General Obligation Refunding Bonds Series 2002, in the amount of \$15,030,000. These bonds are due in annual installments starting on December 1, 2008 through December 1, 2019. These bonds bear interest at 2.25% to 5% payable annually on June and December 1. During the year ended June 30, 2012, \$12,635,000 of these bonds were advance refunded. The remaining balance of these bonds were paid in full during the year ended June 30, 2013.

On December 15, 2011, the District issued General Obligation Refunding Bonds Series 2011, in the amount of \$13,390,000. Proceeds were used to advance refund a portion of the 2002 General Obligation Refunding Bonds. The bonds are due in annual installments starting on December 1, 2012 through December 1, 2019. These bonds bear interest at 0.65% to 2.9% payable annually on June and December 1.

Debt Service requirements to maturity for the bonds are as follows:

Year Ended <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,940,000	\$ 83,415	\$ 2,023,415
2020	<u>1,990,000</u>	<u>28,855</u>	<u>2,018,855</u>
Total	<u>\$ 3,930,000</u>	<u>\$ 112,270</u>	<u>\$ 4,042,270</u>

Sewer Treatment Loan (Business Type Activities)

The Sewer Treatment Fund of the District has borrowed funds in the amount of \$500,000 from Clear Creek County (the County). These funds were used to complete the construction of the Sewer Treatment Plant. In exchange for these agreements, the County and the District are entitled to a reservation of capacity in the treatment plant, and the proceeds for the subsequent sale of reserved capacity. The County is to be reimbursed solely from the sale of excess capacity in the treatment plant. This note has been classified as long term in the financial statements of the Sewer Fund.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

Defeased Debt

On December 1, 2011, the District deposited \$12,635,000 of the General Obligation Refunding Bonds Series 2002 into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The outstanding balance of the defeased bonds was \$4,050,000 as of June 30, 2018.

NOTE 8: JOINTLY GOVERNED ORGANIZATIONS

BOCES

The District, in conjunction with other surrounding districts, created the Mt. Evans Board of Cooperative Educational Services (the "BOCES"). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The BOCES financial statements can be obtained at their office located at 10595 Highway 119, Black Hawk, CO 80422.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

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

General Information about the Pension Plan

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

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

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned.

If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer contribution rate ¹	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total employer contribution rate to the SCHDTF¹	18.63%	19.13%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$968,596 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$36,357,340 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was 0.11243%, which was a decrease of 0.00655% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$7,683,576. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$668,458	N/A
Changes of assumptions or other inputs	\$9,283,380	\$58,910
Net difference between projected and actual earnings on pension plan investments	N/A	\$1,427,787
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$1,523,903
Contributions subsequent to the measurement date	\$495,331	N/A
Total	\$10,447,169	\$3,010,600

\$495,331 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$5,080,253
2020	\$2,640,168
2021	(\$241,672)
2022	(\$537,511)

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$45,925,504	\$36,357,340	\$28,560,379

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018 (Continued)

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018 (Continued)

At June 30, 2018, the District reported a liability of \$36,357,340 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan’s year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District’s proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 16,425,931

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$16,971,834 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan

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

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

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$52,327 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$830,248 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.06388%, which was a decrease of 0.00375% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$56,873. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$3,926	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$13,890
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$40,616
Contributions subsequent to the measurement date	\$26,411	N/A
Total	\$30,337	\$54,506

\$26,411 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	(\$10,680)
2020	(\$10,680)
2021	(\$10,680)
2022	(\$10,679)
2023	(\$7,207)
Thereafter	(\$654)

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

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

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

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

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

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$807,404	\$830,248	\$857,761

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

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

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$933,459	\$830,248	\$742,154

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

NOTE 11: 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; and natural disasters. The District participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The District is fully self insured for unemployment compensation and has a \$1,000 deductible for property insurance.

The District continues to carry commercial insurance for all other risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or District coverage in any of the past three years.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 12: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited but the District 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 the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. In November 1998, electors within the District authorized the District to collect, retain and expend all revenues collected or received by the District effective for the 1996-97 fiscal year and each subsequent year thereafter, notwithstanding the limitations of the Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. A reservation of equity in the General Fund, Food Services Fund, Capital Reserve Fund, and Tuition Preschool Fund in the amounts of \$244,880, \$3,503, \$180, and \$2,227, respectively, has been recorded as an emergency reserve in accordance with the Amendment.

NOTE 13: RESTATEMENT OF NET POSITION

The beginning net position of the governmental activities was decreased by \$849,871 as the District implemented Governmental Accounting Standards Board (GASB) Statement 75.

NOTE 14: DEFICIT NET POSITION

The Net Position of the government type activities is in a deficit position of \$10,300,439 due to the District including the Net Pension Liability per GASB No. 68

NOTE 15: SUBSEQUENT EVENTS

The management of the District has performed an evaluation of subsequent events through December 19, 2018 and has considered any relevant matters in the preparation of the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018			VARIANCE	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Property Taxes	\$ 7,480,385	\$ 7,632,539	\$ 7,581,883	\$ (50,656)	\$ 8,309,646
Specific Ownership Taxes	443,395	481,567	550,186	68,619	478,824
Earnings on Investments	45,450	50,450	66,937	16,487	35,145
All Other Local Revenue Codes	151,789	211,543	202,710	(8,833)	230,841
Charter School Allocation	(1,099,948)	(1,099,204)	(1,101,450)	(2,246)	(1,159,608)
Total Local Sources	<u>7,021,071</u>	<u>7,276,895</u>	<u>7,300,266</u>	<u>23,371</u>	<u>7,894,848</u>
County Sources	<u>5,372</u>	<u>4,411</u>	<u>296,510</u>	<u>292,099</u>	<u>506,661</u>
State Sources					
State Equalization	525,359	523,125	527,844	4,719	(176,213)
Exceptional Children's Education Act	210,510	176,068	284,459	108,391	240,449
Transportation	220,000	220,531	217,028	(3,503)	216,584
Small Rural Schools	-	298,101	298,559	458	-
All Other State Revenue	<u>900</u>	<u>974</u>	<u>1,635</u>	<u>661</u>	<u>161,293</u>
Total State Sources	<u>956,769</u>	<u>1,218,799</u>	<u>1,329,525</u>	<u>110,726</u>	<u>442,113</u>
TOTAL REVENUES	<u>7,983,212</u>	<u>8,500,105</u>	<u>8,926,301</u>	<u>426,196</u>	<u>8,843,622</u>
EXPENDITURES					
Instruction					
Salaries	2,562,414	2,556,961	2,435,249	121,712	2,612,769
Employee Benefits	859,850	852,412	760,465	91,947	797,895
Purchased Services	328,789	451,995	445,338	6,657	399,279
Supplies and Materials	93,538	87,655	67,916	19,739	82,199
Property	141,500	7,000	9,359	(2,359)	101,431
Other Objects and Uses	<u>32,190</u>	<u>32,190</u>	<u>31,400</u>	<u>790</u>	<u>35,278</u>
Total Instruction	<u>4,018,281</u>	<u>3,988,213</u>	<u>3,749,727</u>	<u>238,486</u>	<u>4,028,851</u>
Supporting Services					
Students					
Salaries	211,126	202,140	207,383	(5,243)	207,441
Employee Benefits	70,699	62,001	57,958	4,043	65,662
Purchased Services	170,210	169,557	165,787	3,770	165,895
Supplies and Materials	6,400	5,050	3,085	1,965	5,201
Property	-	-	-	-	250
Other Objects and Uses	<u>2,535</u>	<u>2,535</u>	<u>801</u>	<u>1,734</u>	<u>1,111</u>
Total Students	<u>460,970</u>	<u>441,283</u>	<u>435,014</u>	<u>6,269</u>	<u>445,560</u>

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018			VARIANCE	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Instructional Staff					
Salaries	352,991	351,946	365,669	(13,723)	331,527
Employee Benefits	114,338	114,154	109,987	4,167	107,675
Purchased Services	195,075	198,218	195,450	2,768	231,440
Supplies and Materials	9,100	9,100	4,983	4,117	3,796
Property	-	-	2,481	(2,481)	4,495
Other Objects and Uses	4,000	4,000	4,188	(188)	3,970
Total Instructional Staff	<u>675,504</u>	<u>677,418</u>	<u>682,758</u>	<u>(5,340)</u>	<u>682,903</u>
General Administration					
Salaries	145,000	184,008	191,036	(7,028)	160,949
Employee Benefits	49,475	63,981	59,418	4,563	49,027
Purchased Services	71,206	71,597	112,787	(41,190)	112,315
Supplies and Materials	1,850	1,850	1,820	30	1,206
Property	10,000	-	6,870	(6,870)	29,406
Other Objects and Uses	8,752	8,752	8,576	176	8,763
Total General Administration	<u>286,283</u>	<u>330,188</u>	<u>380,507</u>	<u>(50,319)</u>	<u>361,666</u>
School Administration					
Salaries	516,815	509,886	499,344	10,542	491,028
Employee Benefits	164,704	163,225	152,052	11,173	141,342
Purchased Services	35,522	35,522	39,295	(3,773)	35,600
Supplies and Materials	11,000	11,000	7,679	3,321	5,223
Property	1,000	1,000	600	400	-
Other Objects and Uses	2,820	2,820	3,115	(295)	2,655
Total School Administration	<u>731,861</u>	<u>723,453</u>	<u>702,085</u>	<u>21,368</u>	<u>675,848</u>
Business Services					
Salaries	111,046	116,707	111,830	4,877	107,421
Employee Benefits	32,628	33,835	28,458	5,377	28,481
Purchased Services	22,080	22,080	30,674	(8,594)	13,720
Supplies and Materials	500	500	192	308	1,008
Other Objects and Uses	1,600	2,440	749	1,691	1,424
Total Business Services	<u>167,854</u>	<u>175,562</u>	<u>171,903</u>	<u>3,659</u>	<u>152,054</u>

(Continued)

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Operations and Maintenance					
Salaries	429,591	409,700	404,656	5,044	426,935
Employee Benefits	157,972	153,726	148,535	5,191	140,692
Purchased Services	228,433	227,495	364,286	(136,791)	258,274
Supplies and Materials	288,900	288,900	273,851	15,049	308,565
Property	500	500	1,479	(979)	4,990
Total Operations and Maintenance	<u>1,105,396</u>	<u>1,080,321</u>	<u>1,192,807</u>	<u>(112,486)</u>	<u>1,139,456</u>
Student Transportation					
Salaries	433,075	417,474	491,320	(73,846)	535,048
Employee Benefits	184,239	174,208	165,613	8,595	178,836
Purchased Services	53,796	57,796	96,421	(38,625)	62,191
Supplies and Materials	134,000	134,000	157,890	(23,890)	131,450
Property	1,000	1,000	539	461	277
Other Objects and Uses	(25,350)	(25,350)	(23,173)	(2,177)	(27,410)
Total Student Transportation	<u>780,760</u>	<u>759,128</u>	<u>888,610</u>	<u>(129,482)</u>	<u>880,392</u>
Central Support					
Salaries	84,757	85,553	84,557	996	82,198
Employee Benefits	27,015	27,185	20,406	6,779	31,253
Purchased Services	136,350	136,121	153,777	(17,656)	136,636
Supplies and Materials	6,725	6,725	7,374	(649)	8,728
Property	-	-	763	(763)	6,570
Other Objects and Uses	3,530	7,690	4,516	3,174	5,356
Total Central Support	<u>258,377</u>	<u>263,274</u>	<u>271,393</u>	<u>(8,119)</u>	<u>270,741</u>
Food Service					
Supplies and Materials	2,200	2,200	1,614	586	769
Total Food Service	<u>2,200</u>	<u>2,200</u>	<u>1,614</u>	<u>586</u>	<u>769</u>
Total Supporting Services	<u>4,469,205</u>	<u>4,452,827</u>	<u>4,726,691</u>	<u>(273,864)</u>	<u>4,609,389</u>
RESERVES	<u>5,229,844</u>	<u>6,181,429</u>	<u>-</u>	<u>6,181,429</u>	<u>-</u>
TOTAL EXPENDITURES	<u>13,717,330</u>	<u>14,622,469</u>	<u>8,476,418</u>	<u>6,146,051</u>	<u>8,638,240</u>

(Continued)

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2018

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,734,118)</u>	<u>(6,122,364)</u>	<u>449,883</u>	<u>6,572,247</u>	<u>205,382</u>
OTHER FINANCING (USES)					
Transfers Out	<u>(185,000)</u>	<u>(329,500)</u>	<u>(298,400)</u>	<u>31,100</u>	<u>(360,841)</u>
TOTAL OTHER FINANCING (USES)	<u>(185,000)</u>	<u>(329,500)</u>	<u>(298,400)</u>	<u>31,100</u>	<u>(360,841)</u>
CHANGE IN FUND BALANCE	(5,919,118)	(6,451,864)	151,483	6,603,347	(155,459)
FUND BALANCES, Beginning	<u>5,921,618</u>	<u>6,451,864</u>	<u>6,451,864</u>	<u>-</u>	<u>6,607,323</u>
FUND BALANCES, Ending	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 6,603,347</u>	<u>\$ 6,603,347</u>	<u>\$ 6,451,864</u>

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

GRANTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2018

	2018			VARIANCE	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
State Sources	\$ 87,885	\$ 87,885	\$ 27,212	\$ (60,673)	\$ 24,656
Federal Sources	281,979	294,728	260,529	(34,199)	261,797
Local Sources	-	5,192	5,192	-	3,726
TOTAL REVENUES	369,864	387,805	292,933	(94,872)	290,179
EXPENDITURES					
Salaries	163,985	200,840	205,704	(4,864)	190,690
Benefits	55,869	69,667	67,232	2,435	58,765
Purchased Services	1,253	41,006	10,558	30,448	29,272
Supplies and Materials	56,666	66,310	3,298	63,012	4,255
Other	92,094	9,985	6,141	3,844	7,197
TOTAL EXPENDITURES	369,867	387,808	292,933	94,875	290,179
CHANGE IN FUND BALANCE	(3)	(3)	-	3	-
FUND BALANCE, Beginning	3	3	-	(3)	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
STATEWIDE SCHOOL DIVISION TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportionate share of the Net Pension Liability	0.1301%	0.1216%	0.1202%	0.1202%	0.1124%
District's proportionate share of the Net Pension Liability	\$ 16,592,399	\$ 16,483,928	\$ 18,383,305	\$ 35,426,858	\$ 36,357,340
District's covered-employee payroll	\$ 5,206,851	\$ 5,225,935	\$ 5,238,164	\$ 5,340,321	\$ 5,189,072
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	318.7%	315.4%	350.9%	663.4%	700.7%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	44.0%

Notes

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily required contributions	\$ 888,053	\$ 942,152	\$ 996,366	\$ 954,630	\$ 968,596
Contributions in relation to the Statutorily required contributions	<u>888,053</u>	<u>942,152</u>	<u>996,366</u>	<u>954,630</u>	<u>968,596</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,220,582	\$ 5,259,614	\$ 5,309,044	\$ 5,192,894	\$ 5,130,065
Contributions as a percentage of covered-employee payroll	17.01%	17.91%	18.77%	18.38%	18.88%

Notes

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2016</u>	<u>2017</u>
District's proportionate share of the Net OPEB Liability	0.0676%	0.0639%
District's proportionate share of the Net OPEB Liability	\$ 876,884	\$ 830,248
District's covered-employee payroll	\$ 5,340,321	\$ 5,189,072
District's proportionate share of the Net OPEB Liability as a percentage of its covered-employee payroll	16.4%	16.0%
Plan fiduciary net position as a percentage of the total OPEB liability	16.7%	17.5%

Notes

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	<u>2017</u>	<u>2018</u>
Statutorily required contributions	\$ 52,968	\$ 52,327
Contributions in relation to the Statutorily required contributions	<u>52,968</u>	<u>52,327</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,192,894	\$ 5,130,065
Contributions as a percentage of covered-employee payroll	1.02%	1.02%

Notes

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

BOND REDEMPTION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2018

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Property Taxes	\$ 2,011,748	\$ 1,875,522	\$ 1,862,667	\$ (12,855)	\$ 1,964,919
Delinquent Taxes	-	1,500	1,002	(498)	1,442
Earnings on Investments	22,000	22,000	22,342	342	12,055
TOTAL REVENUES	2,033,748	1,899,022	1,886,011	(13,011)	1,978,416
EXPENDITURES					
Debt Service					
Principal	1,895,000	1,895,000	1,895,000	-	1,865,000
Interest and Fiscal Charges	131,386	131,387	131,387	-	170,438
Reserves	2,491,599	2,347,758	-	2,347,758	-
TOTAL EXPENDITURES	4,517,985	4,374,145	2,026,387	2,347,758	2,035,438
EXCESS OF REVENUES OVER EXPENDITURES	(2,484,237)	(2,475,123)	(140,376)	2,334,747	(57,022)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	-	-	-	-	70,773
NET CHANGE IN FUND BALANCE	(2,484,237)	(2,475,123)	(140,376)	2,334,747	13,751
FUND BALANCE, Beginning	2,484,237	2,475,123	2,475,123	-	2,461,372
FUND BALANCE, Ending	\$ -	\$ -	\$ 2,334,747	\$ 2,334,747	\$ 2,475,123

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2018

	SPECIAL REVENUE		Totals	
	FOOD SERVICE	CAPITAL RESERVE	2018	2017
ASSETS				
Current Assets				
Cash and Investments	\$ 1,240	\$ 528,377	\$ 529,617	\$ 606,579
Grants Receivable	10,205	-	10,205	-
Inventories	4,792	-	4,792	5,668
Due from Other Funds	23,764	43,265	67,029	223,667
TOTAL ASSETS	\$ 40,001	\$ 571,642	\$ 611,643	\$ 835,914
LIABILITIES				
Accounts Payable	44	-	44	87
Accrued Salaries and Benefits	30,583	-	30,583	34,078
TOTAL LIABILITIES	30,627	-	30,627	34,165
FUND BALANCE				
Nonspendable	4,792	-	4,792	5,668
Restricted for Emergencies	3,503	180	3,683	3,371
Restricted for Food Service	1,079	-	1,079	829
Assigned for Capital Expenses	-	571,462	571,462	791,881
TOTAL FUND BALANCES	9,374	571,642	581,016	801,749
TOTAL LIABILITIES AND FUND BALANCE	\$ 40,001	\$ 571,642	\$ 611,643	\$ 835,914

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2018

	SPECIAL REVENUE		Totals	
	FOOD SERVICE	CAPITAL RESERVE	2018	2017
REVENUES				
Local Sources				
Food Sales	\$ 110,261	\$ -	\$ 110,261	\$ 102,235
Other	1,040	3,428	4,468	6,385
Earnings on Investments	-	7,997	7,997	4,438
Donations	-	12,000	12,000	6,000
State Sources	3,515	-	3,515	3,387
Federal Sources	114,616	-	114,616	122,955
TOTAL REVENUES	229,432	23,425	252,857	245,400
EXPENDITURES				
Salaries	133,370	-	133,370	119,084
Benefits	51,369	-	51,369	38,933
Purchased Services	4,632	-	4,632	5,015
Commodities	18,114	-	18,114	17,442
Food	75,915	-	75,915	71,293
Supplies and Materials	346	-	346	3,911
Property	-	491,275	491,275	215,095
TOTAL EXPENDITURES	283,746	491,275	775,021	470,773
EXCESS OF REVENUES OVER EXPENDITURES	(54,314)	(467,850)	(522,164)	(225,373)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	2,931	2,931	229,898
Transfers In	54,000	244,500	298,500	287,500
TOTAL OTHER FINANCING SOURCES	54,000	247,431	301,431	517,398
NET CHANGE IN FUND BALANCE	(314)	(220,419)	(220,733)	292,025
FUND BALANCE, Beginning	9,688	792,061	801,749	509,724
FUND BALANCE, Ending	\$ 9,374	\$ 571,642	\$ 581,016	\$ 801,749

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

FOOD SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2018

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services					
Lunches & Breakfast	\$ 102,750	\$ 102,750	\$ 110,261	\$ 7,511	\$ 102,235
Other	200	200	1,040	840	350
Federal Aid					
School Lunches	84,995	84,995	76,497	(8,498)	81,968
School Breakfast	24,323	24,323	20,005	(4,318)	23,545
Donated Commodities	15,000	15,000	18,114	3,114	17,442
State Match	3,422	3,422	3,515	93	3,387
TOTAL REVENUES	230,690	230,690	229,432	(1,258)	228,927
EXPENDITURES					
Salaries	156,781	158,091	133,370	24,721	119,084
Benefits	58,955	57,099	51,369	5,730	38,933
Purchased Services	4,600	5,850	4,632	1,218	5,015
Commodities	15,000	15,000	18,114	(3,114)	17,442
Food	79,344	79,344	75,915	3,429	71,293
Other Supplies	-	-	346	(346)	3,911
Reserves	3,942	9,993	-	9,993	-
TOTAL EXPENDITURES	318,622	325,377	283,746	41,631	255,678
EXCESS OF REVENUES OVER EXPENDITURES	(87,932)	(94,687)	(54,314)	40,373	(26,751)
OTHER FINANCING SOURCES (USES)					
Transfers In	85,000	85,000	54,000	(31,000)	27,500
NET CHANGE IN FUND BALANCE	(2,932)	(9,687)	(314)	9,373	749
FUND BALANCE, Beginning	2,932	9,687	9,688	1	8,939
FUND BALANCE, Ending	\$ -	\$ -	\$ 9,374	\$ 9,374	\$ 9,688

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

CAPITAL RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2018

	2018			VARIANCE	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Earnings on Investments	\$ 6,000	\$ 6,000	\$ 7,997	\$ 1,997	\$ 4,438
Other	-	-	3,428	3,428	6,035
Donations	-	12,000	12,000	-	6,000
TOTAL REVENUES	<u>6,000</u>	<u>18,000</u>	<u>23,425</u>	<u>5,425</u>	<u>16,473</u>
EXPENDITURES					
Capital Outlay					
Transportation Equipment	-	122,914	122,914	-	91,990
Other	390,727	620,494	368,361	252,133	123,105
Reserves	-	313,493	-	313,493	-
TOTAL EXPENDITURES	<u>390,727</u>	<u>1,056,901</u>	<u>491,275</u>	<u>565,626</u>	<u>215,095</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(384,727)</u>	<u>(1,038,901)</u>	<u>(467,850)</u>	<u>571,051</u>	<u>(198,622)</u>
OTHER FINANCING SOURCES					
Sale of Capital Assets	-	2,340	2,931	591	229,898
Transfers In	100,000	244,500	244,500	-	260,000
TOTAL OTHER FINANCING SOURCES	<u>100,000</u>	<u>246,840</u>	<u>247,431</u>	<u>591</u>	<u>489,898</u>
CHANGE IN FUND BALANCE	<u>(284,727)</u>	<u>(792,061)</u>	<u>(220,419)</u>	<u>571,642</u>	<u>291,276</u>
FUND BALANCE, Beginning	<u>284,727</u>	<u>792,061</u>	<u>792,061</u>	<u>-</u>	<u>500,785</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 571,642</u>	<u>\$ 571,642</u>	<u>\$ 792,061</u>

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

SEWER TREATMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2018

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
OPERATING REVENUES					
Charges for Services	\$ 51,700	\$ 50,762	\$ 47,456	\$ (3,306)	\$ 49,549
Transfers In	-	-	-	-	73,341
TOTAL REVENUES	<u>51,700</u>	<u>50,762</u>	<u>47,456</u>	<u>(3,306)</u>	<u>122,890</u>
OPERATING EXPENSES					
Purchased Services	35,700	34,762	28,662	6,100	33,276
Supplies and Materials	16,000	16,000	18,794	(2,794)	16,271
Transfers Out	-	-	100	(100)	-
TOTAL OPERATING EXPENSES	<u>51,700</u>	<u>50,762</u>	<u>47,556</u>	<u>3,206</u>	<u>49,547</u>
OPERATING INCOME (LOSS), BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100)</u>	<u>\$ (100)</u>	<u>\$ 73,343</u>
ADJUSTMENTS TO GAAP BASIS					
Depreciation			(55,261)		(50,589)
NET LOSS, GAAP BASIS			(55,361)		22,754
NET POSITION, Beginning			<u>420,477</u>		<u>397,723</u>
NET POSITION, Ending			<u>\$ 365,116</u>		<u>\$ 420,477</u>

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

TUITION PRESCHOOL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2018

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Tuition	\$ 89,524	\$ 90,534	\$ 113,911	\$ 23,377	\$ 101,596
TOTAL REVENUES	89,524	90,534	113,911	23,377	101,596
EXPENDITURES					
Salaries	63,576	54,746	77,615	(22,869)	61,708
Benefits	22,034	18,317	28,109	(9,792)	17,422
Purchased Services	255	255	56	199	33
Supplies and Materials	1,650	1,600	655	945	738
Property	-	-	-	-	399
Other	-	-	99	(99)	-
Reserves	69,978	102,571	-	102,571	-
TOTAL EXPENDITURES	157,493	177,489	106,534	70,955	80,300
CHANGE IN NET POSITION	(67,969)	(86,955)	7,377	94,332	21,296
NET POSITION, Beginning	67,969	86,955	86,954	(1)	65,658
NET POSITION, Ending	\$ -	\$ -	\$ 94,331	\$ 94,331	\$ 86,954

See the accompanying independent auditors' report.

CLEAR CREEK SCHOOL DISTRICT NO. RE-1

AGENCY FUND - PUPIL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2018

	BALANCE JULY 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
ASSETS				
Cash	<u>\$ 188,969</u>	<u>\$ 287,488</u>	<u>\$ 274,144</u>	<u>\$ 202,313</u>
LIABILITIES				
Accounts Payable - Due to Student Groups	<u>\$ 188,969</u>	<u>\$ 287,488</u>	<u>\$ 274,144</u>	<u>\$ 202,313</u>

See the accompanying independent auditors' report.

STATE COMPLIANCE



JOHN CUTLER & ASSOCIATES

Board of Education
Clear Creek School District No. RE-1
Idaho Springs, Colorado

INDEPENDENT AUDITORS' REPORT ON ELECTRONIC FINANCIAL DATA INTEGRITY CHECK FIGURES

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clear Creek School District No. RE-1, 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 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clear Creek School District No. RE-1's basic financial statements. The accompanying electronic financial data integrity check figures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying electronic financial data integrity check figures is fairly stated in all material respects in relation to the financial statements as a whole.

John Lutler & Associates, LLC

December 19, 2018



Colorado Department of Education
Auditors Integrity Report
 District: 0540 - CLEAR CREEK RE-1
 Fiscal Year 2017-18
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	6,392,016	8,413,702	8,298,961	6,506,757
18 Risk Mgmt Sub-Fund of General Fund	43,502	100,605	106,499	37,608
19 Colorado Preschool Program Fund	16,346	113,593	70,956	58,983
Sub- Total	6,451,864	8,627,900	8,476,415	6,603,349
11 Charter School Fund	695,240	1,247,192	1,338,436	603,996
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	9,687	283,433	283,745	9,375
22 Govt Designated-Purpose Grants Fund	3	292,932	292,934	1
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,475,123	1,886,011	2,026,386	2,334,748
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	792,061	270,857	491,277	571,642
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	10,423,978	12,608,325	12,909,194	10,123,110
Proprietary				
50 Other Enterprise Funds	507,431	113,809	161,793	459,447
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	507,431	113,809	161,793	459,447
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	188,969	287,489	274,144	202,313
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	188,969	287,489	274,144	202,313

FINAL